

GLENCORE

An abstract graphic consisting of several concentric white circles of varying thicknesses, some of which are incomplete. A white line extends from the right side of the circles, moving upwards and then horizontally to the right edge of the page.

Payments to Governments Report 2018

Glencore is one of the world's largest globally diversified natural resource companies.

We are active at multiple stages of the commodity supply chain and uniquely diversified by geography, product and activity, maximising the value we create for our business and our stakeholders.

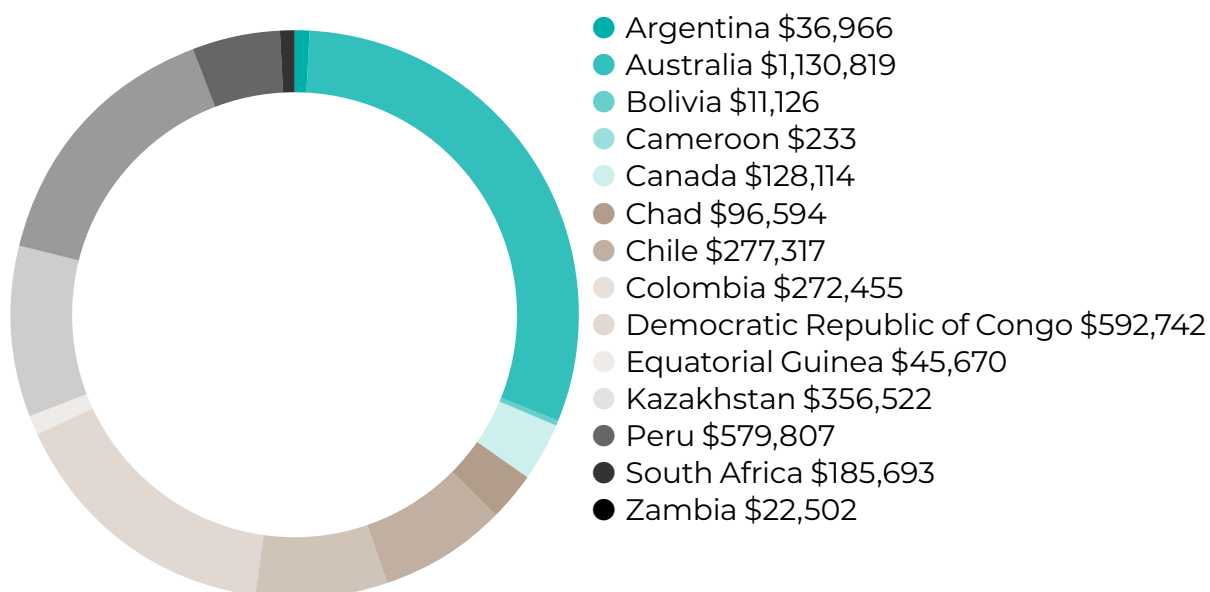
We have around 150 mining and metallurgical sites, oil production assets and agricultural facilities in over 50 countries and employ 158,000 people. We recognise that our business activities make a significant contribution to the national and local economies in which we operate. We believe that our presence can deliver long-term sustainable benefits to our host countries.

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Overview of payments made to governments in 2018, in line with the EU Directive reporting requirements

Amounts in US\$ '000



Chief Financial Officer's introduction

During 2018, our total payments to government were around \$5.7 billion.



As one of the largest globally diversified natural resource companies in the world with a presence in 50 countries and activities throughout the commodity supply chain, Glencore can deliver significant economic benefits to our host governments, employees, suppliers and communities.

Our activities within our operating countries enable governments to monetise their natural resources. Governments can use the tax and royalty payments we make to provide its citizens with services and infrastructure that improve their quality of life.

This is our fourth Payments to Governments report that aligns with the reporting requirements of Chapter 10 of the EU Accounting Directive.

Each year, we work with interested stakeholders, including our investors and civil society groups to consider how we can expand and improve on our disclosure of these payments. In line with this commitment to transparency, our 2018 report includes additional disclosures on:

- The payments we make in the Democratic Republic of Congo and South Africa
- Practical examples on how and why Glencore utilises so called 'tax havens'
- Identification of specific recipient government entities
- Cargo-by-cargo disclosure for oil purchases from governments and national oil companies in EITI countries

- Purchases of oil originating from the Republic of South Sudan
- Advances and loans repayable with product

In addition, we continue to disclose our large custom and excise payments to government entities.

During 2018, our total payments to government, including those relating to our ownership interest in the Antamina, Cerrejón and Collahuasi joint ventures, were around \$5.7 billion, of which \$3.7 billion is reported pursuant to the EU Accounting Directive extractive industries' reporting requirements.

In addition, our presence generates considerable socio-economic value for our operating countries. During 2018, we paid \$5.1 billion in wages and spent \$95 million on initiatives directly supporting local community development, amongst others, health, education, roads and water infrastructure.

Our operating assets commit us to a country for many years, often decades. During that time, we spend considerable amounts to develop our assets, upskill and train our workforce and support the socio-economic development of the communities living around our operations, while making significant payments to governments. A stable investment climate and good fiscal governance is crucial to the decisions we make on investing and committing for the long term.

We believe our reporting of payments to governments and the disclosure requirements placed on governments by initiatives such as the EITI, results in increased transparency and governance that supports an improved understanding of our national economic contribution and equips civil society to hold their governments to account.

We are committed to high standards of corporate governance and transparency and welcome increased transparency around the redistribution and reinvestment of such payments.

We have been an active supporter of the EITI since 2011. We will continue to promote its principles of transparency and accountability as well as to engage with the EITI at both local and international levels.



Steve Kalmin
Chief Financial Officer

Governments

\$5.7 billion

in income taxes, royalties and other payments

30.9%

Adjusted Effective Tax Rate

Employees

\$5.1 billion

in salaries, wages and incentives

Infrastructure

\$20 million

on public roads, sewage and power networks and water processing and distribution

Communities

\$95 million

on initiatives supporting local community development

Our approach to tax and transparency

We are committed to comply with all applicable tax laws, rules and regulations. We pay all relevant taxes, royalties and other levies in amounts determined by the legislation of relevant national, regional or local governments. We seek to maintain long-term, open, transparent and cooperative relationships with tax authorities in our host countries.

Transparency

We welcome fiscal transparency as it encourages the responsible management of revenues from our activities. We believe that countries that transparently and effectively allocate natural resource wealth for the benefit of their communities have the potential to attract greater, more responsible and longer-term business investment. It is imperative that businesses, governments and civil society work in partnership to support transparency.

Our global reach and presence in a number of higher-risk jurisdictions result in Glencore generally being subject to enhanced complexity and uncertainty in accounting for income taxes, particularly the evaluation of tax exposures and recoverability of deferred tax assets.

Our Board Audit Committee engages with senior 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.

We have been an active supporter of the EITI since 2011. We will continue to promote its principles of transparency and accountability as well as to engage with the EITI at both local and international levels.

We look forward to continuing to participate in the EITI's commodity trading working group.

Intra-group transactions

The Glencore group is comprised of dozens of separate legal entities established over a large number of jurisdictions. Like many multinational enterprises, our business activities are co-ordinated (in terms of personnel, assets and capital) on a worldwide basis.

Our global nature necessitates us allocating overall group profitability between our operating jurisdictions. International tax law and, in particular, the OECD Transfer Pricing Guidelines and Article 9 of the OECD Model Tax Convention governs this allocation. These require that individual entities within the group transact with each other at the same price that they would if they were independent parties and in due recognition of the true value to be accorded to the transaction.

The purpose of this allocation and of the Guidelines is twofold: for the fair division of Group profit to enable the levying of tax according to where it is earned; and to ensure that the same profit is taxed once and only once.

Our Group tax policies commit us to not engineer structures or transactions that exploit transfer-pricing rules by artificially 'transferring' profit into lower tax jurisdictions. We can and do trace all intragroup transactions to value-adding commercial activities.

Reflecting the complexity of the Group's operations, and the legitimate concern of tax administrations to collect the full amount due to them, our transfer pricing should be subject to careful scrutiny and even occasional dispute.

We approach both scrutiny and dispute in a fair and transparent manner, but we resolutely defend the principle that profit must be taxed only once and that tax administrations are as bound in law by the Transfer Pricing Guidelines as we are.

'Tax havens'

Although there is no universally applied definition of the term 'tax haven', it is generally understood to refer to a jurisdiction that imposes little or no tax on income or profits. In recent years, governments, the media and the public at large have raised legitimate questions in connection with the alleged diversion of business profits by multinational enterprises into tax havens mainly in order to avoid paying local taxes.

We do not undertake any such activity. Both our Group tax policies and our adherence to the OECD Transfer Pricing Guidelines forbid the allocation of profit to jurisdictions that do not provide value-adding activities and do not have any real commercial substance.

Nevertheless, we do from time to time make use of companies incorporated in what would be termed tax neutral or tax haven jurisdictions. Where that occurs, it is always for a specific purpose and the companies used can be referred to as special purpose vehicles (SPVs). Glencore primarily uses SPVs for two broad purposes:

1. As intermediate holding companies (to hold single investments, groups of similar investments or joint venture investments together for accounting, administrative, governance or legal convenience).
2. As parties to a legal contract with a non-group member where it is necessary that the SPV has no other function.

