TRAFIGURA

2018 RESPONSIBILITY REPORT

TRAFIGURA GROUP PTE. LTD.

ADVANCING
TRADE

Performance Indicators

Average number of employees[1]

5,591

2018	5,591
2017	4,857
2016	5,033

Employees trained on anti-bribery and corruption

995

2018	995
2017	570
2016	502

Employees trained on anti-money laundering

989

2018	989
2017	565
2016	528

Fatalities

4

2018	4
2017	2
2016	2

Health and safety incidents reported

495

2018	495
2017	423
2016	469

Lost-time incidents

64

2018	64
2017	104
2016	118

Lost-time injury rate

2.40

2018	2.40
2017	3.62
2016	4.58

Volume of oil spills in litres

4,725l

2018	4,725
2017	43,351

Environmental incidents reported

146

2018	146
2017	115
2016	87

Scope 1 and Scope 2 greenhouse gas emissions

472,161 tCO_2e

2018	472,161
2017	356,721
2016	293,220

Aggregate first purchases from NOCs in EITI countries in 2017

$2.7bn

2017	2.7
2016	1.1
2015	0.9

Aggregate first purchases from NOCs in non-EITI countries in 2017

$30.0bn

2017	30.0
2016	20.1
2015	12.7

Know Your Counterparty checks

6,475

2018	6,475
2017	5,975
2016	6,037

1. Employee numbers include assets where Trafigura retains management control, e.g. MATSA (Spain), Porto Sudeste (Brazil) and the Mawson West mine (DRC). Such assets are deconsolidated from Trafigura's balance sheet and as such the average number of employees reported will vary between the Responsibility Report and Trafigura's Annual Report.

Cover: Field Services Supervisor, Midland, Texas, US

ADVANCING TRADE

Global trade brings the world closer together.

It expands the wealth of nations, forges common interests and builds mutual trust.

Trafigura makes trade happen. And we make it our mission to do that responsibly. We deploy infrastructure, skills and our global network to move physical commodities from places they are plentiful to where they are most needed.

We have been connecting our customers to the global economy for a quarter of a century. We grow prosperity by advancing trade.

To learn more about the structure of the Trafigura Group, turn to page 50. Alternatively find out more at:
www.trafigura.com

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For more information on the way we manage corporate responsibility, including videos and case studies, please visit www.trafigura.com/2018RR

Throughout the Report, further details on a particular topic or case study can be found online by clicking on either of these icons.

Statement from the Executive Chairman and Chief Executive Officer

Trading responsibly

"It is our declared intent within the Trafigura Group to take a leading role in corporate responsibility appropriate to our position as one of the world's largest independent traders."

I am pleased to present Trafigura Group's 2018 Responsibility Report. This annual compendium of non-financial reporting on our business complements our Annual Report, which is published each December and includes our audited financial statements.

This Responsibility Report is our fourth. Like its predecessors, it records progress in meeting the commitments we have made to operate a responsible business. It also addresses challenges we have encountered in doing so.

It is our declared intent within the Trafigura Group to take a leading role in corporate responsibility appropriate to our position as one of the world's largest independent traders of oil, refined products, non-ferrous metals and bulk minerals.

We believe this underpins our ability to operate as a multinational business and it also supports our commercial objectives. Our customers and our financial partners expect us to act transparently and responsibly. Doing so is vital to maintaining our reputation, which is ever more important to business success in today's world.

Two years ago, Trafigura adopted a new Responsibility Policy and accompanying Business Principles. This report provides a detailed update on our performance against these goals and a series of practical case studies from around the world.

We believe this material demonstrates that responsible business practices and policies are both integral to our strategy and embedded in our day-to-day operations. I would add that we see our overall business mission itself as being responsible. It entails advancing trade by tackling inefficiencies in the global commodities supply chain and thus delivering value for producers and consumers.

In turn, that involves performing due diligence on those with whom we choose to do business. It means assessing actual or potential impacts of our business on human rights and the environment.

It also means ensuring we maintain an understanding of how regulations and markets are changing and what we need to do to stay abreast or ahead of these changes. As we grow our business, we are seeking to do the right thing by our stakeholders.

I would like to highlight several areas that are the subject of more detailed reporting in the pages that follow.

Regrettably, we experienced four fatalities associated with our operations in 2018. We continue to invest in improving safety practices but still have work to do in meeting our objectives.

Performance on injury frequency rates in our operations continues to improve and we are making progress in managing the extensive network of contractors that we rely on to conduct our business.

