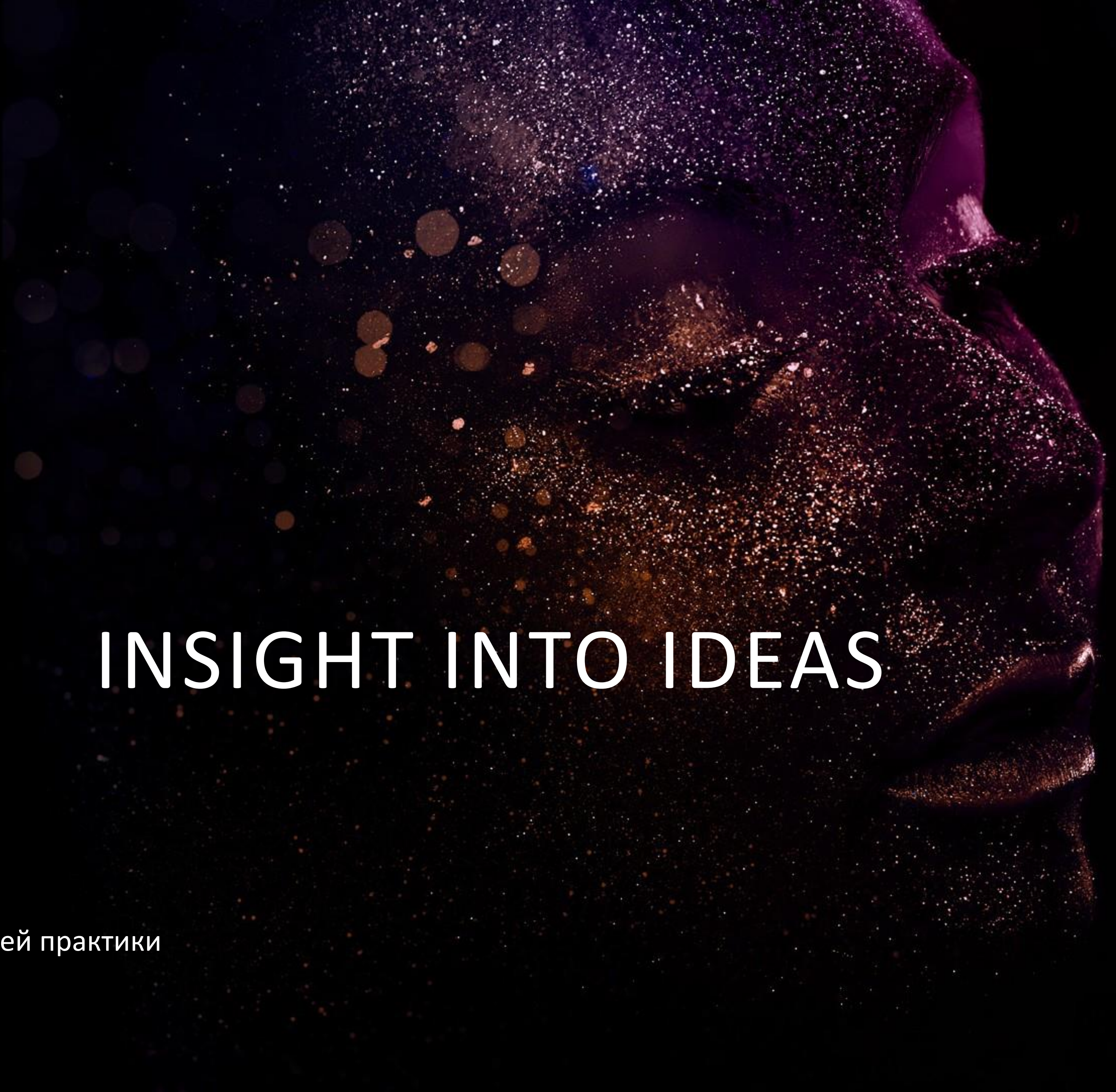


CONTENT & CREATIVE

INSIGHT INTO IDEAS

Стратегия – примеры из лучшей практики

Ноябрь 2019

Стратегия

- Рынок, тенденции
- Заинтересованные стороны
- ESG
- SDGs

- Риски и возможности
- Определение существенных вопросов

Стратегия

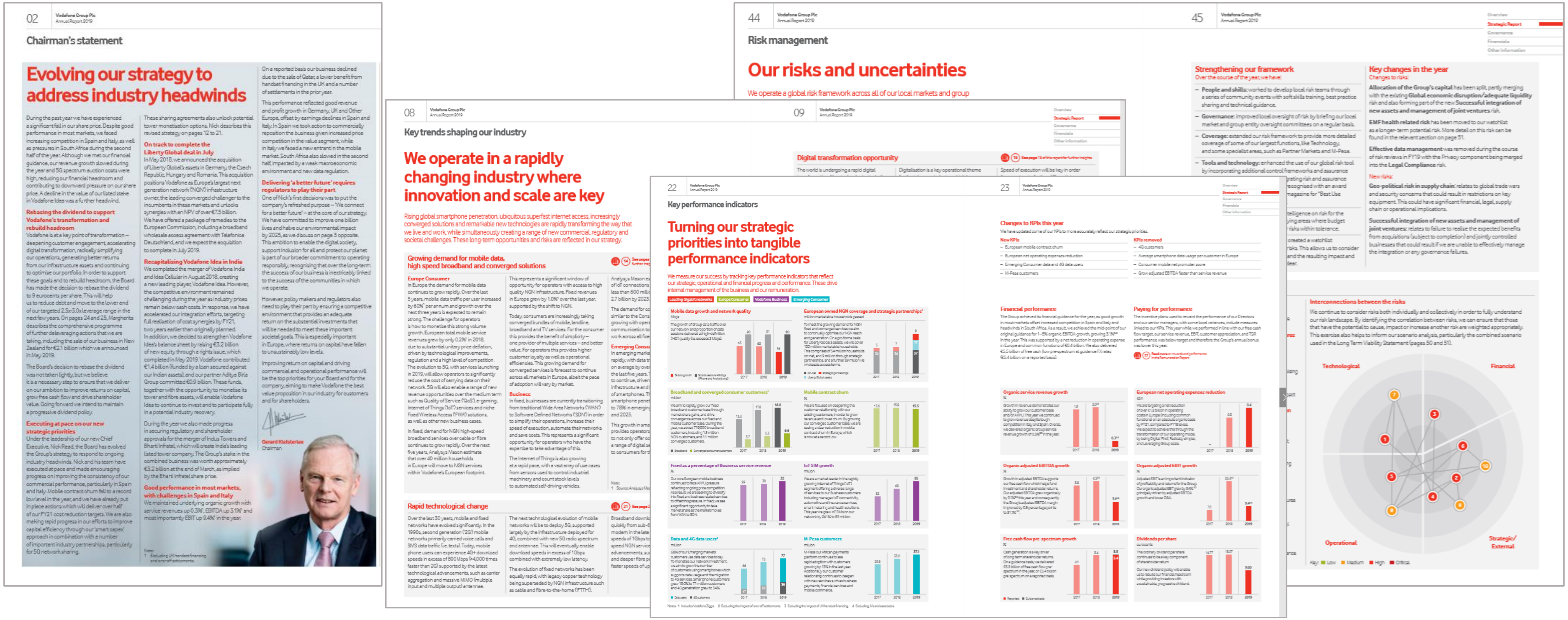
- KPIs, подтверждающие эффективность стратегии (финансовые и нефинансовые)
- Результаты

- Приоритеты
- Средне- и долгосрочная перспектива

- Совет директоров – взаимодействие с ключевыми заинтересованными сторонами. Какие вопросы поднимают ЗС, как компания учитывает их интересы, какие риски и возможности эти вопросы представляют для компании, как менеджмент учитывает их в стратегии.