In all cases, the use of the SPV is to serve a commercial or administrative purpose, has no tax motivation and is fiscally transparent ie it generates neither a tax saving nor expense. For this reason, when we need to establish an SPV, it is often in a tax-neutral jurisdiction, as tax in these cases is an irrelevance. For example:

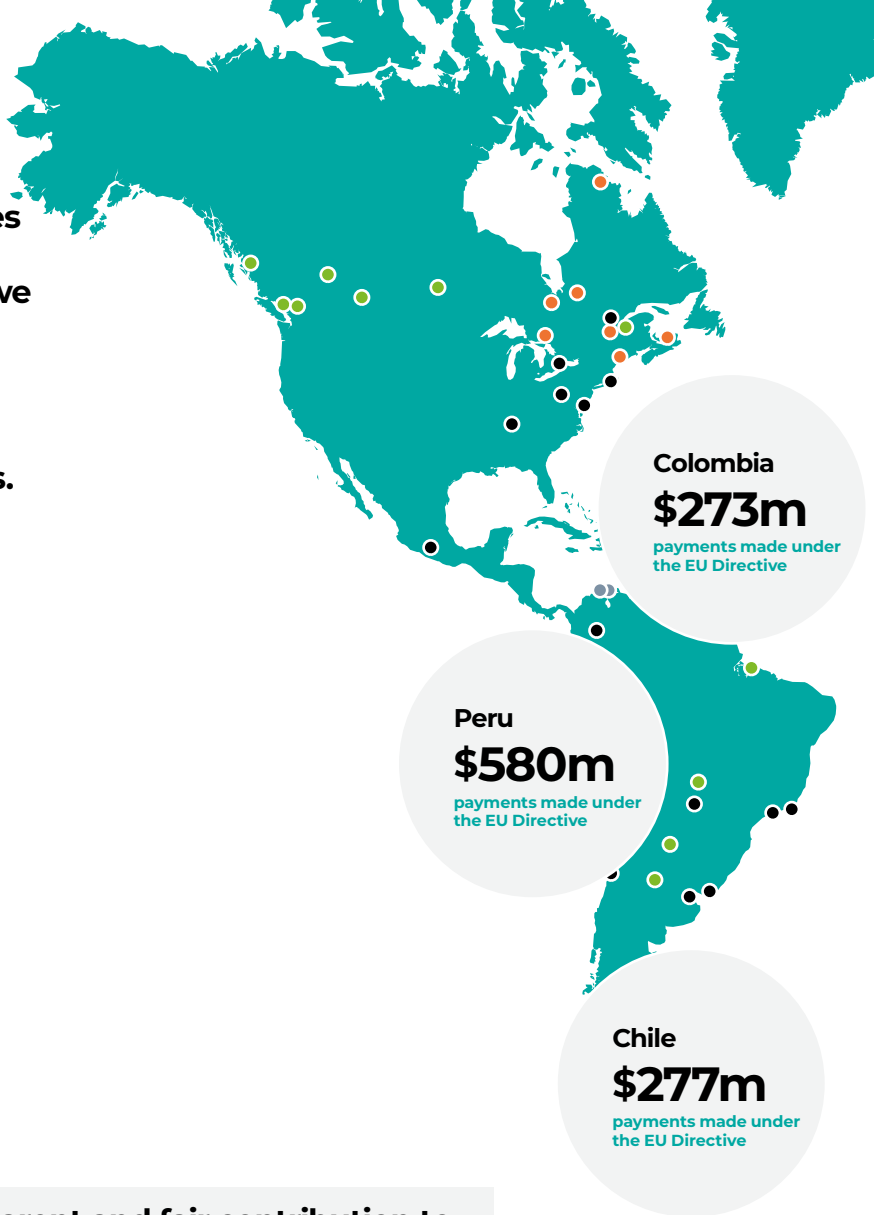
- We run many of our investments in African oil production as local branches of Bermudan-incorporated companies that are themselves owned by Bermudan SPVs. The branches are fully liable to taxation in their host countries and the repatriation of profit is liable to such withholding taxes that may exist. The receipt of dividend income by the holding SPVs is not taxable in Bermuda but nor would it be if they were established in 'non-haven' jurisdictions such as Australia, Switzerland or the United Kingdom. The benefits of offshore-incorporation derive from reduced Group audit expense and mitigation of country political risk;
- Our interest in the Colombian coal producer Cerrejón, a three-way joint venture between Glencore, BHP Ltd and Anglo American plc, is held through a Bermudian entity, while our co-shareholders hold through EU holding SPVs. All of them are exempt from dividend taxation, although the two EU-country jurisdictions are not typically considered to be tax haven jurisdictions;

- It is market practice for streaming contracts (where future group production of precious metals is pre-sold to an off-taker) to be performed by a SPV incorporated in a neutral jurisdiction. Where this occurs, the Group ensures that any profit or loss arising in respect of the transaction is realised in Switzerland, where the group has its head office and major trading presence, via a total return swap contract between the SPV and Glencore International AG.

We have initiated a process of reviewing all entities established in 'tax haven' jurisdictions with the intention of consolidating or eliminating as many as possible. Where it is not possible to do this, entities will adopt tax residence in a non-tax haven jurisdiction where the Group can establish enhanced local substance.