One of 39 crude oil and product tankers currently on order that will contribute to the use of a more modern fleet with lower emissions

We continue to lead the industry in transparency by reporting our payments to National Oil Companies for purchases of oil and gas. In addition we have improved our environmental disclosure by more accurately measuring greenhouse gas emissions from all our activities, and have taken steps to define a Climate Change Strategy to manage the emissions intensity of our business.

Responsible sourcing of cobalt, a vital component in the lithium-ion batteries that power electric vehicles, is an important focus for consumers, battery makers and technology companies alike. In this report we describe our responsible sourcing initiatives.

As a founder member of the World Economic Forum's Global Battery Alliance, we are also working with others in the battery supply chain to establish and disseminate best practice.

Our broad exposure to the resources industry makes us acutely aware of the significant changes afoot as a result of technological innovation and of the world's ongoing transition to a lower-carbon economy. Trafigura has been active during 2018 in promoting the notion of a 'commodities transition' over the coming years and decades that will have radical effects, not just on the energy business but also on other commodities sectors, including metals and minerals. We are positioning our business to support this gradual transition towards cleaner, more efficient fuels, more sustainable methods of transportation and more transparently and responsibly sourced materials.

Last but not least, we remain vigilant and proactive with regard to compliance in all areas of our business, not least in the application of economic sanctions.

Our approach is characterised by engagement and transparency, on the basis that this offers the most effective path to winning and maintaining public trust. Our counterparts in business, government and finance tell us that they recognise and welcome these efforts, which will encourage us to maintain and intensify them over the coming year.

Jeremy Weir

Executive Chairman and Chief Executive Officer

Our Responsibility Strategy

Responsible business practices and policies are integral to our strategy and are embedded in our day-to-day operations.

Our approach

Trafigura measures its performance against responsibility objectives in five key areas.

1. Compliance (pp10–13)

OBJECTIVE: To ensure that our employees operate in compliance with our Code of Business Conduct and that activities are compliant with all laws and regulations as applicable.

We maintain a comprehensive programme of Know Your Counterparty (KYC) checks and compliance training. In 2018, we continued our engagement with regulators on key issues relating to the commodities trading sector.

2. Society (pp14–25)

OBJECTIVE: To increase positive impacts on communities while working to avoid negative social, environmental and economic impacts.

In 2018, we maintained our programme of reporting payments to National Oil Companies (NOCs) for the purchase of oil and gas under the Extractive Industries Transparency Initiative (EITI).

We enhanced our Responsible Sourcing programme, first piloted in 2017, to address the potential for adverse social or environmental impacts associated with mineral extraction. The programme is cognizant of the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The initial focus here, described in detail on pp18-22, has been to conduct assessments of suppliers that either operate in high-risk geographies or supply Trafigura with high-risk products, such as cobalt. The programme was also extended to support our counterparties to enable them to address impacts associated with mineral extraction.

3. Health and safety (pp28–35)

OBJECTIVE: To perform our operations safely and to reduce and manage risk.

Our Health, Safety, Environment and Communities (HSEC) Steering Committee (see next page) is mandated by the Board of Directors to provide guidance and monitor its implementation across our operations.

Safety in our operations remains a key priority. However, in 2018 we did not meet our goal of zero fatalities. We are saddened to report four fatalities associated with our operations during the year. This report explains what is being done to achieve the target at the earliest possible opportunity.

In other respects, we are making good progress, with a reduction in the lost-time injury rate (LTIR), improved incident and near-miss reporting, and other steps to strengthen our management of operational risk.

4. Environment (pp34–41)

OBJECTIVE: To minimise adverse impacts on the natural environment and respond to the effects of climate change.

We achieved our target of zero major environmental incidents and we report good progress in setting minimum expectations for managing operations deemed to carry higher environmental risks. The Group also adopted and started to implement a Climate Change Strategy aimed at managing greenhouse emissions within our scope of responsibility, with a particular focus on reducing the carbon intensity of our shipping operations.

5. Engagement and transparency

OBJECTIVE: To develop relationships with our stakeholders, promote transparency and report on our performance.

Stakeholder engagement is central to our approach in all the above areas and has been instrumental in our ongoing work to define and refine salient issues in our Responsibility Strategy (p07). We commissioned a survey with a number of our lenders and investors to seek their opinions on our external reporting. These consultations provided an overall validation of our approach and encouraged the inclusion of more data where possible, and more real-life case studies to reflect and reinforce our progress.

In this report we also take the first steps towards mapping our activities against the UN's Sustainable Development Goals (p08).

Our governance

Trafigura's Corporate Responsibility Policy and Business Principles, along with our Code of Business Conduct, articulate our approach to corporate responsibility. Our governance structure aims to ensure that each of these policies is implemented consistently across our organisation.

