

Company registration number

4345939

Xstrata

Limited

ANNUAL REPORT AND
FINANCIAL STATEMENTS
31 DECEMBER 2021



Table of contents

Officers and professional advisers	3
Strategic report	4
Directors' report	6
Directors' responsibilities statement	7
Independent auditor's report	8
Financial statements	11
Notes to the financial statements	14

Officers and professional advisers

Directors

John William Burton
Martin William Haering
Carlos Perezagua Marin
Stephan Huber

Company secretary

Nicholas Reid

Registered office

18 Hanover Square
London
W1S 1JY
United Kingdom

(Changed: 01.06.2021)

Headquarters and business address

Baarermattstrasse 3
6341 Baar
Switzerland

Auditor

Deloitte LLP
Statutory Auditor
London
EC4A 3BZ
United Kingdom

Company registration number

4345939

Strategic report

The directors present their strategic report for Xstrata Limited (the "Company") for the year ended 31 December 2021 to provide a review of the Company's business, principal risks and uncertainties and performance and position. The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Organisation and principal activity

The Company was incorporated on 31 December 2001 (Companies House registration no. 4345939). The Company is a wholly owned subsidiary of Glencore Group Corporation (the "Parent") following the Group reorganisation which took place in November and December 2021. The principal activity of the Company is that of an intermediate holding company within the Glencore plc group. The directors are not aware, at the date of this report, of any likely major changes in the activities of the Company in the next year. In addition, given the nature of the activities, the directors believe that key performance indicators and business risks for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

The ultimate parent company is Glencore plc ("Glencore" or "the Group"), a company incorporated in Jersey.

Business review

As shown in the profit and loss account on page 11, the profit for the year after taxation was USD 582 million (2020: USD 23 million loss) primarily due to a gain on the sale of the investment in Glencore Finance (Dubai) Limited to another related party amounting to USD 702 million as part of the Group reorganisation. The balance sheet on page 12 shows the Company's financial position at the year-end. Net assets has decreased compared with the prior year by USD 20,703 million to USD 2,870 million primarily due to distribution in specie of USD 21,421 million as part of the Group reorganisation during 2021 (2020: USD nil).

Section 172(1) statement

Under section 172(1) of the Companies Act 2006, the directors are required to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard amongst other matters to a list of specified factors and stakeholders. The Directors have considered all the applicable stakeholders and the long-term consequences of its decisions taken during the year including when assessing the level of dividend to pay and assessing whether the Company's investments have any indicators of impairment or impairment reversal. As a pure investment, non-operating company, the key direct stakeholder of the Company is its sole shareholder, with whom it engages through meetings and telephone calls in relation to its activities and outlook.

Glencore has included in its annual report for the year a statement in respect of section 172(1) matters concerning the group as a whole.

Strategic report (continued)

Principal risks and risk governance

The Board of Directors is responsible for approving risk management principles and policies, and ensuring that the Company's management maintains an effective system of internal controls. The management is responsible for managing risk within the framework of principles and policies approved by the Board.

The Company's principal risk is the recoverability of its investment in subsidiary and receivables from related parties. As receivables are within the Glencore Group, the risk exposure is limited as the liquidity risk is managed at a Group level.

The impact of climate change and the transition to a low-carbon economy are addressed by the Glencore plc Group, which includes the Company, and detailed information is disclosed in the Glencore plc annual report.

The Company has determined the impact from Brexit risks to be limited.

Approved by the directors and signed on behalf of the Board.



John Burton

Director

29 September 2022

Directors' report

The Strategic report starting on page 4 and 5 contains details of the principal activities of the Company and provides information on the Company's business during the year and details of exposure to financial risks and uncertainties.

During the year the company reduced its share premium account to create distributable reserves of USD 8,609 million and reduced its share capital by USD 1,516 million to create distributable reserves as part of the Group reorganisation. The company distributed dividend in specie amounting to USD 21,421 million (2020: USD nil).

Directors

The directors who held office during the year and subsequently are shown on page 3.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year which remain in force at the date of this report.

Going concern

The company's forecasts and projections, taking into account reasonably possible changes in performance and the impact of the risks and uncertainties as described in the Strategic Report, indicate it is appropriate to adopt the going concern basis in preparing these financial statements. The Group has updated its going concern assessment following the implementation of the Group reorganisation whereby the balance sheet has been simplified with receivables from related parties comprising the majority of its assets with no payables outstanding. Accordingly, it is appropriate for the Company to adopt the going concern basis in preparing these financial statements.