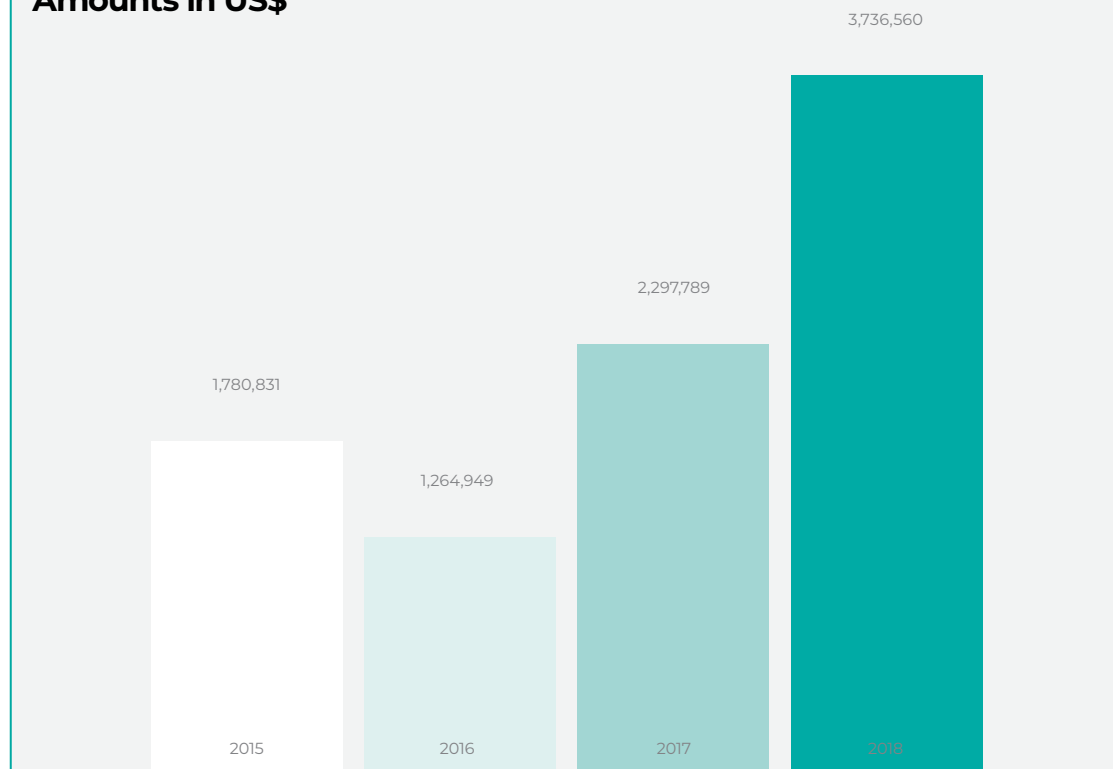
Our contribution

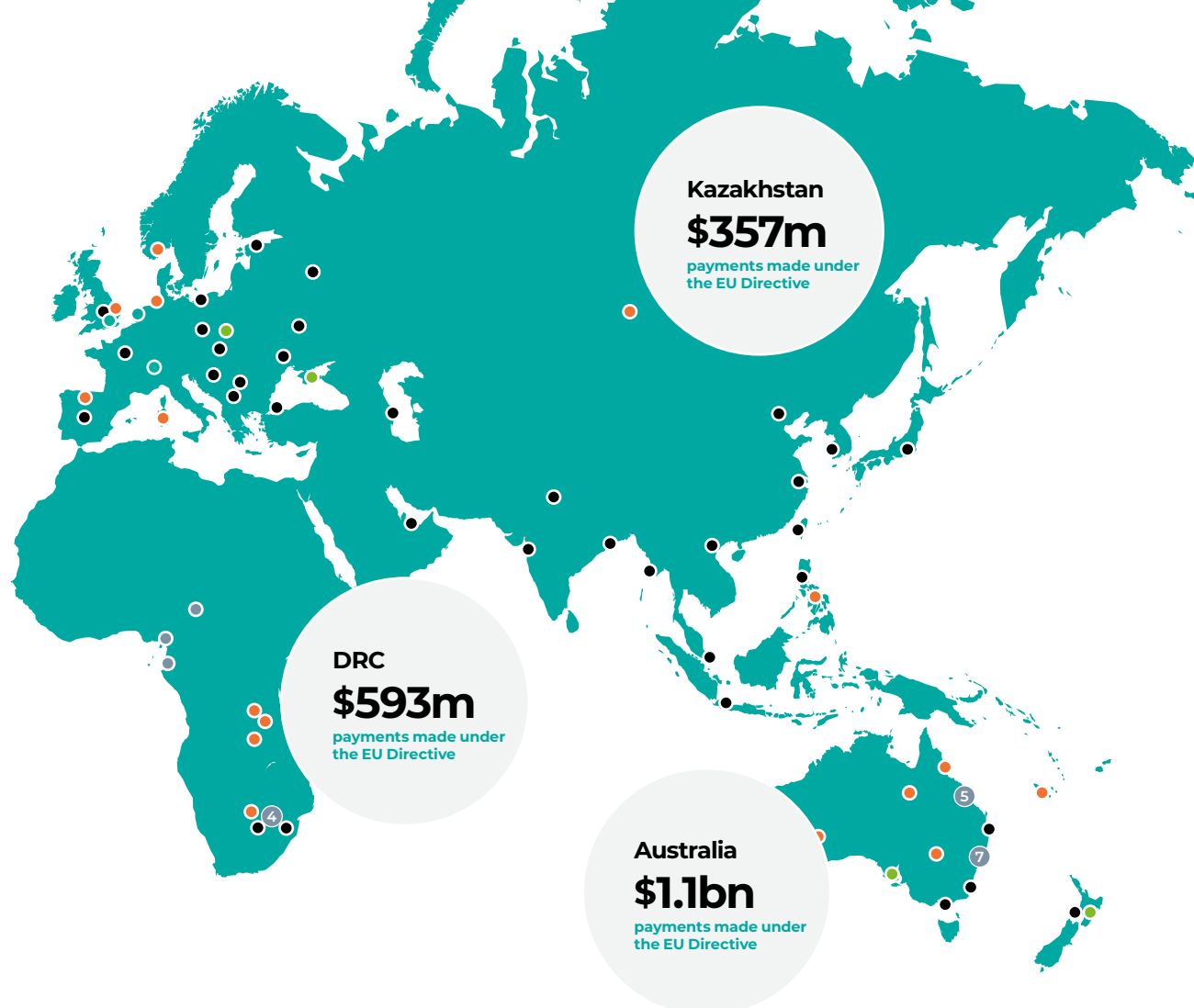
We recognise that our business activities make a significant contribution to the national and local economies in which we operate. We seek to understand and manage our impacts, generate sustainable benefits for our host communities, while also promoting diversified and resilient local economies.



We are committed to making a transparent and fair contribution to local and national economies. Our total payments made under the EU Directive:

Amounts in US\$





How we contribute:

Local employment and skills development	Local procurement and enterprise development	Societal contribution	Payments to governments and tax transparency
We prioritise employing people from the regions close to our assets. We provide families with livelihoods via direct employment at our assets and indirect employment via contractors and our use of local suppliers. We use local suppliers whenever possible and support the development of local businesses to drive local economic diversification and to help our host governments to fulfil their own development objectives.	We use local suppliers whenever possible and support the development of local businesses to drive local economic diversification and to help our host governments to fulfil their own development objectives.	Our community development programmes reduce dependency on our assets, encourage self-reliance and contribute to sustainable regional growth. In remote and underdeveloped areas, we share infrastructure, such as roads, water, sanitation projects and electricity. We pay all relevant taxes, royalties and other levies in amounts determined by the legislation of relevant national, regional or local governments. We welcome transparency in the redistribution and reinvestment of these payments.	We pay all relevant taxes, royalties and other levies in amounts determined by the legislation of relevant national, regional or local governments. We welcome transparency in the redistribution and reinvestment of these payments.

Contributing to the economy of the Democratic Republic of Congo (DRC)

We have been present in the DRC since 2008. Today, we have interests in Mutanda Mining SARL (Mumi) and Katanga Mining Limited (Katanga). Our presence has contributed to the establishment and expansion of a robust extractive sector, created thousands of jobs, supported the development of the local economy and delivered socio-economic benefits to the Katanga region.

Reflecting our commitment to the DRC, we have invested over \$7 billion in the development of Mumi and Katanga and our ongoing commitment to improve operating efficiencies. These investments were made on the basis of the 2002 Mining Code, which included various stabilisation provisions.

Regrettably, in contravention of the applicable stabilisation protections afforded by the previous mining code, the DRC government has introduced a new mining code that includes significant changes to royalties and taxes as well as the repatriation of profits. Given the risks of non-compliance, Mumi and Katanga are currently complying with the new code 'under protest'.

We remain willing to negotiate a reasonable resolution with the DRC government on various key issues during 2019, but are prepared to take the necessary steps to protect our legal rights. A stable, fiscal regime is a key factor in our investment decision-making process.

Payments to the DRC government

During the last three years, we have significantly contributed to the DRC economy through our investment in our assets, our payments to governments and our commitment to deliver sustainable benefits to the communities living around our operations:



The following details our payments to the DRC government from 2016 to 2018:

US\$ '000	Payroll taxes ¹			State royalties			Corporate tax		
	Katanga	Mutanda	Total DRC	Katanga	Mutanda	Total DRC	Katanga	Mutanda	Total DRC
2016	11,423	10,582	22,005	48	19,974	20,022	3,950	36,387	40,337
2017	13,451	12,667	26,118	757	37,166	37,923	13	163,634	163,647
2018	16,310	16,845	33,155	30,389	68,055	98,444	-	329,319	329,319
Total	41,184	40,095	81,279	31,194	125,195	156,389	3,963	529,340	533,303

US\$ '000	Provincial (Road) taxes			Export taxes			Import taxes		
	Katanga	Mutanda	Total DRC	Katanga	Mutanda	Total DRC	Katanga	Mutanda	Total DRC
2016	833	21,766	22,599	-	20,713	20,713	4,955	16,109	21,064
2017	250	26,703	26,953	29	33,428	33,457	11,459	16,310	27,769
2018	13,790	25,642	39,432	28,319	45,696	74,015	57,010	45,866	102,875
Total	14,873	74,112	88,985	28,348	99,837	128,185	73,424	78,285	151,708

US\$ '000	Share transfer tax / Stamp duty			Withholding tax			Central Bank tax on repatriations		
	Katanga	Mutanda	Total DRC	Katanga	Mutanda	Total DRC	Katanga	Mutanda	Total DRC
2015	-	-	-	-	3,062	3,062	1,442	4,835	6,277
2016	-	27,675	27,675	909	3,526	4,435	1,658	7,036	8,694
2017	56,018	-	56,018	-	52,778	52,778	1,517	7,390	8,906
Total	56,018	27,675	83,692	909	59,366	60,275	4,617	19,260	23,877

US\$ '000	Other			Total tax		
	Katanga	Mutanda	Total DRC	Katanga	Mutanda	Total DRC
2016	30,276	23,818	54,094	52,927	157,248	210,175
2017	29,265	22,430	51,695	57,791	350,573	408,364
2018	232,795	35,293	268,088	436,147	626,884	1,063,031
Total	292,336	81,542	373,878	546,865	1,134,705	1,681,570

¹ Payroll taxes: include payments made by the employer only

Other payments of note in the DRC
Gécamines

Kamoto Copper Company (KCC) is jointly owned by Katanga and a state-owned minority partner, La Générale des Carrières et des Mines (Gécamines). KCC had a significant net deficit balance sheet position that under DRC law required recapitalisation by 31 December 2017. Notwithstanding the various discussions with Gécamines, in April 2018, Gécamines commenced legal proceedings in the DRC to dissolve KCC, following KCC's failure to address its capital deficiency.