Board of Directors

Management Committee

HSEC Steering Committee

Compliance Committee *

Operational Risk Group

Climate Change Group **

2018 Initiatives

The HSEC Steering Committee met four times in 2018 and considered the following:

- **Review of significant incidents:** A standing agenda item to ensure that sufficient and appropriate action is being taken to remedy a given situation and to prevent recurrence.
- **HSEC key performance indicators:** At the final meeting of the financial year, the HSEC key performance indicators (KPIs) for the forthcoming year were set. The Steering Committee will monitor performance against these KPIs and propose action to address any deficiencies throughout the coming year.
- **HSEC assurance:** In line with the Group HSEC assurance framework, the Steering Committee approved a three-year 'Category 1' Group-led assurance review schedule, assessing owned and operational locations and activities deemed to be 'high risk' from an HSEC perspective. Four reviews were carried out in 2018 and the findings were presented to the Committee.
- **Climate Change Strategy:** The Committee reviewed and approved the Group's Climate Change Strategy prior to it being sent to the Management Committee for ratification.

Among other initiatives reviewed and approved:

- A new process for verifying the safety of airlines.
- A process for contracting security guards in alignment with the Voluntary Principles on Security and Human Rights.
- Guidance documents on the safe securing of loads to trucks (such as copper cathodes and blisters).
- Guidance documents on the inspection of mooring lines for vessels.

2018 Initiatives

The Operational Risk Group (ORG) was formed by Trafigura's Trading Division. The intent is to continuously improve our operations by making sure that traders and operators are correctly inducted into the company that they understand the risks, that procedures are clear and that we learn from our experiences. The ORG has met seven times since it was established in November 2017 and the following initiatives have been taken:

- Launch of the Lessons to be Learnt (L2BL) process across the Operations function within Trafigura's Trading Division to encourage the sharing of lessons learned from incidents and near misses, in order to prevent recurrence.
- Setting further minimum HSEC expectations for contractors involved in high-risk activities and continuing the roll-out and implementation of those established previously.
- Enhancements to and publication of a comprehensive Vessel Vetting Guidance document in conjunction with our Shipping and Chartering team that formalises the Group's vessel screening and selection process.
- Implementation of an emergency response preparedness exercise. At the ORG's request, an exercise was held in July to test the Emergency Response Team's ability to respond to a serious oil spill (p47).

* For more information on the Compliance Committee, see page 12
** For more information on the newly formed Climate Change Group, see page 37

Responsibility framework

In order to embed responsible business practices in our day-to-day operations, our policies need to be put into practice in a consistent and coherent way. To this end, we have developed a comprehensive framework that translates our commitment to responsible business into practical activities that guide our operations.

	Compliance	Health, Safety, Environment & Communities (HSEC)			Corporate Responsibility		
Commitments	We shall conduct business within applicable laws and regulations.	We shall operate a systematic approach to the management of risks to people and the environment associated with our operations and in our selection of suppliers and contracting partners. We will seek to earn and maintain a social licence to operate. We will seek to provide our partners with assurance that we operate to high standards.					
Policies	**Code of Business Conduct**	**HSEC Business Principles:** (Health and Safety, Human Rights and Labour Practices, Community Relations, Environment)			**Corporate Responsibility Policy, Transparency Policy, Responsible Sourcing and Supply Chain Expectations**		
Governance	**Compliance Committee**	**HSEC Steering Committee, Climate Change Group, Operational Risk Group**					
Approach	**Money laundering** **Sanctions and trade restrictions** **Bribery and corruption** **Anti-trust and competition law compliance** **Market behaviour**	**Health and Safety** To perform our operations safely and to reduce and manage risk.	**Environment** To minimise any adverse impacts on the natural environment and respond to the effects of climate change.	**Communities** To increase positive impacts on communities while working to avoid actual and potential negative social, environmental and economic impacts.	**Engagement** To develop strong and enduring relationships with our stakeholders.	**Transparency** To promote transparency and report openly on our performance in pursuit of advancing trade responsibly.	**Responsible sourcing** To identify and mitigate salient social and environmental risks in our supply chain.
Assurance	**Know Your Counterparty Checks**	**HSEC Assurance programme**				**Responsible sourcing due diligence programme**	
Public disclosures	**Annual Financial Report, Responsibility Report, Carbon Disclosure Project Report, EITI disclosures, Regulatory transaction reporting**						
Memberships	**United Nations Global Compact , World Economic Forum**						
	International Swaps and Derivatives Association **Futures Industry Association** **Commodities Markets Council Europe**		**Oil Spill Response Ltd** **Global Maritime Forum**	**Global Business Initiative on Human Rights**		**Extractive Industries Transparency Initiative**	**Global Battery Alliance** **OECD Multi-Stakeholder Group**

Mapping what matters

In order to support our Responsibility Framework, Trafigura identifies and assesses actual and potential adverse impacts with which the Group could be involved, either through our own activities or as a result of our business relationships. This process, reviewed annually, draws on expertise within the Group and involves extensive consultation with potentially affected groups and other relevant stakeholders.

