

Glencore plc (the “Company”)

Terms of Reference - Audit Committee

Reference to the “Committee” shall mean the Audit Committee.

Reference to the “Board” shall mean the Board of Directors.

1 Membership

- 1.1 The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee.
- 1.2 All members of the Committee shall be independent non-executive directors at least one of whom shall have the appropriate professional qualifications and recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.¹
- 1.3 A former partner of the Company’s existing auditing firm is prohibited from acting as a member of the Company’s Audit Committee for a period of one year commencing on the date of his ceasing: (i) to be a partner of the firm; or (ii) to have any financial interest in the firm, whichever is later.
- 1.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, CEO, CFO, other directors, the head of risk, the head of compliance and the head of internal audit² and representatives from the finance function may be invited to attend all or part of any Committee meeting as and when appropriate and necessary.
- 1.5 The external auditor will be invited to attend meetings of the Committee on a regular basis.
- 1.6 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee and remains independent, unless the Board otherwise determines and subject to the member’s retirement by rotation, in accordance with the Company’s Articles of Association and the provisions of the UK Corporate Governance Code.
- 1.7 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.8 If any member of the Audit Committee is unable to act for any reason, the Committee Chairman may appoint any other independent non-executive director of the Company to act as his alternate.

1 Except on appointment, the Chairman of the Company is not considered to meet the test of independence.

2 Where internal audit function is discussed at the meeting, the head of internal audit should normally attend the meeting.

2 Secretary

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

3 Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4 Frequency of Meetings

The Committee shall meet not less than three times a year at appropriate times in the reporting and audit cycle and otherwise as required.³

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of the finance director, external or internal auditors or the head of risk if they consider it necessary, to be arranged by the Secretary of the Committee.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6 Minutes of Meetings

- 6.1 The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so, for example, due to the existence of a conflict of interests.

7 Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting of the Company prepared to respond to any shareholder questions on the Committee's activities.

³ Meetings should be organised so that attendance is maximised (for example by timetabling them to coincide with Board meetings).

8 Duties

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the group as a whole, as appropriate.

8.1 Financial Reporting

- 8.1.1 The Committee shall monitor and review the group's financial and accounting policies and practices and the effectiveness of management processes and controls over financial reporting, including the estimation and reporting of reserves and resources.
- 8.1.2 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports (and any quarterly reports, if applicable), interim management statements and any other formal announcement relating to its financial performance (including preliminary financial results announcements reviewing significant financial reporting issues and judgements which they contain.
- 8.1.3 In particular, the Committee shall review and challenge where necessary:
- (i) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/group;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (iv) significant adjustments resulting from the audit;
 - (v) the going concern assumptions and any qualifications;
 - (vi) the clarity of disclosure in the Company's financial reports and the context in which statements are made;
 - (vii) compliance with applicable legal and regulatory requirements in relation to financial reporting;
 - (viii) any significant or unusual items that are, or may need to be, reflected in the financial statements and accounts, and will give due consideration to any matters that have been raised by the group's staff responsible for the accounting and financial reporting function, its compliance officer or auditors; and
 - (ix) all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

8.2 Internal Audit

The Committee shall:

- 8.2.1 monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;
- 8.2.2 approve the appointment and removal of the head of the internal audit;

- 8.2.3 consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- 8.2.4 review and assess the annual internal audit plan;
- 8.2.5 review reports addressed to the Committee from the internal auditor;
- 8.2.6 review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 8.2.7 meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the Board and to the Committee.

8.3 External Audit

The Committee shall:

- 8.3.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting of the Company, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditor and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.3.2 oversee the relationship with the external auditor including (but not limited to):
 - (i) recommendations on their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit and to be responsible for any questions of resignation or dismissal of that auditor;
 - (iii) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
 - (v) agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
 - (vi) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

- (vii) assessing annually their qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures; and
 - (viii) seeking to ensure co-ordination with the activities of the internal audit function;
- 8.3.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.3.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.3.5 review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
- (i) a discussion of any major issues which arose during the audit,
 - (ii) any accounting and audit judgements,
 - (iii) levels of errors identified during the audit; and
 - (iv) the effectiveness of the audit.

The Committee shall also:

- 8.3.6 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.3.7 review the management letter and management's response to the auditor's findings and recommendations and ensure that the Board provides a timely response to the issues raised in the management letter; and
- 8.3.8 develop and implement a policy on the supply of non-audit services by the external auditor,⁴ taking into account any relevant ethical guidance on the matter.
- 8.4 Internal Controls and Risk Management Systems

The Committee shall:

- 8.4.1 review, and keep under review the effectiveness of, the Company's internal financial, operational and compliance controls and internal controls and risk management systems;
- 8.4.2 review and approve the statements to be included in the Annual Report concerning internal controls and risk management;⁵
- 8.4.3 discuss with the Company's management to ensure that the Company has effective internal controls and risk management systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting and risk management function and their training programmes and budget;
- 8.4.4 consider any findings of major investigations of internal control matters as delegated By the Board or on its own initiative and management's response to any such investigations or internal control matters;

4 For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally.

5 Unless this is done by the Board as a whole.

- 8.4.5 advise the Board on the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments published by authoritative and regulatory sources that may be relevant for the Company's risk policies;
- 8.4.6 oversee and advise the Board on the current risk exposures of the Company and future risk strategy;
- 8.4.7 in relation to risk assessment:
 - (i) keep under review the Company's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
 - (ii) review regularly and approve the parameters used in these measures and the methodology adopted; and
 - (iii) set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- 8.4.8 review the Company's capability to identify and manage new risk types;
- 8.4.9 review the reserves and resources reports of the Company's industrial assets;
- 8.4.10 review reports on any material breaches of risk limits and the adequacy of proposed action;
- 8.4.11 recommend to the Board the appointment and/or removal of the head of risk;
- 8.4.12 ensure that the head of risk shall be given the right of direct access to the Chairman of the Board and to the Committee;
- 8.4.13 review promptly all reports on the Company from the head of risk;
- 8.4.14 review and monitor management's responsiveness to the findings and recommendations of the head of risk.

8.5 Compliance

The Committee shall keep under review to the extent necessary:

- 8.5.1 the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. Such reports of concerns shall be distributed to the Committee Chairman. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- 8.5.2 the Company's systems and controls for the prevention, detection, reporting and investigation of bribery and fraud.

9 Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report on its activities to be included in the Company's Annual Report.

10 Other Matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due considerations to applicable laws and regulations. This shall include the rules and regulations which apply to the Company arising from the listing of its securities on any stock exchange, and the UK Corporate Governance Code;
- 10.4 be responsible for co-ordination of the internal and external auditors;
- 10.5 oversee any investigation of activities which are within its terms of reference; and
- 10.6 at least annually, arrange for periodic reviews of its own performance and review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11 Authority

The Committee is authorised:

- 11.1 to seek any information it requires from any employee of the Company in order to perform its duties and to call any employee to be questioned at a meeting of the Committee as and when required, and all employees are directed to co-operate with any such request made by the Committee;
- 11.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; ; and
- 11.3 to have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board.