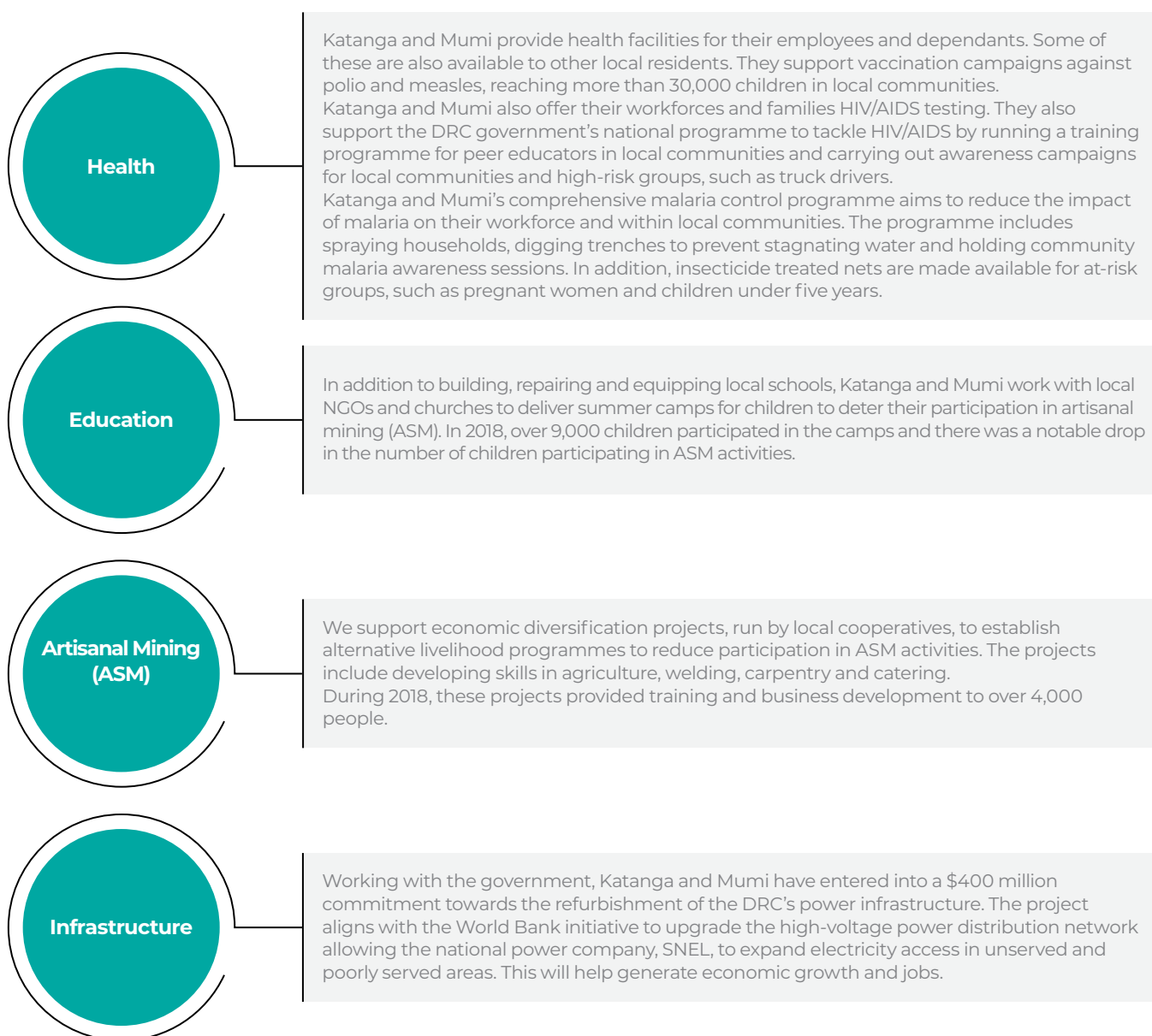
In June 2018, Katanga and Gécamines concluded a settlement agreement which provided for the conversion of \$5.6 billion of intercompany debt into equity.

In addition, Katanga agreed to pay Gécamines \$150 million to settle various historical commercial disputes; fund, on behalf of Gécamines, \$41 million of outstanding unpaid invoices for contractors in charge of an earlier replacement reserves programme; and waive KCC's right to \$57 million of exploration and drilling expenditures incurred on behalf of Gécamines.



Socio-economic contribution

In addition to the payments we make to the DRC government, we take a strategic approach to investing in the socio-economic wellbeing of the communities surrounding our operations:



Contributing to the economy of South Africa

Glencore has been present in South Africa since 1974. Today, our ferroalloys and coal commodity businesses have assets in three provinces (Mpumalanga, Limpopo and North West).

Our South African coal assets include four complexes that produce thermal coal for export and domestic power generation.

Through our 79.5% stake in the Glencore-Merafe Chrome Venture, we have interests in five chrome and one silica mines and five ferroalloys smelter complexes. We also have, through our majority shareholding stake in the Rhovan-Bakwena Vanadium Venture an open-cast mine and smelter complex, which mainly produces ferrovanadium and vanadium pentoxide.

In the past ten years, we have invested \$4 billion to acquire and develop our assets. This investment has included establishment and development of the Goedgevonden coal complex, Wonderfontein Mine, and expanding capacity and improving operational efficiencies at the iMpunzi and Tweefontein coal complexes, Lion ferrochrome smelter and Magareng chrome mine.

Payments to the South African government

During the last three years, we have made significant contributions to the South African economy through our investment in our assets, our payments to governments and our commitment to deliver sustainable benefits to the communities living around our operations:



The following details our payments to the South African government from 2016 to 2018:

US\$ '000	Payroll taxes ¹			State royalties		
	Ferroalloys	Coal	Total South Africa	Ferroalloys	Coal	Total South Africa
2016	3,843	1,942	5,785	13,509	15,791	29,300
2017	4,379	2,225	6,604	21,930	30,245	52,175
2018	4,672	2,415	7,087	27,077	11,834	38,911
Total	12,894	6,582	19,476	62,516	57,870	120,386

US\$ '000	Corporate tax			Infrastructure		
	Ferroalloys	Coal	Total South Africa	Ferroalloys	Coal	Total South Africa
2016	17,086	20,061	37,147	2,294	135	2,429
2017	78,272	23,302	101,574	-	689	689
2018	122,599	24,184	146,783	-	-	-
Total	217,957	67,547	285,504	2,294	824	3,118

US\$ '000	Other				Total tax			
	Ferroalloys	Coal	Other ²	Total South Africa	Ferroalloys	Coal	Other	Total South Africa
2016	56,661	31,922	16,414	104,997	93,393	69,851	16,414	179,658
2017	71,254	37,136	(35,487)	72,903	175,835	93,597	(35,487)	233,945
2018	79,089	42,579	(26,250)	95,418	233,437	81,012	(26,250)	288,199
Total	207,004	111,637	(45,323)	273,318	502,665	244,460	(45,323)	701,802

¹ Payroll taxes: include payments made by the employer only

² Amount mainly refers to diesel rebates, not in scope for the EU Directive

Socio-economic contribution

In addition to the payments we make to the South African government, we take a strategic approach to investing in the socio-economic wellbeing of the communities surrounding our operations:





Our payments to governments¹

The information below has been prepared in the manner outlined in the About this report section on page 33

Economic contribution

Amounts in US\$ '000	Production entitlements	Taxes on income ²	Royalties	Bonuses	Fees
Argentina	-	29,055	7,800	-	111
Australia	-	397,467	679,823	-	47,913
Bolivia	-	109	11,018	-	-
Cameroon	-	-	-	-	233
Canada	-	126,613	-	-	1,501
Chad	61,000	-	32,736	-	2,858
Chile ⁵	-	275,817	-	-	1,500
Colombia	-	169,628	93,398	-	2,063
Democratic Republic of Congo	-	382,097	98,444	-	130
Equatorial Guinea	21,414	9,695	14,296	-	265
Kazakhstan	-	201,501	153,563	1,331	126
Peru	-	515,097	57,709	-	7,001
South Africa	-	146,783	38,911	-	-
Tanzania	-	-	-	-	-
Zambia	-	-	22,322	-	180
Rest of the World	-	-	-	-	-
At 31 December 2018	82,414	2,253,861	1,210,020	1,331	63,882

¹ The reports are not corrected for rounding.

² Taxes on income comprise of income taxes paid in Colombia, Peru and Chile relating to Glencore's proportionate ownership interest in joint ventures (Cerrejón, Antamina and Collahuasi) amounting to a total of \$725 million.

³ Other taxes include: wealth tax, stamp duties, transfer tax, environmental tax and other taxes according to local law.

⁴ Payments not included in the 2018 Sustainability Report, primarily payments relating to Glencore's proportionate ownership interest in certain joint ventures noted above. These were necessarily not part of the scope of the 2018 Sustainability Report, which aligns itself with the Group's statutory financial reporting.

⁵ Disposal of Minera Altos de Punitaqui Limitada in November 2018

⁶ Payroll taxes comprise of payments made by the employer only; payments made by employees amounted to a total of \$1,113 million

Infrastructure improvements	Total EU Transparency Directive	Customs/Import/Excise/Export tax and duties	Payroll taxes ⁶	Taxes paid relating to non-extractive activities plus other taxes ³	Payments not included in Sustainability Report ⁴	Total Sustainability Report
-	36,966	7,661	15,272	19,621	-	79,520
5,616	1,130,819	447,103	175,682	439,495	-	2,193,099
-	11,126	617	6,564	4,297	-	22,604
-	233	-	-	58	(233)	58
-	128,114	-	42,500	156,726	-	327,340
-	96,594	964	407	4,523	(63,522)	38,965
-	277,317	-	2,556	17,753	(239,612)	58,014
7,366	272,455	405	2,975	71,609	(153,062)	194,382
112,071	592,742	176,884	33,155	285,892	(25,642)	1,063,031
-	45,670	-	209	1,178	(21,414)	25,643
-	356,522	4,256	42,683	36,176	(1,331)	438,306
-	579,807	27	21,974	31,010	(332,778)	300,040
-	185,693	-	7,087	95,417	-	288,198
-	-	-	-	80	-	80
-	22,502	4,198	3,893	53,653	-	84,246
-	-	-	166,503	459,091	-	625,593
125,054	3,736,560	642,115	521,459	1,676,579	(837,594)	5,739,118