Source	Store	Blend	Deliver
Business relationships: Trafigura has relationships with multiple entities in its value chain linked to its operations, products or services.			
Direct relationships – where Trafigura has control			
Majority-owned mines (e.g. by Trafigura Mining Group).	Group-owned oil storage (e.g. by Trafigura Trading) and metals and minerals warehousing (e.g. by Impala Terminals).		Transportation by Group-owned and operated transport assets, e.g. vessels and barges.
	Oil storage on Group-owned vessels.		
Indirect relationships – where Trafigura doesn't have control but engages with its counterparties			
State-owned oil producers, refiners and marketers.	Third-party-owned oil storage (including Puma Energy) and metals and minerals storage leased in part or in full on a short- or long-term basis.		Transportation by state-owned rail network and pipeline providers.
Multinational and regional oil producers, refiners and traders.	Oil storage on third-party-owned vessels leased in part or in full on a time-charter or voyage-charter basis.		Transportation by third-party-owned rail, vessels, barges, trucks and pipelines leased on a short- or long-term basis.
Trafigura Group minority-owned refiners.			Oil and petroleum product consumers (e.g. refiners, power generators, shipping industry, aviation companies, petrochemical industry, major manufacturers and fuel retailers).
State-owned mining companies, smelters and marketers.			
Multinational, regional and small-scale mining companies, smelters and traders.			
Minority-owned mines and smelters.			Metals and minerals consumers (e.g. galvanisers, alloy producers, mills and fabricators, construction and automotive sectors, aerospace and utilities).

Salient issues: Example issues that could be faced by a commodity trader such as Trafigura directly or indirectly, e.g. via our business relationships.

- Payments to governments
- Nuisance smells
- Dust exposure
- Security
- Community consent
- Seafarers' rights
- Access to grievance mechanisms
- Responsible sourcing
- Vapour capture
- Unsafe conditions
- Oil storage
- Transportation safety
- Dry cargo liquefaction
- Union recognition
- Pollution prevention
- Impact of product
- Climate change
- Bribery and corruption

Engagement and transparency

As part of our effort to enhance dialogue with our stakeholders, we publish annual reports that, as well as accounting for financial performance, include comprehensive commentary on our trading and business activities. This is supplemented by an extensive online case study archive. We publish non-financial and sustainability metrics in our annual Responsibility Report. In this, our fourth Report, we have published more detailed data compared to previous reports. In publications such as 'Commodities Demystified' and 'The Economics of Commodity Trading Firms' we explain our role in global trade.

We engage in topical debates as active participants in industry forums and by publishing white papers and opinion pieces on matters of public concern. As well as participating in hundreds of meetings across the globe and answering hundreds of enquiries from the media and public every year, we commission surveys and run multi-stakeholder forums globally to elicit responses from our employees, external stakeholders and civil society.

www.trafigura.com/research

Engaging with external stakeholders

Multi-stakeholder forums are an integral part of Trafigura's approach to transparency. These extended meetings provide the opportunity to engage at length with stakeholders. The more we understand what our stakeholders regard as important, the more accurately we can identify and prioritise salient issues.

In 2018 Trafigura hosted a multi-stakeholder forum (MSF) in Singapore. Senior representatives from government, multilateral financial institutions, non-governmental organisations, counterparts, banks and investors attended along with key personnel from Trafigura.

Previous MSFs have been held in Geneva in 2016 and in Barrancabermeja (Colombia) and Johannesburg in 2017. On each occasion, we have aired topical issues with particular resonance at the selected location. In Singapore, international sanctions, responsible sourcing and responsible logistics emerged as core discussion themes.

We will continue to host these meetings on a regular basis.

www.trafigura.com/2018RR-case-studies

Singapore multi-stakeholder forum

How Trafigura contributes to the Sustainable Development Goals

By advancing trade responsibly, Trafigura contributes to meeting the UN Sustainable Development Goals or SDGs. We do this in a number of ways: through the taxes we pay, our trading activities, the assets we own, our influence on counterparties and through the activities of the Trafigura Foundation.

Global trade is a precondition for prosperity. By enabling the efficient flow of commodities from one place to another, traders contribute towards the fight against poverty (SDG 1) and the goal of ending hunger (SDG 2).