Political and charitable contributions

No political or charitable contributions were made during the year (2020: USD nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed to be reappointed as auditors in the absence of an Annual General Meeting.

Approved by the directors and signed on behalf of the Board of Directors



John Burton

Director

29 September 2022

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 Act 2006. 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.

Independent auditor's report to the members of Xstrata Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Xstrata Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its gain for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

Independent auditor's report to the members of Xstrata Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 company'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 company 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant tax laws; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the UK Bribery Act 2010.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with relevant regulatory and taxation authorities, where applicable.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

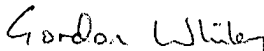
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.


Gordon Whiley FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 September 2022

Financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

USD million

	Notes	2021	2020
Other operating expenses	5	-2	-
Loss on foreign exchange, net		-121	-
Operating loss		-123	-
Interest income	6	14	-
Interest expense		-11	-23
Gain on sale of investment	8	702	-
Profit/(loss) before taxation		582	-23
Tax on profit or loss	7	-	-
Profit/(loss) after taxation		582	-23

All activities derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

USD million

	Notes	2021	2020
Profit/(loss) after taxation		582	-23
Gain on equity investments accounted for at fair value through OCI, net of tax of USD Nil	8	136	6
Total other comprehensive profit		136	6
Total comprehensive profit/(loss)		718	-17

COMPANY REGISTRATION NUMBER 4345999
 BALANCE SHEET
 AS AT 31 DECEMBER 2021

USD million

	Notes	2021	2020
Non-current assets			
Investments in subsidiaries	8	364	24 576
Debtors	9	247	-
Total non-current assets		611	24 576
Current assets			
Debtors	9	2 259	28
Cash and bank balances*		-	-
Total current assets		2 259	28
Creditors: amounts falling due within one year	10	-	1 031
Net current assets/ (liabilities)		2 259	-1 003
Total assets less current liabilities being net assets		2 870	23 573
Equity			
Share capital	11	-	1 516
Share premium	11	1 462	15 377
Other reserves	11	1 401	1 265
Retained earnings		7	5 415
Total shareholders' funds		2 870	23 573

* less than USD 0.5 million

These financial statements were approved by the Board of Directors on 29 September 2022.

Signed on behalf of the Board of Directors



John Burton
 Director
 29 September 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

USD million

	Share capital (note 11)	Share premium (note 11)	Share premium distributable reserves CCR (note 11)	Share premium distributable reserves non CCR (note 11)	Share capital distributable reserves new (note 11)	Other reserves (note 11)	Retained earnings	Total
As at 1 January 2020	1 516	8 609	6 768	-	-	1 259	5 438	23 590
Loss on ordinary activities after taxation	-	-	-	-	-	-	-23	-23
<i>Other comprehensive income</i>								
Financial assets at fair value through OCI	-	-	-	-	-	6	-	6
As at 31 December 2020	1 516	8 609	6 768	-	-	1 265	5 415	23 573
Gain on ordinary activities after taxation	-	-	-	-	-	-	582	582
Reduction of share capital/premium to create distributable reserve	-1 516	-8 609	6 719	1 890	1 516	-	-	-
Distribution in specie	-	-	-12 025	-1 890	-1 516	-	-5 990	-21 421
<i>Other comprehensive income</i>								
Financial assets at fair value through OCI	-	-	-	-	-	136	-	136
As at 31 December 2021	-	-	1 462	-	-	1 401	7	2 870

*less than USD 0.5 million, please refer to note 11

CCR: Capital contribution reserves

Notes to the financial statements

1. GENERAL INFORMATION

Xstrata Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 3. The nature of the Company's operations and its principal activities are set out in the strategic report on page 4.

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Glencore plc (ultimate parent). The group accounts of the ultimate parent are available to the public and can be obtained as set out in note 12, as is the registered office address of the ultimate parent preparing consolidated accounts.

2. ACCOUNTING POLICIES

Basis of accounting

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

In accordance with FRS 101 the Company has:

- provided comparative information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied FRS 101 as required; and
- applied certain optional exemptions and mandatory exceptions as applicable for FRS 101.

Exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, fair values, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of Glencore plc.

These financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis.