Strategic Report

Обновление стратегии



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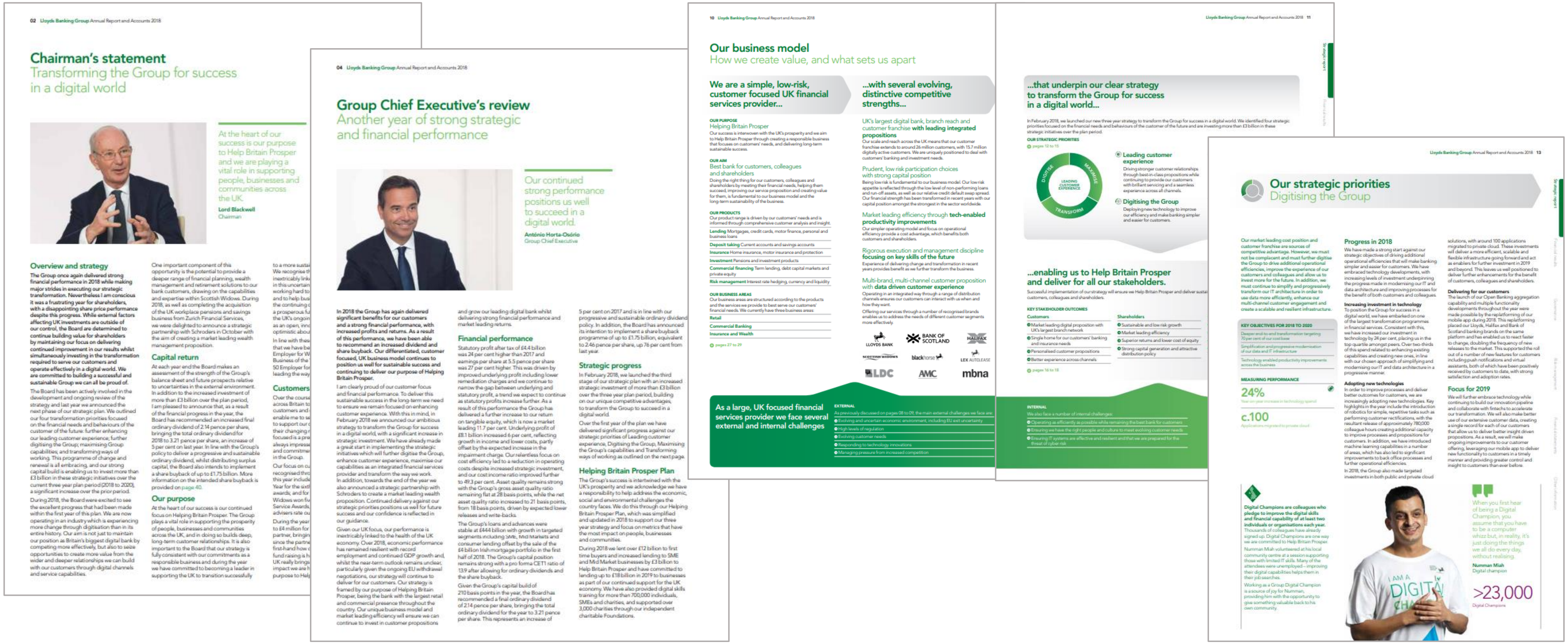
Strategic Report

Обновление стратегии



02 Lloyds Banking Group Annual Report and Accounts 2018

Chairman's statement
Transforming the Group for success in a digital world

At the heart of our success is our purpose to Help Britain Prosper and we are playing a vital role in supporting people, businesses and communities across the UK.

Lord Blackwell
Chairman

Overview and strategy

Capital return

Our purpose

Customers

04 Lloyds Banking Group Annual Report and Accounts 2018

Group Chief Executive's review
Another year of strong strategic and financial performance

Our continued strong performance positions us well to succeed in a digital world.

António Horta-Osório
Group Chief Executive

Financial performance

Strategic progress

Helping Britain Prosper Plan

10 Lloyds Banking Group Annual Report and Accounts 2018

Our business model
How we create value, and what sets us apart

We are a simple, low-risk, customer focused UK financial services provider...

...with several evolving, distinctive competitive strengths...

...that underpin our clear strategy to transform the Group for success in a digital world...

...enabling us to Help Britain Prosper and deliver for all our stakeholders.

As a large, UK focused financial services provider we face several external and internal challenges