As a payer of taxes and royalties in many developing countries, Trafigura channels resources to governments which they in turn use to fight poverty, end hunger and stimulate development.

Through our commitment to operate in accordance with our Corporate Responsibility Policy and supporting Business Principles, we contribute to decent work and economic growth (SDG 8).

As a physical trading company, we operate mines, storage terminals and ports, and also manage complex logistics routes. It is through such infrastructure that we promote inclusive and sustainable industrialisation (SDG 9).

Through our efforts to support the responsible procurement of commodities, many of which are essential in driving the green revolution, we encourage sustainable production patterns and facilitate efforts to combat climate change (SDG 12 and 13)

Lastly, it is through our business relationships and our commitments to those around us that we strengthen the means of implementation and revitalise the global partnership for sustainable development (SDG 17).

External voice:

Rabobank – Insights from a leader in sustainability-oriented banking

Rabobank, one of Trafigura's top ten lenders, shares its perspective on what soft and hard commodity traders can learn from each other in pursuit of corporate responsibility.

The world faces a global food crisis. Rabobank, a Dutch multinational banking and financial services company, seeks to play a significant role in ensuring food security for current and future generations.

The agricultural sector needs support from adjacent sectors if we are to build a future-proof and equitable food system. We can only deliver the food, energy and materials the world needs without increased climate change risks in a low-carbon, circular economy.

Rabobank is supporting clients in their transition to more sustainable supply chains. It partners with them to advance the United Nations Sustainable Development Goals and deliver impact where it matters most.

With that partnering comes the opportunity to share knowledge from one sector with clients in other commodity sectors. For example, traders in agricultural sectors, such as palm oil, coffee and cocoa, deal with a large number of small-scale farmers, while traders in metals and minerals supply chains may deal with artisanal miners. Both suppliers come mainly from disadvantaged local communities and lack the knowledge or financial means to manage their activities sustainably.

Controversially, traders may also be associated with illegal deforestation, area pollution and human rights violations. This poses a huge risk for trading companies that source commodities from small-scale farmers or miners. To manage that, traders such as Trafigura should engage in a responsible way that promotes a more sustainable approach.

In recent years, agricultural production and trading companies have become more aware of the strategic importance of sustainable entrepreneurship. NGOs, investors, consumer goods companies and banks want more transparency from traders about their supplier relationships. In response, traders have put considerable effort into providing technical assistance and guidance to small-scale farmers.

Agri-commodity traders have developed a number of different approaches to improving supply-chain sustainability, including:

- Supporting small-scale farmers in achieving more sustainable livelihoods;
- Organising sourcing of sustainable agricultural products via producer-cooperatives;
- Sustainable production programmes;
- Sourcing and information-sharing solutions based on big-data technology.

More sustainable livelihoods

The Indonesian government's Plasma Transmigration Programme is offering inhabitants of rural and remote areas two-hectare palm tree plantation smallholdings, along with land for housing and growing their own food. The smallholders sell their produce to the companies at a price set by the government. In return, palm-oil sourcing companies provide guidance on developing the plantations in environmentally and economically sustainable ways. They also help arrange bank loans and assist with debt repayments.

Sourcing sustainably produced products via cooperatives

Traders are sourcing coffee and cocoa from farmers' cooperatives in Southeast Asia, Latin America and Africa. Cooperative members benefit by being part of a strong sales organisation with a sound financial structure that supports the supply of sustainable, high-quality farm produce. Traders share their knowledge about good agricultural practices and sustainability standards. The Rabobank Foundation provides working capital and finance for many such projects.

Sustainable production programmes

An international sugar trader has joined forces with a sustainability consultancy to develop a sustainable sugar programme. This provides a flexible pathway to increased sustainability, tailored to each participant's pace and ability. The programme leverages the trader's commercial expertise and the consultancy's experience of sustainable agricultural production.

Big-data technology solutions

An increasing number of soft commodity trading companies are applying big data and blockchain technologies to establish field-to-fork digital solutions. Often smartphone based, these systems facilitate the tracking of sustainably-produced agricultural commodities and measure the environmental footprint of farmers.

Rabobank fully supports commodity trading company initiatives that promote prosperity across the supply chain on three fundamental criteria: people, planet and profit. The task now is to adapt these approaches for traders in other commodity supply chains to help develop future-proof livelihoods for the whole supply chain. Rabobank seeks to pool knowledge and forge networks with companies that share its ambition for a food-secured, low-carbon economy.