2. ACCOUNTING POLICIES (CONTINUED)

The Company has adopted the following principal accounting policies:

Revised standards not yet effective

Definition of Accounting Estimates (Amendments to IAS 8) – effective for year ends beginning on or after 1 January 2023

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

Materiality of Accounting Policy Disclosure (Amendments to IAS 1) – effective for year ends beginning on or after 1 January 2023

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

Going concern

The Company is expected to continue its activities as an investment holding entity in the future. As the Company has no outstanding payables as at the end of the year following the Group reorganisation, the directors believe it is appropriate for the Company to adopt the going concern basis in preparing these financial statements

Revenue recognition

Financial income

Interest income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income is recognised when the right to receive the payment has been established, it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year end are converted at year end closing rates. The resulting exchange differences are recorded in the profit and loss account. Non-monetary assets and liabilities are converted at the historical foreign exchange rate at the time of the transaction.

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.

2. ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in subsidiaries are recorded at cost less any impairment. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Equity investments, other than investments in subsidiaries, are recorded at fair value. The company designates investments that are not held for trading as fair value through other comprehensive income. As a result, changes in fair value are recorded in the statement of comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and financial assets 'at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including due from related parties, other financial assets, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2. ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. For financial assets at amortised cost, the entity recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For those balances that are beyond 30 days overdue it is presumed to be an indicator of a significant increase in credit risk.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to the 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The entity considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the entity without taking into account any collateral held by the entity or if the financial asset is more than 90 days past due unless the entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit and loss account to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

De-recognition of financial assets

The Company derecognises a financial asset only 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 entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On de-recognition 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 the profit and loss account. On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised is recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the profit and loss account.

2. ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of 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 liabilities at the date of the financial statements and the reported amounts of expenses and income during the reporting period. At 31 December 2021 there were no critical accounting judgements or key sources of estimation uncertainty made in the application of the Company's accounting policies.

4. DIRECTORS' REMUNERATION

None of the directors received any fees for their services as a director of the Company during the financial year (2020: USD nil) either from the Company or any other entity within the Glencore Group.

5. OTHER OPERATING EXPENSES

USD million

	2021	2020
Other operating expenses	2	-
Total	2	-

Audit fees

The audit fee is USD 15 000 (2020: USD 15 000) in respect of the Company.

Employees

The average monthly number of employees was nil (2020: nil).

6. INTEREST INCOME

USD million

	2021	2020
Interest income from subsidiaries	14	-
Total	14	-

7. TAXATION

USD million

	2021	2020
Current tax charge	-	-
Tax charge on profit or loss	-	-
Gain/(loss) before taxation	582	-23
Gain/(loss) multiplied by standard rate of corporation tax in Switzerland of 7.8% (2020: 7.8%)	45	-2
Effects of:		
(Use of)/increase in tax loss carry-forward	-45	2
Tax charge for the year	-	-

The Company is incorporated in the UK but by virtue of its place of effective management being in Switzerland it is tax resident in Switzerland.

The Company has a tax loss carry-forward for Federal taxes, no Federal corporate income tax is due. No deferred tax asset has been recognised in respect of USD 106 million unused tax losses as the directors are of the opinion that based on the recent forecast activities, there will not be sufficient taxable profits available in the Company to recover the asset in the foreseeable future.

8. INVESTMENTS IN SUBSIDIARIES

USD million

Cost/Fair -value	Investments in subsidiaries	Investment in ultimate parent entity	Total
At 1 January 2021	25 613	326	25 939
Revaluations	-	136	136
Disposals	-24 250	-98	-24 348
At 31 December 2021	1 363	364	1 727
Provision for impairment			
At 1 January 2021	-1 363	-	-1 363
Impairment	-	-	-
At 31 December 2021	-1 363	-	-1 363
Carrying amount			
At 31 December 2021	-	364	364
At 31 December 2020	24 250	326	24 576

Investment in Glencore (Schweiz) AG

During the 2021 financial year, the Group undertook a reorganisation of the Company and its investments. Resulting from certain of the steps in the reorganisation, the Company completed the sale of its 100% interest in Glencore (Schweiz) AG to a related party for USD 2,092 million.

Investment in Glencore Finance (Dubai) Limited

As part of the Group reorganisation noted above, the Company completed the sale of its 90% interest in Glencore Finance (Dubai) Limited with a carrying value of USD 22,156 million to a related party for USD 22,858 million resulting in a gain of USD 702 million.