Payments by government

Amounts in US\$ '000	Production Entitlements 2018	Taxes on Income 2018	Royalties 2018	Bonuses 2018	Fees 2018	Infrastructure improvements 2018	Total 2018
Argentina							
National - Administración Federal de Ingresos Públicos (AFIP)	-	29,055	-	-	-	-	29,055
Regional - Catamarca - Secretaría de Minería	-	-	5,497	-	-	-	5,497
Regional - Jujuy Province - Secretaría de Minería	-	-	2,303	-	-	-	2,303
Local - San Juan - Dirección General de Rentas (DGR)	-	-	-	-	111	-	111
	-	29,055	7,800	-	111	-	36,966
Australia							
National - Australian Taxation Office (ATO)	-	397,467	-	-	-	-	397,467
Local - Central Highlands Regional Council	-	-	-	-	-	3,405	3,405
Regional - New South Wales - Office of State Revenue	-	-	397,371	-	10,550	-	407,921
Regional - Northern Territory - Territory Revenue Office	-	-	-	-	3,574	-	3,574
Regional - Queensland - Office of State Revenue	-	-	264,978	-	29,449	-	294,427
Regional - Western Australia - Office of State Revenue	-	-	17,474	-	4,340	-	21,814
Local - Singleton Shire Council	-	-	-	-	-	2,211	2,211
	-	397,467	679,823	-	47,913	5,616	1,130,819
Bolivia							
National - Servicio de Impuestos Nacionales (SIN)	-	109	-	-	-	-	109
Regional - Oruro - Gobierno Departamental de Oruro	-	-	4,176	-	-	-	4,176
Regional - Potosí - Gobierno Departamental de Potosí	-	-	6,842	-	-	-	6,842
	-	109	11,018	-	-	-	11,126
Cameroon							
National - Public Treasury	-	-	-	-	233	-	233
	-	-	-	-	233	-	233
Canada							
National - Canada Revenue Agency - Receiver General for Canada	-	18,251	-	-	-	-	18,251
Regional - British Columbia - Ministry of Finance	-	-	-	-	992	-	992
Regional - Ontario - Ministry of Finance	-	14,489	-	-	-	-	14,489
Regional - Quebec - Ministry of Finance	-	93,873	-	-	509	-	94,382
	-	126,613	-	-	1,501	-	128,114

Amounts in US\$ '000	Production Entitlements 2018	Taxes on Income ¹ 2018	Royalties 2018	Bonuses 2018	Infrastructure Fees improvements 2018	2018	Total 2018
Chad							
National - Ministry of Petroleum and Energy	61,000 ²	-	32,736 ³	-	-	-	93,736
National - Public Treasury	-	-	-	-	2,858	-	2,858
	61,000	-	32,736	-	2,858	-	96,594
Chile							
National - Tesorería General de la República - Servicios de Impuestos Internos (SII)	-	275,817	-	-	-	-	275,817
National - Tesorería General de la República (TGR)	-	-	-	-	682	-	682
Local - Punitaqui - Municipalidad ⁴	-	-	-	-	217	-	217
Local - Sierra Gorda - Municipalidad	-	-	-	-	601	-	601
	-	275,817	-	-	1,500	-	277,317
Colombia							
National - Agencia Nacional de Minería (ANM)	-	-	93,398	-	1,750	-	95,148
National - Autoridad Nacional de Licencias Ambientales (ANLA)	-	-	-	-	141	7,366	7,507
National - Dirección de Impuestos y Aduanas Nacionales (DIAN)	-	169,628	-	-	-	-	169,628
Regional Cesar - Corporación Autónoma Regional del Cesar	-	-	-	-	172	-	172
	-	169,628	93,398	-	2,063	7,366	272,455
Democratic Republic of Congo							
National - Direction Générale des impôts (DGI)	-	382,097	-	-	-	-	382,097
National - Direction Générale des Recettes Administratives, Judiciaires, Domaniales et de Participation (DGRAD)	-	-	68,205	-	130	-	68,335
National - Société Nationale d'Électricité (SNEL)	-	-	-	-	-	72,666	72,666
Regional - Direction des Recettes du Haut-Katanga (DRHKAT)	-	-	-	-	-	8,343	8,343
Regional - Direction des Recettes du Lualaba (DRLU)	-	-	19,097	-	-	31,062	50,159
Local - Dilala	-	-	3,487	-	-	-	3,487
Local - Luilu Sector	-	-	7,655	-	-	-	7,655
	-	382,097	98,444	-	130	112,071	592,742

¹ Taxes on income comprise of income taxes paid in Colombia, Peru and Chile relating to Glencore's proportionate ownership interest in joint ventures (Cerrejón, Antamina and Collahuasi) amounting to a total of \$725 million.

² Comprises of production entitlement of 897k bbls lifted at market price. Production entitlement, which is paid in kind, includes all streams of production payments to the state and state NOC for volumes lifted, excluding royalties. Under the respective production sharing contracts, production entitlements and royalties are calculated on a produced volume basis. However since payments are tied to lifted volumes, the split of total lifted volumes between lifted production entitlements and lifted royalties has been approximated.

³ Comprises of royalties of 465k bbls lifted at market price. Royalties represent a percentage of production paid in kind to the government of Chad. Under the respective production sharing contracts, production entitlements and royalties are calculated on a produced volume basis. However since payments are tied to lifted volumes, the split of total lifted volumes between lifted production entitlements and lifted royalties has been approximated.

⁴ Disposal of Minera Altos de Punitaqui Limitada in November 2018

Payments by government continued

Amounts in US\$ '000	Production Entitlements 2018	Taxes on Income ¹ 2018	Royalties 2018	Bonuses 2018	Fees 2018	Infrastructure improvements 2018	Total 2018
Equatorial Guinea							
National - Ministry of Mines and Hydrocarbons	-	-	-	-	265	-	265
National - Public Treasury	-	9,695	-	-	-	-	9,695
National - GEPetrol	21,414 ²	-	14,296 ³	-	-	-	35,710
	21,414	9,695	14,296	-	265	-	45,670
Kazakhstan							
Local - Republican State Entity of the State Revenue Authority of Ust-Kamenogorsk City	-	201,501	153,563	1,331	126	-	356,522
	-	201,501	153,563	1,331	126	-	356,522
Peru							
National - Instituto Geológico Minero y Metalúrgico (INGEMMET)	-	-	-	-	2,940	-	2,940
National - Organismo de Evaluación y Fiscalización Ambiental (OEFA)	-	-	-	-	1,796	-	1,796
National - Organismo Supervisor de la Inversión en Energía y Minería (OSINERGMIN)	-	-	-	-	2,265	-	2,265
National - Superintendencia Nacional de Aduanas y de Administración Tributaria (SUNAT)	-	515,097	57,709	-	-	-	572,806
	-	515,097	57,709	-	7,001	-	579,807
South Africa							
National - South African Revenue Service (SARS)	-	146,783	38,911	-	-	-	185,693
	-	146,783	38,911	-	-	-	185,693
Zambia							
National - Zambia Revenue Authority (ZRA)	-	-	22,322	-	-	-	22,322
Local - Mufulira Municipal Council	-	-	-	-	180	-	180
	-	-	22,322	-	180	-	22,502
Total	82,414	2,253,861	1,210,020	1,331	63,882	125,054	3,736,560

¹ Taxes on income comprise of income taxes paid in Colombia, Peru and Chile relating to Glencore's proportionate ownership interest in joint ventures (Cerrejón, Antamina and Collahuasi) amounting to a total of \$725 million.

² Comprises of production entitlement of 301k bbls lifted at market price. Production entitlement, which is paid in kind, includes all streams of production payments to the state and state NOC for volumes lifted, excluding royalties. Under the respective production sharing contracts, production entitlements and royalties are calculated on a produced volume basis. However since payments are tied to lifted volumes, the split of total lifted volumes between lifted production entitlements and lifted royalties has been approximated.

³ Comprises of royalties of 203k bbls lifted at market price. Royalties represent a percentage of production paid in kind to the government of Equatorial Guinea. Under the respective production sharing contracts, production entitlements and royalties are calculated on a produced volume basis. However since payments are tied to lifted volumes, the split of total lifted volumes between lifted production and lifted royalties has been approximated.

Payments by project

Amounts in US\$ '000	Production Entitlements 2018	Taxes on Income 2018	Royalties 2018	Bonuses 2018	Fees 2018	Infrastructure improvements 2018	Total 2018
Argentina							
Catamarca Province Project - Minera Alumbrera	-	6,564	5,497	-	-	-	12,061
Jujuy Province Project - Minera Aguilar / AR Zinc	-	21,499	2,303	-	-	-	23,802
San Juan Project - Minera Pachon	-	992	-	-	111	-	1,103
	-	29,055	7,800	-	111	-	36,966
Australia							
Entity level	-	389,270	-	-	-	-	389,270
New South Wales Project - Cobar Copper	-	-	8,335	-	143	-	8,478
New South Wales Project - Coking Coal	-	-	55,887	-	161	-	56,047
New South Wales Project - Thermal Coal	-	8,197	333,150	-	10,247	2,211	353,805
Northern Territory Project - McArthur River Zinc	-	-	-	-	3,574	-	3,574
Queensland Project - Coking Coal	-	-	72,135	-	18,115	-	90,251
Queensland Project - Ernest Henry Mine Copper	-	-	23,334	-	118	-	23,452
Queensland Project - Mount Isa Mines Copper	-	-	28,224	-	2,192	-	30,415
Queensland Project - Mount Isa Mines Zinc	-	-	33,473	-	2,192	-	35,665
Queensland Project - Thermal Coal	-	-	107,812	-	6,833	3,405	118,050
Western Australian Project - Murrin Murrin Nickel	-	-	17,474	-	4,340	-	21,814
	-	397,467	679,823	-	47,913	5,616	1,130,819
Bolivia							
Oruro Project - Minera Illapa	-	30	4,176	-	-	-	4,206
Oruro Project - Sinchi Wayra	-	47	-	-	-	-	47
Potosi Project - Minera Illapa	-	31	3,139	-	-	-	3,171
Potosi Project - Sinchi Wayra	-	-	3,702	-	-	-	3,702
	-	109	11,018	-	-	-	11,126
Cameroon							
Bolongo Project	-	-	-	-	233	-	233
	-	-	-	-	233	-	233