Richard Piechocki,

Head of Sustainability Trade and Commodity Finance, Rabobank

www.trafigura.com/external-voices

Compliance

Trafigura's business is conducted within national and international laws and regulations. Wherever we operate, we aim to ensure our conduct is in line with applicable and relevant internationally recognised standards.

Our performance

- 570 new-start, office-based Trafigura employees trained on our Code of Business Conduct.
- Anti-money laundering training delivered to over 989 staff members in 41 locations.
- Anti-bribery and corruption training delivered to over 995 staff members in 41 locations.
- 3,976 vessels screened by IMO number to mitigate risk associated with the reflagging of vessels by sanctioned countries, entities or individuals.

6,475

Know Your Counterparty checks carried out in 2018
(2017: 5,975)

989

Anti-money laundering training sessions delivered in 2018
(2017: 565)

570

New start, office-based employees trained on Code of Business Conduct in 2018
(2017: 680)

995

Anti-bribery and corruption training sessions delivered in 2018
(2017: 570)

2018 Priorities	Progress
Due diligence To continue to develop our Know Your Counterparty (KYC) programme by introducing efficiencies, improving intelligence and maintaining comprehensive coverage.	Improving
Training To continue to develop and extend training on key risk areas to all staff members across all Group companies.	Improving
Regulatory engagement To work with regulators on key issues for the commodities trading sector.	Improving
Stakeholder engagement To engage with a wide range of stakeholders in depth. To contribute to the debate on compliant business conduct in international forums, on industry bodies and with trading partners.	Improving

Not achieved   Improving   Achieved

Our approach

Trafigura's Compliance department oversees Group activities. It operates in partnership with front-office functions to ensure our controls are relevant and robust. Trafigura's Head of Compliance reports directly to the Group's Chief Operating Officer. The Group's Compliance Committee meets twice a year.

We aim to maintain a responsible compliance culture where all staff recognise both personal and collective responsibility. We expect high standards of behaviour from our people.

Principles of sound business conduct

Every member of staff signs our Code of Business Conduct (the Code). The Code sets out expected behaviours in all our business activities. All management teams are charged with promoting these behaviours amongst our employees. They are supported by our Compliance, Legal, Human Resources and Corporate Affairs departments.

Four key principles inform our approach:

1. Integrity
2. Care and diligence
3. Best practice
4. Management and control

www.trafigura.com/compliance

Compliance activities

Financial markets compliance

Trafigura accesses both exchange-traded and over-the-counter (OTC) derivative markets to manage the risks associated with our physical market activities. As such, we are required to meet differing rules and requirements at various exchanges.

We have put various controls and systems in place to meet regulatory and exchange rules. We comply with relevant licensing rules; we apply both exchange-set as well as regulatory-compliant position limits and report derivative transactions as required.

We monitor and manage our compliance with numerous regulatory regimes that impact on our global business. This year, Trafigura successfully implemented the relevant requirements of the EU's revised Markets in Financial Instruments Directive (MiFID II) by the January 2018 deadline. MiFID II aims to 'improve oversight and transparency of derivative markets'. We have updated our systems and processes to ensure we meet all relevant new provisions.

Regulatory reporting for derivatives and other instruments is constantly evolving. We allocate significant resources to the development of systems that can facilitate transactions seamlessly across multiple jurisdictions.

Commercial compliance

Commercial compliance centres on the application of Trafigura's Code. During 2018, Trafigura updated the Code to ensure its continued relevance and relaunched it to staff.

All employees are bound by the Code, which encompasses:

- Anti-money laundering;
- Know Your Counterparty due diligence (KYC);
- Anti-trust and competition law;
- Sanctions and trade restrictions;
- Anti-bribery and corruption;
- Gifts, hospitality and entertainment;
- Political contributions and charitable donations;
- Reporting violations and grievance procedures.

Anti-competitive practices

Our people operate in many different jurisdictions and often interact with competitors. We provide detailed guidance on how to adhere to relevant competition law principles and what they should do to prevent the exchange of commercially sensitive information.

Sanctions and trade restrictions

As a company operating globally, compliance with applicable economic and trade sanctions is a legal requirement. Trafigura is compliant with all applicable sanctions. In a sometimes shifting sanctions landscape, we ensure we remain compliant by paying close attention to developing policy. During 2018, the US administration introduced several significant changes to existing sanctions regimes, targeting Iran, Russia and Venezuela in particular.

The Compliance department works closely with the Legal team to track the introduction and evolution of sanctions, to raise questions where clarity is required and to ensure that we have correctly understood and applied the rules.

Monitoring developing issues

Trafigura seeks not just to keep pace with, but also to anticipate changing regulatory conditions. We maintain relationships with advisors in various jurisdictions to monitor developments that may impact our business.


