

# GLENCORE

(SCHWEIZ) AG

Annual financial statements  
and report of the statutory auditor

2020

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## **Statutory Auditor's Report**

To the General Meeting of  
**Glencore (Schweiz) AG, Baar**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Glencore (Schweiz) AG (the Company), which comprise the statement of financial position as at 31 December 2020 and the statement of income and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements as at 31 December 2020 comply with Swiss law and the Company's articles of incorporation.

#### ***Basis for Opinion***

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards (SAS). Our responsibilities under those provisions and 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 provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, 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.

#### ***Responsibility of the Board of Directors for the Financial Statements***

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provision of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has 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 Swiss law, ISAs and SAS 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 at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

### **Report on Other Legal and Regulatory Requirements**

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

### **Deloitte AG**

Lay Boon Tan  
Licensed Audit Expert  
Auditor in Charge

Dmitry Ustinov  
Licensed Audit Expert

Zurich, 22 March 2021  
LT/DU

### Enclosures

- Financial statements (statement of financial position, statement of income and notes to the financial statement)
- Proposal for the appropriation of available earnings

# Financial statements

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 AND 2019

CHF thousand

### Assets

	Notes	2020	2019
<b>Current assets</b>			
Cash and cash equivalents		40	39
Other current receivables	2	860 693	840 908
<b>Total current assets</b>		<b>860 733</b>	<b>840 947</b>
<b>Non-current assets</b>			
Loans to subsidiaries and associated companies		35 565	38 905
Investments	6,8	4 359 713	7 631 216
<b>Total non-current assets</b>		<b>4 395 278</b>	<b>7 670 121</b>
<b>Total assets</b>		<b>5 256 011</b>	<b>8 511 068</b>

CHF thousand

### Liabilities and equity

	Notes	2020	2019
<b>Current liabilities</b>			
Payables to subsidiaries and associated companies		642 993	670 732
Other current liabilities	3	2 175	1 562
<b>Total current liabilities</b>		<b>645 168</b>	<b>672 294</b>
<b>Total liabilities</b>		<b>645 168</b>	<b>672 294</b>
<b>Equity</b>			
Share capital	4	10 261	10 261
Legal reserve		5 131	5 131
Retained earnings		4 595 451	7 823 382
<b>Total equity</b>		<b>4 610 843</b>	<b>7 838 774</b>
<b>Total liabilities and equity</b>		<b>5 256 011</b>	<b>8 511 068</b>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

CHF thousand

	Notes	2020	2019
Other operational expenses		-582	-285
Financial expenses		-8 075	-14 675
Financial income	5	29 538	35 702
Dividend income		43 908	800
Gain on foreign exchange, net		555	38 564
Unrealised translation loss		-517 481	-57 292
<b>Total financial (expenses)/income</b>		<b>-451 555</b>	<b>3 099</b>
Impairment of investments	6	-2 775 585	-30 062
<b>Loss before direct taxes</b>		<b>-3 227 722</b>	<b>-27 248</b>
Direct taxes		-209	-187
<b>Loss for the year</b>		<b>-3 227 931</b>	<b>-27 435</b>

The accompanying notes are an integral part of these financial statements.

# Notes to the financial statements

Expressed in thousands of CHF unless otherwise stated

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Basis of preparation*

The financial statements of Glencore (Schweiz) AG (the "Company") have been prepared in accordance with the provisions of the Swiss Law on Accounting and Financial Reporting.

The Company is a wholly owned subsidiary of Xstrata Limited (the "Parent") and the Parent is wholly owned by Glencore plc through direct and indirect investments. Glencore plc is listed on the London and Johannesburg stock exchanges. The group prepares consolidated accounts in accordance with International Financial Reporting Standards. As a result, based on Article 961d and 963a of the Swiss Code of Obligations, the Company is exempt from preparing consolidated accounts, cash flow statement, management report and certain other additional information in the notes to the accounts.

### *Critical accounting judgements*

The preparation of financial statements requires management to make judgments, 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.

### *Employees*

The Company has an annual average of fewer than 10 full-time positions (2019: fewer than 10 full-time positions).