The subsidiary undertakings of the Company at 31 December and the percentage holding of ordinary share capital are set out below:

Company name	Country of incorporation	Activity	2021 Ownership	2020 Ownership
Glencore (Schweiz) AG	Switzerland	Holdings	0%	100%
Glencore Finance (Dubai) Limited	U.A.E.	Finance	0%	90%
Glencore (Nederland) BV	Netherlands	Finance	75%	75%

The table above comprises each of the Company's direct subsidiary undertakings. Further information about their registered offices as well as each of the Company's indirect subsidiary undertakings as required by Section 409 of the Companies Act 2006 can be found in note 15. The year end for all subsidiaries listed above is 31 December.

Investment in ultimate parent entity

The quoted share price (fair value) of the investment in ultimate parent as at 31 December 2021 was GBP 3.75 per share and in accordance with applicable requirements of IFRS 9, the increase in fair value has been recorded in other comprehensive income amounting to USD 136 million (2020: USD 6 million).

9. DEBTORS

USD million

	2021	2020
Non-current amounts owed by Group companies	247	-
Current amounts owed by Group companies	2 258	27
Other debtors	1	1
Total debtors	2 506	28

Current amount owed by group companies is payable on demand and are non-interest bearing. Interest at 1.25% is chargeable on non-current receivables from Glencore International AG.

10. CREDITORS

USD million

	2021	2020
Amounts owed to a Group company	-	1 031
Total	-	1 031

Amounts owed to a group company is nil at the end of 2021 (2020: payable with three months' notice and interest charged at 2.25%.)

11. EQUITY

USD million

Share capital (Issued, called up and fully paid)	2021	2020
3,031,371,571 ordinary shares of US\$0.000001 each * (2020:USD 0.50 each)	-*	1 516
Share premium		
Balance at 1 January	15 377	15 377
As at 31 December	1 462	15 377

* less than USD 0.5 million

The combined share premium accounts arise from premiums received on issue of equity shares in prior periods, of which USD 1,462 million (2020: USD 6,768 million) are considered distributable profits following a capital reduction in 2012. As the Company is tax resident in Switzerland, for Swiss tax purposes the combined share premium accounts are classified between capital contribution reserves of USD 1,462 million (2020: 13,487 million) and share premium arising from the issue of shares to the Employee Stock Ownership Plan ("ESOP") of USD Nil (2020: 1,890 million).

The Company reduced its share premium to create distributable reserves of USD 8,609 million on 18 November 2021 as part of the Group reorganisation. The Company subsequently reduced its share capital to create distributable reserves of USD 1,516 million on 17 December 2021 by reducing the nominal value of each issued ordinary share in the company's share capital from USD 0.50 to USD 0.000001.

Other reserves

USD 935 million of Other reserves, principally originated during 2002 from the issue of shares related to the acquisition of the Duiker and Enex Groups and constitutes a capital contribution reserve. The remaining balance is comprised of fair value movements in the Company's investment in its ultimate parent.

Distribution in specie

During the year and as part of the Group reorganisation, the Company effected distribution in specie to its shareholder in the form of promissory notes and cancellation of receivables amounting to USD 21,421 million (2020: USD nil). For Swiss tax purposes USD 12,025 million of the effected distribution was recorded as a reduction in the capital contribution reserves.

12. ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is Glencore plc, a company incorporated in Jersey with registered offices at 13 Castle Street, St. Helier, Jersey JE1 1ES. This is the largest and smallest group for which consolidated financial statements are prepared which includes the Company. Copies of the consolidated financial statements of the ultimate parent may be obtained from the registered office above or from www.glencore.com.

13. GUARANTEES

The Company has provided guarantees for the financial obligations of a number of Group companies. Specifically:

In October 2012 the Group issued USD denominated capital market notes in a USD 4 500 million four-tranche transaction comprising 3 year, 5 year, 10 year and 30 year notes. The notes were issued by Glencore Finance (Canada) Limited. Outstanding notes comprise USD 1 000 million 4.25% guaranteed notes due October 2022 and USD 500 million 5.55% guaranteed notes due October 2042. These capital market notes are guaranteed on a senior, unsecured and joint and several basis by the Company, Glencore plc, Glencore International AG, Glencore (Schweiz) AG and Glencore Finance (Dubai) Limited.