Employees at the Trafigura Singapore office

Developing our KYC programme

Anti-money laundering

An important element of our KYC and screening procedures is to highlight prospective counterparties that might pose any risk of implicating our business in money laundering. We have implemented a range of measures to raise awareness internally. Mandatory online training gives employees a detailed understanding of the issue.

Counterparty due diligence

Trafigura has been strengthening its KYC methodology. We screen counterparties using 'Thomson Reuters Accelus' enterprise risk management software. We continually monitor the changing status of people and organisations to keep our KYC methodology up to date. We receive daily updates from Thomson Reuters World-Check on the evolving status of all counterparties.

Trafigura continues to apply the principles set by the Joint Money Laundering Steering Group (JMLSG). JMLSG is widely seen as embodying global industry best practice. Our KYC procedures delivered over 6,475 KYC checks during 2018 (2017: 5,975 checks).

Anti-bribery and corruption

Market conduct

The Compliance department has rolled out a face-to-face global training programme addressing key market conduct issues.

We have continued to refine TradingHub's Market Abuse Surveillance Tool (MAST) to monitor for suspicious trading activity. By customising MAST applications we can track our own trading activities using consolidated data from multiple sources. We have put a structured programme in place to monitor and analyse outputs and, as needed, escalate our responses.

Broader and deeper stakeholder engagement

The banking community is a key stakeholder group. We invest significant time in explaining and documenting our compliance systems and processes. Over the course of 2018, our Compliance department met with over 20 leading banks across the world's financial centres.

We engage with regulators to participate in the development of appropriate regulations for our industry. We are also present on industry advisory bodies, such as the International Swaps and Derivatives Association (ISDA), the Futures Industry Association (FIA) and the Commodity Markets Council Europe (CMCE).

2019 priorities and commitments

We are committed to continuously strengthening our foundations for appropriate business conduct.

Commitment
To continue to develop our KYC programme.
To develop and extend training on key risk areas to all staff members across all Group companies.
To enhance coverage and depth of stakeholder engagement, particularly amongst the financial community.
To work with regulators regarding key issues relating to the commodities trading sector.
To engage actively with international forums, industry bodies and trading partners on ethical business conduct.

Lubumbashi, the Democratic Republic of the Congo

Society

We strive to promote closer links with communities and drive greater levels of transparency locally and internationally.

Performance

- Trafigura's 'Responsible Sourcing and Supply Chain Expectations' was distributed to all suppliers of metals and/or minerals from the Democratic Republic of the Congo (DRC) and Zambia. Desk-based due diligence of all suppliers and multiple site assessments were conducted.
- 'Responsible Sourcing and Supply Chain Expectations' was distributed to all gold suppliers worldwide. Desk-based due diligence has been initiated following the provision of training to relevant in-house trading and operations staff.
- Trafigura worked with Kumi Consulting and the NGO Pact to formalise its expectations for suppliers of material recovered via artisanal and small-scale mining (ASM). These expectations were trialled and set the basis for site assessments at the Mutoshi Pilot Project in the DRC in collaboration with Chemaf.
- In April 2018, we presented our progress on responsible sourcing at the OECD's 'Forum on Responsible Mineral Supply Chains' in Paris.
- Our Head of Corporate Responsibility has been helping to frame guidelines for ethical cobalt sourcing as Co-Chair of the Cobalt Working Group for the World Economic Forum's Global Battery Alliance (GBA).
- Trafigura continued to support the EITI-mandated multi-stakeholder working group in developing guidance on 'first-trade' reporting of crude oil, products and gas sales by state-owned enterprises (SOEs).

\$2.7bn

Aggregate first purchases from NOCs in EITI countries in 2017
(2016: USD1.1bn)

\$30.0bn

Aggregate first purchases from NOCs in non-EITI countries in 2017
(2016: USD20.1bn)

2018 Priorities	Progress
International best practice	
To support the development and execution of guidance for the application of the UN Guiding Principles on Business and Human Rights (UNGPs) to the commodities trading sector.	▷
Operational risk	
To monitor and respond to the 'dirty diesel' issue through dialogue and direct action.	▷
To deliver improvements on the handling of operational-level grievances against the Trafigura standard.	▷
Responsible sourcing	
To deliver refinements to Trafigura's responsible sourcing strategy and support counterparties in mitigating risk.	▷
To work with expert third parties and other trading participants to encourage responsible artisanal and small-scale mining.	▷
Transparency	
To continue to support and promote EITI activities and the application of the EITI Standard to the commodities trading sector.	▷

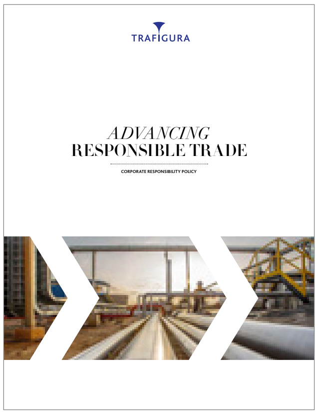
✕ Not achieved ▷ Improving ✓ Achieved

Our approach

Our activities stimulate development in local communities and national economies. We create employment, develop skills, build infrastructure and procure from local suppliers.