Lloyds Banking Group Annual Report and Accounts 2018 11

Lloyds Banking Group Annual Report and Accounts 2018 13

Our strategic priorities
Digitising the Group

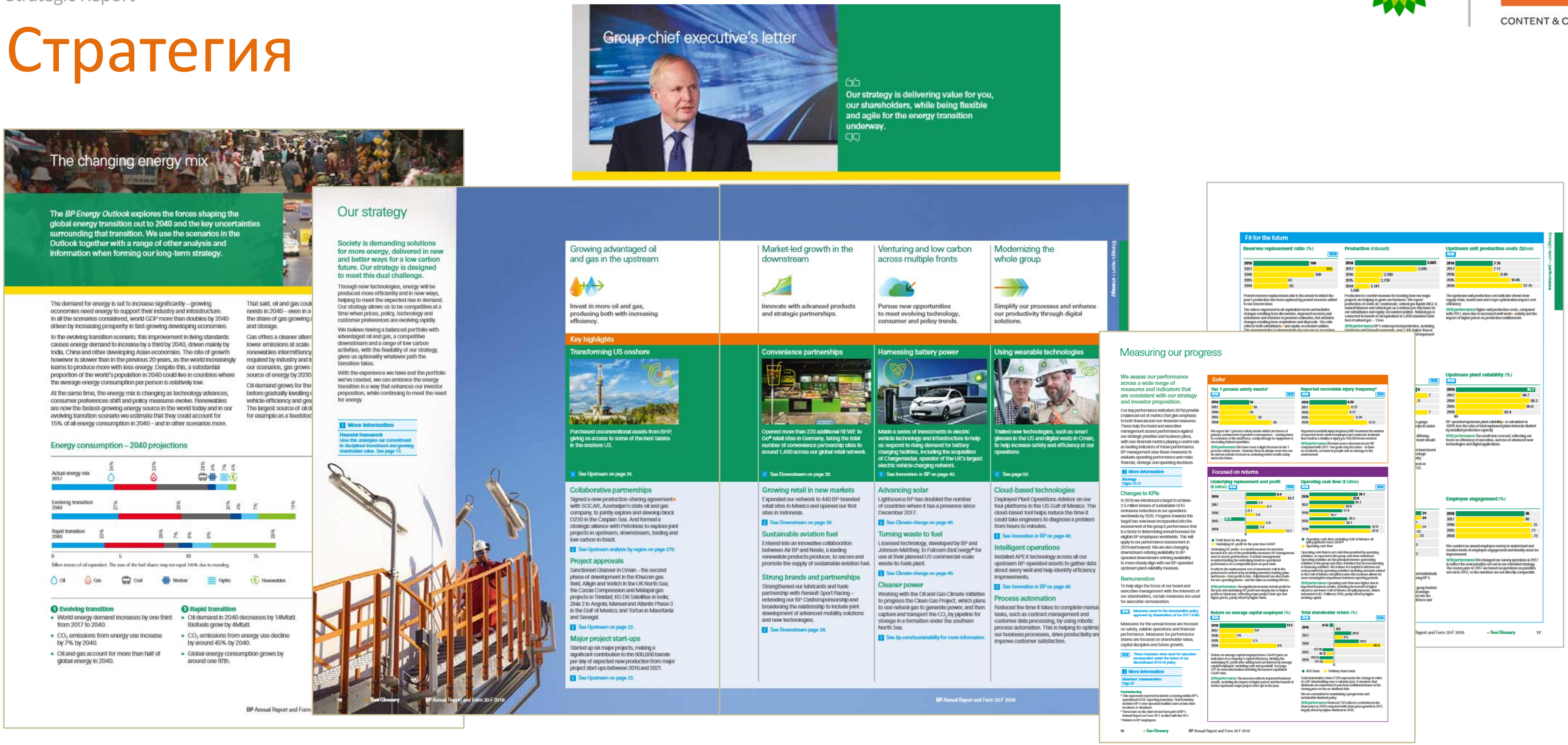
24%

c.100

>23,000

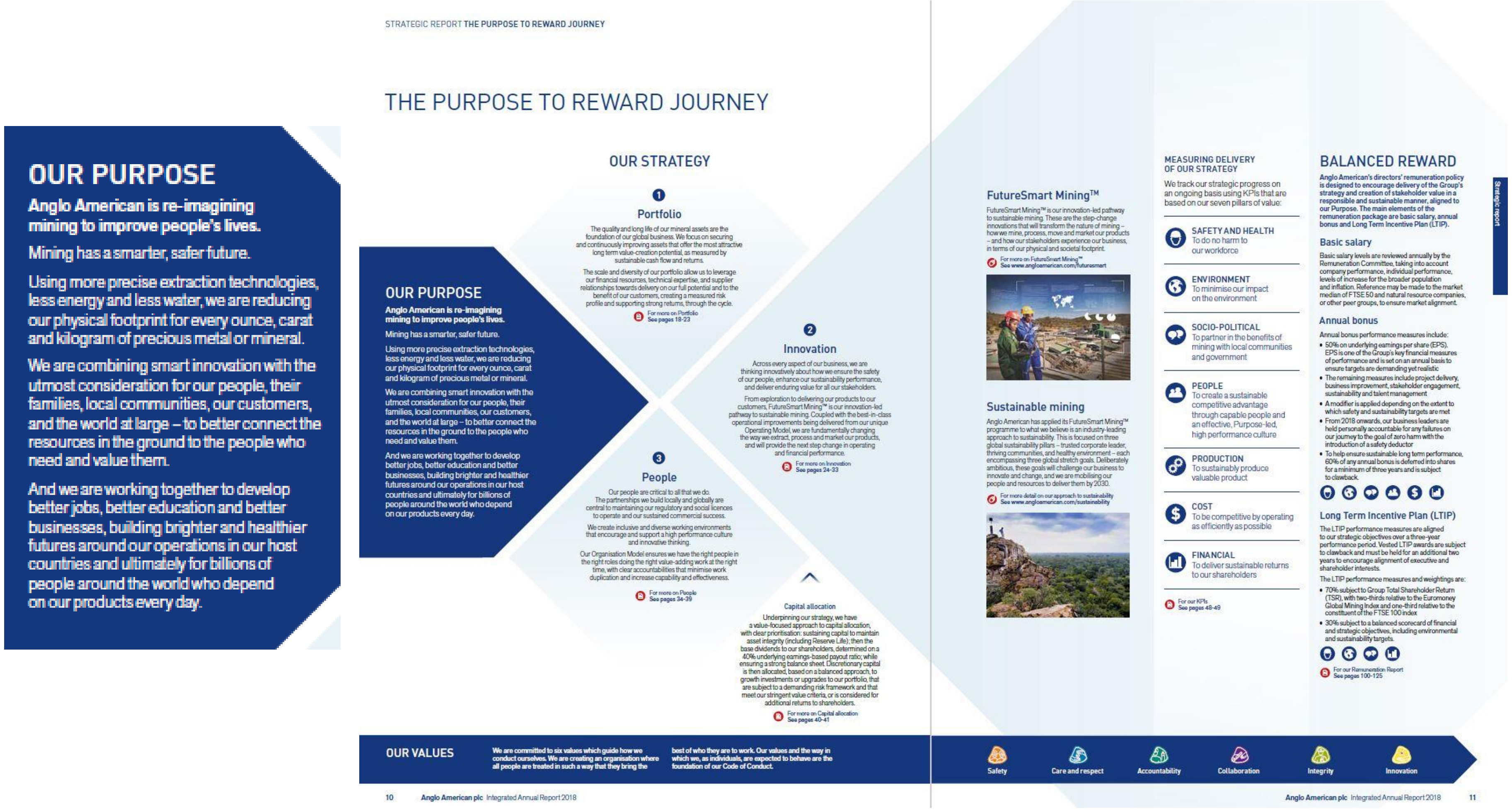
Strategic Report

Стратегия



Strategic Report

Стратегия и назначение



Стратегия + Результаты + Цели + КПЭ + Риски

Our strategy for a sustainable future

We recognise our ongoing responsibility to not only deliver financial performance but also make a positive contribution to society and create lasting benefits for stakeholders in a manner that is responsible, transparent and respectful to the rights of all

CEO's review
Page 4

Strategic objective

To sustainably grow total shareholder return while maintaining a strong investment grade rating and acting as a responsible operator

Strategic priorities

1
Integration of sustainability throughout our business

We believe that by being a better operator with a reputation for doing things the right way, we will be seen by our stakeholders as a partner of choice. We are achieving this through taking an approach of continuous improvement. This approach is delivered through our health and safety programmes, advancing our environmental performance, respecting human rights and by developing, maintaining and strengthening our relationships with all of our stakeholders.

3%
Increase in Total Recordable Injury Frequency Rate in 2018

2
Maintain a robust and flexible balance sheet

We recognise that a robust and sufficiently flexible balance sheet contributes to the delivery of sustainable, long-term shareholder returns and ensures that Glencore is well placed to withstand the cyclical nature of the natural resource industry. We aim to increase returns on capital and cash flows while targeting a maximum 2x Net debt/Adjusted EBITDA ratio throughout the cycle. We aim to only deploy capital when strict and clearly defined financial criteria, relating to returns and payback, can be met.

$10 – $16bn
Managed Net debt range

3
Focus on cost control and operational efficiencies

Our major industrial assets are mainly long-life and low-cost, reflecting our substantial investment into existing assets as well as our appetite, capabilities and belief in some commodities and geographies where our peers are not materially present. Our industrial assets provide a consistent source of volumes for our marketing operations, which are supplemented by third party production. Our marketing activities use their scale and capabilities to extract additional margin throughout our business model and provide a superior service to our customers and a reliable supply of quality product.