Payments by project continued

Amounts in US\$ '000	Production Entitlements 2018	Taxes on Income ¹ 2018	Royalties 2018	Bonuses 2018	Fees 2018	Infrastructure improvements 2018	Total 2018
Canada							
British Columbia Project - Coking Coal	-	-	-	-	992	-	992
National Project - Corporate	-	18,251	-	-	-	-	18,251
Ontario Project - Kidd	-	7,840	-	-	-	-	7,840
Ontario Project - Sudbury	-	6,649	-	-	-	-	6,649
Quebec Project - Corporate	-	78,804	-	-	-	-	78,804
Quebec Project - Matagami	-	2,643	-	-	-	-	2,643
Quebec Project - Raglan	-	12,426	-	-	382	-	12,808
Quebec Project - various exploration projects	-	-	-	-	127	-	127
	-	126,613	-	-	1,501	-	128,114
Chad							
Badila Field Project	39,402	-	19,160	-	500	-	59,062
DOB/DOI	-	-	-	-	250	-	250
DOH Project	-	-	-	-	250	-	250
Doseo / Borogop Project	-	-	-	-	358	-	358
Kibea EXA	-	-	-	-	500	-	500
Krim EXA	-	-	-	-	500	-	500
Mangara Field Project	21,598	-	13,576	-	500	-	35,674
	61,000	-	32,736	-	2,858	-	96,594
Chile							
II Region Antofagasta Project - Minera Lomas Bayas	-	36,205	-	-	1,214	-	37,419
I Region Tarapacá Project - Minera Collahuasi	-	239,612	-	-	-	-	239,612
IV Region Coquimbo Project - Minera Punitaqui ²	-	-	-	-	286	-	286
	-	275,817	-	-	1,500	-	277,317
Colombia							
Cesar Department Project - Prodeco	-	16,566	93,398	-	2,063	7,366	119,393
La Guajira Department Project - Carbones de Cerrejón	-	153,062	-	-	-	-	153,062
	-	169,628	93,398	-	2,063	7,366	272,455
Democratic Republic of Congo							
DRC Copperbelt Region Project - Katanga	-	-	30,389	-	-	48,886	79,275
DRC Copperbelt Region Project - Mutanda	-	382,097	68,055	-	130	63,185	513,467
	-	382,097	98,444	-	130	112,071	592,742

¹ Taxes on income comprise of income taxes paid in Colombia, Peru and Chile relating to Glencore's proportionate ownership interest in joint ventures (Cerrejón, Antamina and Collahuasi) amounting to a total of \$725 million.

² Disposal of Minera Altos de Punitaqui Limitada in November 2018

Amounts in US\$ '000	Production Entitlements 2018	Taxes on Income ¹ 2018	Royalties 2018	Bonuses 2018	Infrastructure Fees improvements 2018	Total 2018
Equatorial Guinea						
Block I - Aseng Project	12,337	9,695	10,119	-	124	32,275
Block O - Alen Project	9,077	-	4,177	-	141	13,395
	21,414	9,695	14,296	-	265	45,670
Kazakhstan						
North-East Kazakhstan Project - Kazzinc	-	201,501	153,563	1,331	126	356,522
	-	201,501	153,563	1,331	126	356,522
Peru						
Ancash Project - Minera Antamina	-	332,778	-	-	-	332,778
Ancash Project - Minera Los Quenuales	-	18	257	-	97	372
Animon Project - Minera Chungar	-	14,788	8,132	-	251	23,171
Cusco Project - Minera Antapaccay	-	139,821	38,586	-	5,103	183,510
Huaral Project - Generación Eléctrica Río Baños	-	49	-	-	-	49
Huaral Project - Hidroeléctrica Tingo	-	39	-	-	-	39
Huarochiri Project - Hidroeléctrica Huanchor	-	683	-	-	1	684
Huarochiri Project - Minera Los Quenuales	-	334	955	-	710	1,999
Junin Project - Minera Vichaycocha	-	19	-	-	195	214
Oyon Project - Minera Los Quenuales	-	83	159	-	199	441
Pasco Project - Empresa Administradora Cerro	-	1,589	733	-	34	2,356
Pasco Project - Minera Aurífera Toruna	-	10	-	-	5	15
Pasco Project - Minera Paragsha	-	353	-	-	77	430
Pasco Project - Minera San Sebastián	-	3	-	-	2	5
Pasco Project - Óxidos de Pasco	-	1,176	-	-	3	1,179
Vinchos Project - EE- Vinchos Ltda.	-	43	-	-	17	60
Yauli Project - Volcan Cia Minera SAA	-	23,311	8,887	-	307	32,505
	-	515,097	57,709	-	7,001	579,807

¹ Taxes on income comprise of income taxes paid in Colombia, Peru and Chile relating to Glencore's proportionate ownership interest in joint ventures (Cerrejón, Antamina and Collahuasi) amounting to a total of \$725 million.

Our payments to governments continued

Payments by project continued

Amounts in US\$ '000	Production Entitlements 2018	Taxes on Income 2018	Royalties 2018	Bonuses 2018	Infrastructure Fees improvements 2018	2018	Total 2018
South Africa							
Mpumalanga Province Project - Ferroalloys Assets	-	49,327	8,087	-	-	-	57,414
Mpumalanga Province Project - Thermal Coal	-	24,184	11,834	-	-	-	36,018
North West Province Project - Ferroalloys Assets	-	73,272	18,990	-	-	-	92,261
	-	146,783	38,911	-	-	-	185,693
Zambia							
Copperbelt Region Project - Mopani	-	-	22,322	-	180	-	22,502
	-	-	22,322	-	180	-	22,502
Total	82,414	2,253,861	1,210,020	1,331	63,882	125,054	3,736,560

Payments by region and commodity

Amounts in US\$ '000	Production Entitlements 2018	Taxes on Income ¹ 2018	Royalties 2018	Bonuses 2018	Fees 2018	Infrastructure improvements 2018	Total 2018
Coal assets							
Australian Coking Coal	-	-	128,022	-	18,276	-	146,298
Australian Thermal Coal	-	8,197	440,962	-	17,079	5,616	471,854
Colombia: Cerrejón	-	153,062	-	-	-	-	153,062
Colombia: Prodeco	-	16,566	93,398	-	2,063	7,366	119,393
North America Coking Coal	-	-	-	-	992	-	992
South African Thermal Coal	-	24,184	11,834	-	-	-	36,018
	-	202,009	674,216	-	38,410	12,982	927,617
Copper assets							
Africa: Katanga, Mutanda, Mopani	-	382,097	120,766	-	310	112,071	615,244
Australia: Mount Isa, Ernest Henry, Cobar	-	-	59,892	-	2,452	-	62,345
Other South America: Alumbra, Lomas Bayas, Antapaccay, Punitaqui ²	-	182,590	44,083	-	6,603	-	233,276
South America: Antamina	-	332,778	-	-	-	-	332,778
South America: Collahuasi	-	239,612	-	-	-	-	239,612
	-	1,137,077	224,741	-	9,365	112,071	1,483,254
Corporate & entity level							
Corporate & unallocated	-	97,055	-	-	127	-	97,182
Entity level	-	389,270	-	-	-	-	389,270
	-	486,325	-	-	127	-	486,452
Ferroalloys							
South Africa: Ferroalloys Assets	-	122,599	27,076	-	-	-	149,675
	-	122,599	27,076	-	-	-	149,675
Nickel assets							
Australia: Murrin Murrin	-	-	17,474	-	4,340	-	21,814
North America: Raglan, Sudbury	-	19,075	-	-	382	-	19,457
	-	19,075	17,474	-	4,722	-	41,271
Oil assets							
Cameroon	-	-	-	-	233	-	233
Chad	61,000	-	32,736	-	2,858	-	96,594
Equatorial Guinea	21,414	9,695	14,296	-	265	-	45,670
	82,414	9,695	47,032	-	3,356	-	142,497
Zinc assets							
Australia: Mount Isa, McArthur River	-	-	33,473	-	5,766	-	39,239
Kazakhstan: Kazzinc	-	201,501	153,563	1,331	126	-	356,522
North America: Matagami, Kidd	-	10,483	-	-	-	-	10,483
Other Zinc: Argentina, Bolivia, Peru	-	65,098	32,444	-	2,009	-	99,550
	-	277,082	219,480	1,331	7,901	-	505,794
Total	82,414	2,253,861	1,210,020	1,331	63,882	125,054	3,736,560

1 Taxes on income comprise of income taxes paid in Colombia, Peru and Chile relating to Glencore's proportionate ownership interest in joint ventures (Cerrejón, Antamina and Collahuasi) amounting to a total of \$725 million.

2 Disposal of Minera Altos de Punitaqui Limitada in November 2018.

Payments for crude oil purchased from state-owned enterprises in EITI countries

To the extent possible, we are providing information on counterparty, counterparty country, load port, buying entity, volume, grade, incoterm, bill of lading date, type of oil and the aggregated value per counterparty. We include EITI country members as they have committed to more detailed disclosures. We included the level of detail that we believe will support stakeholders' understanding of the amounts and nature of the information provided, while also balancing our legitimate interest in protecting the confidentiality and commercial sensitivity of certain information.