In November 2011 the Group issued USD denominated capital market notes in a USD 3 000 million four-tranche transaction comprising 3 year, 5 year, 10 year and 30 year notes. The notes were issued by Glencore Finance (Canada) Limited. Outstanding notes comprise USD 500 million 6.00% guaranteed notes due November 2041. These capital market notes are guaranteed on a senior, unsecured and joint and several basis by the Company, Glencore plc, Glencore International AG, Glencore (Schweiz) AG and Glencore Finance (Dubai) Limited.

In November 2007, the Group completed a USD 500 million 30-year bond issue bearing interest at 6.90% per annum. The bonds were issued by Glencore Finance (Canada) Limited. These bonds are guaranteed on a senior, unsecured and joint and several basis by the Company, Glencore plc, Glencore International AG, Glencore (Schweiz) AG and Glencore Finance (Dubai) Limited.

In June 2005, the Group completed a USD 250 million 30-year bond issue bearing interest at 6.20% per annum. The bond was issued by Glencore Canada Corporation. These bonds are fully and unconditionally guaranteed on a senior, unsecured and joint and several basis by the Company, Glencore plc, Glencore International AG, Glencore (Schweiz) AG and Glencore International Investments Ltd.

14. SUBSEQUENT EVENTS

War in Ukraine

In February 2022, the Russian government commenced a war against the people of Ukraine, resulting in a humanitarian crisis and significant disruption to financial and commodity markets. A number of countries, including, the United States of America, European Union, Switzerland and United Kingdom imposed a series of sanctions against the Russian government, various companies, and certain individuals. The Company complies with all sanctions applicable to our business activities. The Company does not have an operational footprint in Russia.

15. SUBSIDIARY UNDERTAKINGS

Subsidiary undertakings of the Company, held directly and indirectly at 31 December 2021 and the ultimate percentage holding of ordinary share capital as required by section 409 of the Companies Act 2006 are listed below

Company	Address	Status	Percentage
African Carbon Manufacturers (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	in liquidation	72%
African Carbon Producers (Proprietary) Limited	Floor 39 Johannesburg 2196 South Africa	in liquidation	72%
African Carbon Union (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	in liquidation	72%
African Fine Carbon (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	dormant	72%
Alloys Power Generation Proprietary Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	in liquidation	72%
Char Technology (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	active	72%
Consolidated Metallurgical Industries (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	dormant	72%
Duiker Mining (Pty) Limited	Melrose Boulevard 39 Melrose North 2196 South Africa	dormant	72%
Eland Platinum Holdings Proprietary Limited	Melrose Boulevard 39 Johannesburg South Africa	In liquidation	72%
Eland Platinum Mines (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	in liquidation	72%
Glencore Holdings South Africa (Pty) Ltd	Melrose Boulevard 23 Johannesburg 2196 South Africa	active	74%
Glencore Operations South Africa Proprietary Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	active	72%
Glencore Property Management Company Proprietary Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	active	72%

15. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Company	Address	Status	Percentage
PSV Resources Marikana (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	dormant	59%
Sebenzana Business Development Services (Pty) Ltd	Melrose Boulevard 39 Melrose North 2196 South Africa	dormant	72%
Tavistock Collieries (Pty) Limited	Melrose Boulevard 39 Melrose North 2196 South Africa	dormant	72%
Glencore Services (Pty) Ltd	Melrose Boulevard 39 Melrose North 2196 South Africa	active	74%
Golden Ribbon Trading 300 (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	in liquidation	51%
K2016200284 (South Africa) (Pty) Ltd	Melrose Boulevard 39 Melrose North 2196 South Africa	active	74%
Madibeng Platinum (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	in liquidation	61%
Platoon Trade And Invest 96 (Proprietary) Limited	Melrose Boulevard 39 Johannesburg 2196 South Africa	in liquidation	72%
Unicorn Chrome (Pty) Ltd	Bult Street 29A Rustenburg 0299 South Africa	active	62%
Asturiana De Zinc S.A.U.	Zona Industrial 1 San Juan De Nieva Spain	active	74%
Constructora De Castrillon S.A.U.	Arnao Castrillon Spain	active	74%
Mecanizaciones Y Fabricaciones S.A.U.	Avenida de la Playa 2 San Juan De Nieva Spain	active	74%
Glencore (Nederland) B.V.	Prinses Beatrixlaan 582 Rotterdam 3011GA Netherlands	active	75%
Glencore Holdings (South Africa) B.V.	Blaak 31 Rotterdam 3011GA Netherlands	active	74%
Glencore Guernsey Limited	Westbourne St Peter Port Guernsey	active	100%