We seek to increase the value of our business by improving the competitiveness of our assets through an ongoing focus on cost management and logistical capabilities, including operating safely and efficiently. We take a disciplined approach towards all of our assets and will divest when another operator places greater value on them, or curtail production in response to oversupply when it makes sense to do so.

+15%
Increase in Industrial Adjusted EBITDA

Our strategy for a sustainable future continued

Key performance indicators
Page 22

Principal risks and uncertainties
Page 24

Strategic priorities	Performance in 2018			Priorities going forward		KPIs	Principal risks
1 Integration of sustainability throughout our business	**SafeWork programme** Continued to progress our SafeWork programme, an initiative that focuses on eliminating fatalities and occupational diseases. Regrettably, there were thirteen fatalities during the year. We continue to work towards the elimination of fatalities from our business. Our TRIFR and LTIFR increased by 3% and 4% respectively compared to 2017.	**Climate change** On track for meeting group-wide carbon emission intensity reduction target of at least 5% on 2016 levels by 2020. As one of the world's largest diversified resource companies, we have a key role to play in enabling transition to a low-carbon economy. We do this through our well positioned portfolio that includes commodities that underpin energy and mobility transformation that is a key part of the global response to the increasing risks posed by climate change.	**Water management** Operations continue to implement our water management guideline which aligns with the ICMM's position statement on water and its water management framework. **Community engagement** Our community development programmes are an integral part of our community and stakeholder engagement strategies. In 2018, we spent $95 million on these programmes (2017: $90 million).	**Sustainability** We will continue to implement activities that promote an approach of consistent improvement for sustainability throughout our business to support our commitment to continuously improve our standards of health, safety, environmental and community and human rights performance. As part of our commitment to a low-carbon economy, we will limit our coal production capacity broadly to current levels.	**Transparency** We are committed to operating transparently, responsibly and meeting or exceeding applicable laws or external requirements.	• Safe and healthy workplace – TRIFR, LTIFR and occupational disease cases • Environmental performance – water withdrawn, greenhouse gas (GHG) emissions, meeting our commitments on climate change • Long-term value for communities – community investment spend	• Health, safety and environment • Climate change • Community relations and human rights
2 Maintain a robust and flexible balance sheet	**Conservatively repositioned** Capital structure and credit profile managed through targeting a maximum 2x Net debt/Adjusted EBITDA throughout the cycle, augmented by an upper Net debt cap of c.$16 billion. Year-end Net debt and FFO/Net debt were $14.7 billion and 78.8% respectively. Net income attributable to equity holders for 2018 was $3.4 billion.	**Conviction to create value** Targeted bolt-on acquisitions, low-cost/risk organic growth and recycling of capital enabled capital efficient growth in compelling commodities. **Bonds** Issued $0.625 billion of non-dilutive cash settled convertible bonds due 2025. Issued a six-year CHF 175 million bond. Post-2018 maturities capped at c.$3 billion in any one year.	**Credit rating** The Group's credit ratings are currently Baa2 (positive outlook) from Moody's and BBB+ (stable) from Standard & Poor's. **Credit facility** Revolving credit facility refinanced and resized to reflect current funding needs. Committed available liquidity of $10.2 billion at year end covers more than three years of bond maturities.	**Balance sheet strength** We are committed to maintaining our balance sheet strength to ensure it is capable of supporting growth and shareholder returns regardless of the commodity price environment.	**Investment grade rating** We will preserve a robust capital structure and business portfolio that reflects our commitment to targeting, receiving and maintaining a strong BBB/Baa investment grade rating. In this regard, we are targeting a maximum 2x Net debt/Adjusted EBITDA through the cycle, augmented by an upper Net debt cap of c.$16 billion. In the current uncertain economic cycle backdrop, aiming to limit Net debt/Adjusted EBITDA to around one times.	• Returns to shareholders – Funds from operations, Net funding and Net debt • Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders	• Supply, demand and prices for the commodities we produce • Currency exchange rates • Liquidity • Counterparty credit and performance
3 Focus on cost control and operational efficiencies	**Industrial** Strong Adjusted EBITDA mining margins of 38% and 46% respectively in our metals and energy operations reflect the benefit of higher prices that more than offset modest inflationary and cost pressures as well as the optimisation of cost structures and efficiencies over the last two years.	**Marketing** Achieved $2.4 billion Adjusted EBIT across our marketing business. The benefits of supportive market conditions during the year, particularly in the first half, were partially offset by some customer non-performance in cobalt as well as alumina basis risk exposure.	**Supply** Continued our disciplined approach to supply. Partial restart of idled zinc production in 2018. Additional contribution forecast from 2019 with an increase in McArthur River zinc production.	**Industrial activities** Our industrial activities will continue to focus on controlling costs and generating sustainable operating and capital efficiencies. Our marketing business supports the creation of incremental value through critical mass, blending, storage and geographical arbitrage.	**Positioned to leverage our scale and diversity** Our marketing activities' priorities are to maximise the returns and cash flows from the pool of allocated capital, which, in turn, supports the strengthening of our balance sheet. Our presence at every stage of the value chain means that Glencore is uniquely positioned to leverage our scale and diversity.	• Returns to shareholders – Funds from operations, Net funding and net debt • Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders	• Geopolitical, permits and licence to operate • Laws and enforcement • Operating risk • Cyber risk