Counterparty	Counterparty Country	Load Port	Buying entity
Societe Nationale des Hydrocarbures - SNH	Cameroon	Cameroon	Glencore Energy UK Ltd
Societe Nationale des Hydrocarbures - SNH	Cameroon	Cameroon	Glencore Energy UK Ltd
Societe Nationale des Hydrocarbures - SNH	Cameroon	Cameroon	Glencore Energy UK Ltd
Societe Nationale des Hydrocarbures - SNH	Cameroon	Cameroon	Glencore Energy UK Ltd
Societe des hydrocarbures du Tchad	Chad	Cameroon	Glencore Energy UK Ltd
Societe des hydrocarbures du Tchad	Chad	Cameroon	Glencore Energy UK Ltd
Societe des hydrocarbures du Tchad	Chad	Cameroon	Glencore Energy UK Ltd
Societe des hydrocarbures du Tchad	Chad	Cameroon	Glencore Energy UK Ltd
Societe des hydrocarbures du Tchad	Chad	Cameroon	Glencore Energy UK Ltd
Societe des hydrocarbures du Tchad	Chad	Cameroon	Glencore Energy UK Ltd
Societe des hydrocarbures du Tchad	Chad	Cameroon	Glencore Energy UK Ltd
Ghana National Petroleum Corporation	Ghana	Ghana	Glencore Energy UK Ltd

Volume (000 barrels)	Grade	Incoterm	Bill of Lading Date	Type of Oil
908.56	Kole	FOB	31.Jan.18	Equity Production from NOCs owned domestic fields
951.74	Kole	FOB	20.Apr.18	Equity Production from NOCs owned domestic fields
953.10	Kole	FOB	06.Oct.18	Equity Production from NOCs owned domestic fields
383.49	Ebome CO	FOB	07.Oct.18	Equity Production from NOCs owned domestic fields
Aggregated Value (USD):				237,084,234
904.19	Doba	FOB	07.Mar.18	Equity Production from NOCs owned domestic fields
903.57	Doba	FOB	25.Mar.18	Equity Production from NOCs owned domestic fields
950.41	Doba	FOB	26.Jun.18	Equity Production from NOCs owned domestic fields
951.57	Doba	FOB	12.Jul.18	Equity Production from NOCs owned domestic fields
950.44	Doba	FOB	21.Jul.18	Equity Production from NOCs owned domestic fields
949.82	Doba	FOB	20.Sep.18	Equity Production from NOCs owned domestic fields
951.51	Doba	FOB	16.Nov.18	Equity Production from NOCs owned domestic fields
Aggregated Value (USD):				439,020,348
992.46	JubileeCO	FOB	16.Dec.17	Equity Production from NOCs owned domestic fields
Aggregated Value (USD):				63,387,364

Payments for crude oil purchased from state-owned enterprises in EITI countries

continued

Counterparty	Counterparty Country	Load Port	Buying entity
Nigerian National Petroleum Co	Nigeria	Nigeria	Glencore Energy UK Ltd
Nigerian National Petroleum Co	Nigeria	Nigeria	Glencore Energy UK Ltd
Statoil ASA	Norway	Hound Point, United Kingdom	Glencore Energy UK Ltd
Statoil ASA	Norway	Primorsk, Russia	Glencore Energy UK Ltd
Statoil ASA	Norway	Hound Point, United Kingdom	Glencore Energy UK Ltd
Statoil ASA	Norway	Ust Luga, Russia	Glencore Energy UK Ltd
Statoil ASA	Norway	Hound Point, United Kingdom	Glencore Energy UK Ltd
Statoil ASA	Norway	Hound Point, United Kingdom	Glencore Energy UK Ltd
Statoil ASA	Norway	Hound Point, United Kingdom	Glencore Energy UK Ltd
Societe Nationale Des Petroles Du Congo	Republic of the Congo	Djeno Terminal, Congo	Glencore Energy UK Ltd
Societe Nationale Des Petroles Du Congo	Republic of the Congo	Djeno Terminal, Congo	Glencore Energy UK Ltd
Societe Nationale Des Petroles Du Congo	Republic of the Congo	Djeno Terminal, Congo	Glencore Energy UK Ltd
Societe Nationale Des Petroles Du Congo	Republic of the Congo	Djeno Terminal, Congo	Glencore Energy UK Ltd

Volume (000 barrels)	Grade	Incoterm	Bill of Lading Date	Type of Oil
949.00	Antan	FOB	18.Mar.18	Equity Production from NOCs owned domestic fields
951.91	BonnyLt	FOB	26.Mar.18	Equity Production from NOCs owned domestic fields
Aggregated Value (USD):				128,748,471
604.96	Forties	FOB	19.Feb.18	Not Available
0.73	Urals	FOB	26.Feb.18	Not Available
604.93	Forties	FOB	04.Mar.18	Not Available
0.74	Urals	FOB	24.Mar.18	Not Available
284.00	Forties	FOB	17.Apr.18	Not Available
310.00	BFOFO	FOB	22.Apr.18	Not Available
418.00	Forties	FOB	26.Apr.18	Not Available
Aggregated Value (USD):				144,911,644
921.38	Djeno	FOB	06.Feb.18	Equity Production from NOCs owned domestic fields
500.02	Yombo CO	FOB	02.Mar.18	Equity Production from NOCs owned domestic fields
918.70	Djeno	FOB	28.May.18	Equity Production from NOCs owned domestic fields
881.00	Djeno	FOB	17.Jul.18	Equity Production from NOCs owned domestic fields
Aggregated Value (USD):				210,112,412

Payments for oil purchased from state-owned enterprises in non-EITI countries

This information is aggregated by volume and value only as these countries have not committed to detailed disclosures.

Volume (000 barrels)	Value (USD)
204,470.55	14,266,324,114.89

Payments for crude oil originating from the Republic of South Sudan

Following an engagement with the UN Panel of Experts on the Republic of South Sudan (RSS) regarding oil purchases from the RSS and taking RSS's constitutional framework into account, which includes its approach to transparency of oil revenues, while Glencore did not purchase oil directly from an RSS state-owned enterprise, it is publishing the overall aggregate payments it has made during 2018 for the purchase of RSS origin crude oil.

Volume (000 barrels)	Value (USD)
6,377.15	425,714,514.51

Advances and loans to state-owned oil enterprises*

During 2018, we did not make any material advances and loans to state-owned oil enterprises. Going forward, we will provide this information when we make relevant finance payments.

* Information on outstanding material advances and loans to state-owned oil enterprises is available on page 32



Advances and loans repayable with product

Advances repayable with product

US\$ million	2018	2017
Counterparty		
Société Nationale d'Electricité (SNEL) power advances	340	307
Chad State National Oil Company	393	339
Société Nationale des Pétroles du Congo	65	123

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 would contribute \$375 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 2019. 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 \$393 million (2017: \$398 million) to the Chad State National Oil Company (SHT) to be repaid through future oil deliveries over seven years. As at 31 December 2018 the advance is net of \$805 million (2017: \$872 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, \$393 million (2017: \$339 million) is receivable after 12 months and is presented within Other non-current receivables and loans and \$Nil (2017: \$59 million) is due within 12 months and included within Accounts receivable.

Société Nationale des Pétroles du Congo (SNPC)

Glencore has provided a net \$183 million (2017: \$212 million) to SNPC repayable through future oil deliveries over five years. As at 31 December 2018, the advance is net of \$530 million (2017: \$549 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, \$65 million (2017: \$123 million) is due after 12 months and is presented within Other long-term receivables and loans and \$118 million (2017: \$89 million) is due within 12 months and included within Accounts receivable.

About this report

Basis of preparation and scope

This report has been prepared as required by the Transparency Directive Amending Directive (2013/50/EU), with the disclosure of Payments to Governments, in line with Chapter 10 of the EU Accounting Directive (2013/34/EU), along with a voluntary additional report of payments by 'regions and commodity'.

The presentation of taxes, production entitlements, royalties and other payments to governments is on a cash-paid basis during the reporting period. We convert in-kind payments into monetary value at the date of settlement. The report includes all such payments for activities that relate to exploration, discovery, development and extraction of minerals, oil, coal deposits and other materials resulting from extracting

activities of each of our operations, including joint operations. It also includes Glencore's proportionate share of payments by various relevant joint venture entities that are accounted for using the equity method, notably Cerrejón, Antamina and Collahuasi.

The base report excludes payments related to refining, processing, marketing and trading, as these are not in the scope of the EU directive, however such payments are provided as an additional voluntary disclosure on pages 16 to 17, so as to reconcile to the Group's overall payments to governments as presented in our annual sustainability report.

We have also included information, for those countries compliant with the Extractive Industries Transparency Initiative (EITI), on commercial payments to state-owned oil enterprises for oil.

Glencore plc, as parent of the Group, has prepared the report on a consolidated basis, adjusted for Glencore's proportionate share of payments by various relevant material joint venture entities that are accounted for using the equity method, notably Cerrejón, Antamina and Collahuasi, but are otherwise reported on within the Group's underlying segment results on a proportionate consolidation basis.

This report captures the activity of the relevant entities active in the extractive industry.

Appendix – Group Tax Policy

Our Group Tax Policy governs our approach to tax strategy.

