

Glencore plc
7 August 2024
Baar, Switzerland

Retention of the coal and carbon steel materials business

Following completion of the acquisition of a 77% interest in Elk Valley Resources (EVR) on 11 July 2024, we have undertaken a consultation process to assess shareholder views regarding retaining or demerging the coal and carbon steel materials business.

Shareholders representing an estimated two-thirds of eligible voting shares were consulted for their views. Over 95% of shareholders that specifically expressed a preference for retention or demerger supported the retention of the coal and carbon steel materials business, primarily on the basis that retention should enhance Glencore's cash generating capacity to fund opportunities in our transition metals portfolio, such as our copper growth project pipeline, as well as accelerate and optimise the return of excess cash flows to shareholders.

Numerous shareholders also expressed scepticism on the scale of a potential MetalsCo (the remaining business) valuation uplift arising from a demerger and did not see separation as ESG positive given the wide support for our latest Climate Action Transition Plan (CATP), including our responsible thermal coal decline strategy, and the belief in the important role that steelmaking coal is expected to play in supporting the infrastructure needed for the energy transition.

Some shareholders also abstained from offering a specific preference, principally advising that consideration of a demerger is a strategic decision for the Board.

The outcome of this consultation process and the Group's own analysis have led the Board to conclude that, between the options of retaining or demerging, considering both risk and opportunity scenarios, retention of the coal and carbon steel materials business currently provides the optimal pathway for demonstrable and realisable value creation for Glencore shareholders.

Kalidas Madhavpeddi, Chair, Glencore, commented:

"Following extensive consultation with our shareholders, whose views were very clear, and our own analysis, the Board believes retention offers the lowest risk pathway to create value for Glencore shareholders today. The expected cash generative capacity of the coal and carbon steel materials business significantly enhances the quality of our portfolio, by commodity and geography, and broadens our ability to fund our strong portfolio of copper growth options as well as accelerate shareholder returns."

The Board also notes that in line with our 2024-2026 CATP, recently approved by more than 90% of voting shareholders, Glencore will continue to oversee the responsible decline of its thermal coal operations over time. Glencore will also assess how best to integrate the EVR assets into our climate transition strategy, having regard to our ICA commitment to develop and adopt a climate transition strategy for EVR, and recognising that the transition away from steelmaking coal for steel production will be slower than thermal coal.

With the decision to retain the coal and carbon steel materials business, the previous Net debt cap shaping our shareholder returns framework is immediately reset at around \$10bn, excluding marketing related lease liabilities, along with our continued commitment to minimum strong BBB/Baa ratings.

While the decision has been taken to retain this business today, the Board preserves the option to consider a demerger of all or part of this business in the future if circumstances change.

Background information on coal demerger

It has always been our view that the question of whether to demerge our coal business is one for our shareholders, not only because shareholder approval for a demerger is legally required, but more importantly because investment in coal is often a question of investment preference, requiring the ongoing gathering of shareholder views.

In our announcement in November 2023 of the agreed acquisition of a 77% interest in Elk Valley Resources (EVR), Glencore stated that its intention was to demerge the coal and carbon steel materials business. This was based on positive feedback that Glencore had received following its initial approach to Teck in early 2023 in which Glencore had first proposed the demerger of the combined coal and steel materials business in the context of that acquisition.

Following the November announcement, Glencore started to receive feedback that shareholder preferences may have evolved and that many shareholders were no longer supportive of a demerger, in many cases due to evolving views on ESG, increased support for Glencore's climate strategy of a responsible decline of its thermal coal business and the recognition, which also drove Glencore's acquisition of EVR, of the difference between steelmaking coal and thermal coal.

Accordingly, Glencore decided that it would make sense following closing of the EVR transaction to run a formal consultation to assess current shareholder views regarding retaining or demerging the coal and carbon steel materials business.

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This announcement contains inside information. The person responsible for making this announcement is John Burton, Company Secretary.

Notes for Editors

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 60 commodities that advance everyday life. Through a network of assets, customers and suppliers that spans the globe, we produce, process, recycle, source, market and distribute the commodities that support decarbonisation while meeting the energy needs of today.

With over 150,000 employees and contractors and a strong footprint in over 35 countries in both established and emerging regions for natural resources, our marketing and industrial activities are supported by a global network of more than 50 offices.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, battery manufacturing and oil sectors. We also provide financing, logistics and other services to producers and consumers of commodities.

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

We will support the global effort to achieve the goals of the Paris Agreement through our efforts to decarbonise our own operational footprint. We believe that we should take a holistic approach and have considered our commitment through the lens of our global industrial emissions. Against a restated 2019 baseline, we are targeting to reduce our Scope 1, 2 and 3 industrial emissions by 15% by the end of 2026, 25% by the end of 2030, 50% by the end of 2035 and we have an ambition to achieve net zero industrial emissions by the end of 2050, subject to a supportive policy environment. For more information see our 2024-2026 Climate Action Transition Plan and the About our emissions calculation and reporting section in our 2023 Annual Report, available on our website at glencore.com/publications.



Important Information

This material does not purport to contain all of the information you may wish to consider. For further important information, including in connection with forward-looking statements and other cautionary information, refer to the Important notice section

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Other information

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