GLENCORE

– IN STINCTIF –

CONTENT & CREATIVE

Strategic Report

Стратегия + Существенность + КПЭ

Sustainability framework

Corporate strategy

- Integration of sustainability throughout our business
- Maintain a robust and flexible balance sheet
- Focus on cost control and operational efficiencies

Values
Safety – Entrepreneurialism – Simplicity – Responsibility – Openness

Code of Conduct

Group sustainability strategy

Health
Become a leader in the protection and improvement of our people's and communities' wellbeing

Safety
Become a leader in workplace safety, eliminating fatalities and injuries

Environment
Minimise any negative environmental impact from our operations and apply the precautionary principle in decision-making

Community and human rights
Foster sustainable growth and respect human rights wherever we operate

Board HSEC Committee (the Committee) has oversight and ultimate responsibility.

The Committee receives regular updates and has oversight of how our business is performing across all our internally defined, sustainability-related material risk areas.

Sustainability principles, guidance and policies
Integrated throughout the business and give guidance on the standards we expect.

Group HSEC policies

Operational policies
Developed for the specific needs of individual assets

Material topics
- Internal and external materiality assessment process to identify material topics
- Material topics are the focus of our sustainability strategy review and reporting
- Operational activities focus on addressing and progressing the material topics

Management, data reporting, risk management and assurance to monitor compliance

Performance overview

Achieved | On track | Not achieved

Material topic	2015–2020 strategic priority	Performance indicator	2017	2018	Status
Catastrophic hazard management	• No major or catastrophic environmental incidents	Number of health and safety incidents (major and catastrophic)	9	13	Not achieved
		Number of environmental incidents (major and catastrophic)	0	0	Achieved
		Total number of catastrophic and major incidents	9	13	Not achieved
Workplace health and safety	• No fatalities • 50% reduction of Group LTIFR by the end of 2020, against 2015 figure of 1.34[1] • 50% reduction in TRIFR by the end of 2020 using 2014 figures as baseline of 5.02[1] • Year on year reduction in the number of new cases of occupational disease	Fatalities at managed operations	9	13	Not achieved
		Lost time injury frequency rate	1.02	1.06	On track
		Total recordable injury frequency rate	3.1	3.2	On track
		New occupational disease cases	46	32	Achieved
		Number of HPRIs reported	368	434	Achieved
Climate change	• 5% (minimum) carbon emission intensity reduction on 2016 baseline by 2020	CO_2e Scope 1 (million tonnes)	21.6	18.5	On track
		CO_2 Scope 2 – Location based (million tonnes)	11.6	11.8	On track
		Total energy use (petajoules)	202	208	On track
		Carbon emissions intensity (tGHG/tCu)	4.38	4.09	On track
Water and effluents	• Complete implementation of water management guideline	Share of sites that have implemented the water management guideline by the end of 2019 (%)	n/a	n/a	On track
Human rights and grievance mechanisms	• No serious human rights incidents	Serious human rights incidents	0	0	On track
Community engagement and social commitment compliance	• Implement our social value creation strategy • Distribute the community leadership Programme Toolkit	Community investment spend ($ million)	90	95	On track
Product stewardship	• Ongoing engagement with organisations and interested stakeholders on responsible sourcing	Continued engagement with a broad range of stakeholders, including customers, regulatory organisations and industry associations			On track

1 Baseline figures include Glencore Agriculture.