1. Purpose and Scope

The purpose of this document is to set out the overall approach of Glencore Plc (“Glencore”) and companies controlled directly or indirectly by Glencore (together with Glencore, the “Glencore Group”) in respect of taxation. This document sets out Glencore’s approach towards management and control over its tax affairs and sets out the general framework within which the Glencore Group will operate when considering tax related issues.

This document is approved by Glencore’s Board of Directors on an annual basis and will periodically be reviewed by the CFO in conjunction with the Group Tax Team. Any amendments to this tax policy will be approved by Glencore’s Board of Directors.

The tax policy is mandatory and applies to all Glencore Group entities. The approach and principles described must be followed with respect to corporate income tax, withholding tax and all other direct and indirect government imposts, including royalties, wherever levied.

2. Group Approach to Tax

In accordance with our overarching group Code of Conduct, we are committed to comply with all applicable tax laws, rules and regulations, without exception.

Glencore aims to achieve an optimal tax position for the Glencore Group, which does not mean the lowest tax result possible in the short term, but rather the optimal tax result, taking into account sustainability and continuity of the positions taken over the longer term. Glencore may seek to take steps to procure advantage of reliefs and incentives available under applicable laws and double tax treaties. Any corporate and / or transaction structuring is to be undertaken with an economic and

commercial substance, consistent with Glencore’s commitment to be characterised as a “good corporate fiscal citizen”.

Glencore does not (and will not) therefore enter into artificial arrangements in order to avoid taxation or to defeat the stated purpose of the tax legislation, nor does it (nor will it) undertake aggressive tax planning. When deemed necessary, external advice will be sought in relation to areas of complexity or uncertainty to support the Glencore Group in understanding the tax consequences of its commercial and economic activities and complying with those effects.

3. Prevention of facilitation of tax evasion

Glencore does not tolerate tax evasion of any kind, including facilitation of tax evasion by any person employed or contracted to Glencore or acting on Glencore’s behalf (“Associated Persons”).

Facilitation of tax evasion may expose the Glencore Group and Associated Persons to significant adverse consequences such as serious damage to the Glencore Group’s reputation as well as civil and criminal liability.

Glencore is committed to adopt procedures that seek to prevent any such facilitation and will take appropriate action against any Associated Person who is found to have facilitated tax evasion of any kind.

4. Tax risk management and governance

As tax legislation is often complex and its application may be unclear, it is impossible to ensure that our interpretation of our obligations will always be accepted by tax authorities. Therefore, Glencore aims to ensure it is aware of all relevant tax risks, including in relation to compliance matters, financial reporting, tax planning, tax audits and legislative developments.

Glencore has established policies that govern our approach to identify, manage and mitigate tax risks. Identified tax risks are actively managed within an appropriate tax risk framework and control procedures. Significant risks are routinely reported to the Board and Audit Committee. Potential material risks are to be assessed for the likelihood of occurrence and the negative financial or reputational impact on the Glencore Group and its objectives.

5. Tax Compliance

Glencore aims to minimise the administrative burden involved in tax compliance while fully and efficiently complying with the tax laws, rules and regulations in the jurisdictions in which the Glencore Group operates. In particular, tax returns, claims, elections and payments should be made accurately and on time, while interest charges and penalties suffered should be avoided or minimised.

6. Tax Authorities

Glencore recognises the important role of all tax authorities in the various jurisdictions in which the Glencore Group operates, confirming them as stakeholders in its business.

It is Glencore's policy to be transparent and proactive in all interactions with tax authorities. Therefore, all Glencore Group companies should seek to maintain constructive, collaborative and professional relationships with local tax authorities based on transparency and trust.

We recognise that on occasion there will be areas in which our legal interpretation may differ from that of tax authorities and where the tax treatment of activities and transactions is uncertain. In such cases, Glencore will engage in proactive discussions with the relevant tax authority with a view to bringing matters to a reasonable conclusion as rapidly and equitably as possible.

Glencore is committed to being characterised as a "good corporate fiscal citizen" aiming for sustainability in relation to tax.

7. Tax Resources

Any tax work should be prepared by personnel with an adequate technical understanding of local tax legislation and then reviewed by an experienced tax specialist. As a general / preferable rule, where possible, Glencore seeks to perform this work in-house.

Where the required expertise is not available in-house, external tax advisors may be mandated on the condition that they understand and comply with all aspects of Glencore's Group Tax Policy.

8. Transfer Pricing

Transactions between Glencore Group companies must comply with the arm's length principle as defined in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and included in Article 9 of the OECD Model Tax Convention. There should be no exceptions to this rule.

Having local transfer pricing documentation ("Local File") is mandatory within the Glencore Group and legally required by many tax jurisdictions. Apart from limited exceptions approved by the Group Tax Team, every relevant transaction must be addressed in a relevant Local File.

9. Roles and Responsibilities

The Group CFO has overall responsibility for tax matters and is specifically responsible for approving the Group Tax Policy and informing the Audit Committee of material tax planning developments and substantial tax risks.

The Group Tax Team is responsible for day-to-day tax work, development of the Group Tax Policy implementation and tax risk management.

Glossary

Unless noted otherwise in the report, the following terms have the meanings noted below:

Adjusted effective tax rate

Corporate income tax charge of an accounting period divided by the accounting profit before tax, adjusted for significant items (primarily currency translation effects and tax losses not recognised).

Bonuses

Payments to general government units related to awards, grants, or transfer of extraction rights. Payments can be in the form of periodic payments or a fixed amount upon signing of a contract, achievement of certain production levels or targets and discovery of (additional) mineral resources or deposits.

Customs / export & import duties

Payments to governments in relation to goods imported into and/or exported from a country. Customs duties are usually imposed on an ad valorem basis, but sometimes on the basis of specific duties charged on particular items. These payments have been voluntarily added to the reports.

Disclosure threshold

Payments made to a government as a single payment or as a series of related payments of £86,000 (EUR 100,000) or more made in a financial year form part of this report.

Dividends

Payments so named to governments, other than dividends to government units in their capacity as ordinary shareholders in an enterprise. Such dividends are normally paid to a government in lieu of production entitlements or royalties. There were no such dividend payments to governments during the reporting period.

Fees

Payments to governments where no specific service is attached, but rather 'levies' on the initial or ongoing right to use an area for exploration, development and/or production. Such fees include licenses, rentals, entry fees and other consideration for licences and concessions.

Government

Any national, regional or local authority of a country and includes any department, agency or undertaking controlled by such an authority.

Infrastructure improvements

Payments to governments, comprising of the provision of public access infrastructure, such as roads and bridges. Payments are either in the form of cash or in-kind contributions (the completed infrastructure). Payments in respect of social or community programs such as building / providing a hospital, school or playground are excluded.

Municipal recipient entities

These include county councils, city councils

National recipient entities

These include federal governments, ministries of mines

Project

Operational activities that are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment of liabilities to a government. Where multiple such agreements are substantially interconnected, this is considered as a single project. Most of Glencore's extractive operations are covered by operationally and geographically connected contracts and activities.

As a result, the projects reported by Glencore are mainly defined per commodity within an interconnected geographical area.

Production entitlements

Payments to governments based on the volume of output, as mandated in any agreement or license. These mandated volume based calculations can be paid in cash or in-kind, and can be net of any other royalty payments. In-kind payments are converted to a dollar amount based on the market price prevailing at the date of settlement.

Regional recipient entities

These include regional councils, state governments

Royalties

Payments to governments in respect of revenue or production related to the extraction of mineral, coal, oil and gas reserves.

Taxes on income

Payments to governments based on taxable profits and taxes levied on production. It also includes withholding taxes paid on dividends, interest, royalties and services. These taxes are generally represented as income taxes in the Consolidated Income Statement of Glencore. Taxes levied on consumption such as value-added taxes, personal income taxes or sales taxes are excluded.

Important notice regarding compilation of report

This document contains statements that are, or may be deemed to be, “forward looking statements” which are prospective in nature. These forward looking statements may be identified by the use of forward looking terminology, or the negative thereof such as “outlook”, “plans”, “expects” or “does not expect”, “is expected”, “continues”, “assumes”, “is subject to”, “budget”, “scheduled”, “estimates”, “aims”, “forecasts”, “risks”, “intends”, “positioned”, “predicts”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words or comparable terminology and phrases or statements that certain actions, events or results “may”, “could”, “should”, “shall”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

By their nature, forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond Glencore's control. Forward-looking statements are not guarantees of future performance and may and often do differ materially from actual results. Important factors that could cause these uncertainties include, but are not limited to, those discussed in Glencore's Annual Report 2018.

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The companies in which Glencore plc directly and indirectly has an interest are separate and distinct legal entities. In this document, “Glencore”, “Glencore group” and “Group” are used for convenience only where references are made to Glencore plc and its subsidiaries in general. These collective expressions are used for ease of reference only and do not imply any other relationship between the companies. Likewise, the words “we”, “us” and “our” are also used to refer collectively to members of the Group or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

Further information

In addition to this our annual Payments to Government Report, our annual corporate reporting suite reflects our commitment to transparent disclosure across a broad range of topics:

- Annual Report 2018
- Sustainability Report 2018
- Sustainability Highlights 2018
- GRI data book 2018
- Modern Slavery Statement 2018
- Water Report 2018
- Human Rights Report 2018
- Our Approach to Sustainability

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