### *Foreign currency translation*

The Company's functional currency is the US Dollar (USD) as this is assessed to be the principal currency of the economic environment in which it operates.

### *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 rates. Resulting exchange losses are recorded in the Statement of Income whilst any unrealized gains are deferred. Non-monetary assets and liabilities are converted at the historical foreign exchange rate at the time of the transaction.

### *Translation of financial statements*

The Company's reporting currency is the Swiss Franc (CHF).

All assets and liabilities at year-end, excluding equity balances at year-end are converted to CHF from USD using the year-end rate of 1 USD: 0.8847 CHF (2019: 1 USD: 0.9678 CHF). Equity balances are converted at the historical exchange rate. Transactions in the Statement of Income are converted into the reporting currency using the average exchange rate for the year 1 USD: 0.9386 CHF (2019: 1 USD: 0.9937 CHF). Any translation gains are deferred, whilst translation losses are recorded in the Statement of Income.

### *Investments*

Investments are initially recognised at cost. Investments are assessed annually for impairment and are adjusted to their recoverable value, if required, on an individual or grouped basis as appropriate.

## 2. OTHER CURRENT RECEIVABLES

	2020	2019
Receivable from subsidiaries and associated companies	860 693	840 908
<b>Total</b>	<b>860 693</b>	<b>840 908</b>

## 3. OTHER CURRENT LIABILITIES

	2020	2019
Other payables and accrued liabilities	82	225
Deferred unrealised foreign currency gain	2 093	1 337
<b>Total</b>	<b>2 175</b>	<b>1 562</b>

## 4. SHARE CAPITAL

	2020	2019
Registered shares of CHF 5 each:		
2 052 259 shares	10 261	10 261
<b>Total</b>	<b>10 261</b>	<b>10 261</b>

## 5. FINANCIAL INCOME

	2020	2019
Interest income from subsidiaries and associated companies	21 894	27 197
Income from subsidiaries and associated companies	7 644	8 505
<b>Total</b>	<b>29 538</b>	<b>35 702</b>

## 6. IMPAIRMENT OF INVESTMENTS

An impairment charge in the amount of CHF 2 776 million was incurred as result of the annual impairment assessment (2019: CHF 30.1 million).



## 7. CONTINGENT LIABILITIES AND GUARANTEES.

The obligations of Glencore Finance (Europe) Limited and Glencore Funding LLC and certain other group entities under various current and non-current debt obligations are guaranteed by the Company together with Glencore plc and Glencore International AG. The obligations of Glencore International AG under various current and non-current debt obligations are guaranteed by the Company together with Glencore plc. The Company's financial obligation under these guarantees is limited to the Company's freely disposable reserves. The Company guarantees certain obligations of certain group entities. The amount of the outstanding obligations covered by these guarantees is CHF 38.3 billion (2019: CHF 40.7 billion).

The Company believes the likelihood of a claim under any of these guarantees to be remote.

Under Swiss VAT group taxation rules, the Company is jointly and severally liable together with other VAT group companies for VAT payable to the tax authorities.

## 8. INVESTMENTS

The direct investments where the ownership interest is greater than 20% as at December 31 are listed in the table below. Ownership interest equals voting rights unless specified otherwise.

Company name	Country of incorporation	2020 Ownership interest	2019 Ownership interest
Glencore (Nederland) B.V. <sup>1</sup>	Netherlands	25.6%	25.6%
Harbour Insurance Pte. Ltd.	Singapore	100.0%	100.0%
Tironimus AG	Switzerland	100.0%	100.0%
Xstrata Coal Marketing AG	Switzerland	100.0%	100.0%

<sup>1</sup> In addition, the Company owns 100% of the class B shares, i.e. 1B share entitling the Company to the majority of the economic value.

There were no significant indirect investments at December 31, 2020 (2019: nil).

# Proposal for the appropriation of available earnings

The Board of Directors of Glencore (Schweiz) AG proposes that the balance of available earnings at 31 December 2020 amounting to CHF 4 595 451 thousand be dealt with as follows:

CHF thousand

Available earnings as at 31 December 2019	7 823 382
Loss for the year 2020	-3 227 931
<b>Amount to be carried forward</b>	<b>4 595 451</b>

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