At the same time, we recognise that our business activities can have adverse impacts. We monitor and seek to encourage our counterparties to manage risks where we have indirect supply chain impacts. We endeavour to mitigate risks by acting responsibly and by exercising diligence in appointing suppliers and contractors.

Internationally, we contribute to the expanding conversation on impacts related to the commodities trading sector, the geographies in which we trade, the business relationships that we keep, the products that we handle and the services that we deliver.


TRAFIGURA

ADVANCING
RESPONSIBLE TRADE

CORPORATE RESPONSIBILITY POLICY

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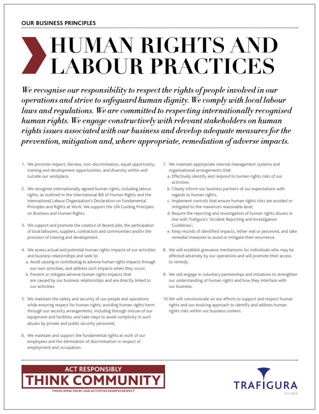

OUR BUSINESS PRINCIPLES

HUMAN RIGHTS AND LABOUR PRACTICES

We recognise our responsibility to respect the rights of people involved in our operations and strive to safeguard human dignity. We comply with local labour laws and regulations. We are committed to respecting internationally recognised human rights. We engage constructively with relevant stakeholders on human rights issues associated with our business and develop adequate measures for the prevention, mitigation and, where appropriate, remediation of adverse impacts.

1. We promote respect, fairness, non-discrimination, equal opportunity, training and development opportunities, and diversity within and outside our workplace.
2. We recognise internationally agreed human rights, including labour rights, as outlined in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We support the UN Guiding Principles on Business and Human Rights.
3. We support and promote the creation of decent jobs, the participation of local labourers, suppliers, contractors and communities and/or the provision of training and development.
4. We assess actual and potential human rights impacts of our activities and business relationships and seek to:
   a. Avoid causing or contributing to adverse human rights impacts through our own activities, and address such impacts when they occur;
   b. Prevent or mitigate adverse human rights impacts that are caused by our business relationships and are directly linked to our activities.
5. We maintain the safety and security of our people and operations while ensuring respect for human rights, avoiding human rights harm through our security arrangements, including through misuse of our equipment and facilities, and take steps to avoid complicity in such abuses by private and public security personnel.
6. We maintain and support the fundamental rights at work of our employees and the elimination of discrimination in respect of employment and occupation.
7. We maintain appropriate internal management systems and organisational arrangements that:
   a. Effectively identify and respond to human rights risks of our activities;
   b. Clearly inform our business partners of our expectations with regards to human rights;
   c. Implement controls that ensure human rights risks are avoided or mitigated to the maximum reasonable level;
   d. Require the reporting and investigation of human rights abuses in line with Trafigura's 'Incident Reporting and Investigation Guidelines';
   e. Keep records of identified impacts, either real or perceived, and take remedial measures to avoid or mitigate their recurrence.
8. We will establish grievance mechanisms for individuals who may be affected adversely by our operations and will promote their access to remedy.
9. We will engage in voluntary partnerships and initiatives to strengthen our understanding of human rights and how they interface with our business.
10. We will communicate on our efforts to support and respect human rights and our evolving approach to identify and address human rights risks within our business context.

ACT RESPONSIBLY
THINK COMMUNITY
THOSE IMPACTED BY OUR ACTIVITIES DESERVE RESPECT

TRAFIGURA
10.11.2016

www.trafigura.com/compliance

International best practice

Developing UNGP sector guidance

With the support of the Swiss government, the Institute for Human Rights and Business (IHRB) published specific guidance on implementing the UNGPs in the commodities trading industry in November 2018. Trafigura is supportive of the efforts of the IHRB and welcomes the publication of these guidelines.

Over the course of 2017 and 2018, we hosted a series of meetings with the IHRB and have contributed case studies for inclusion in the guidance.

Promoting responsible business in Switzerland

As part of our commitment to implement the UN Global Compact (UNGC), Trafigura continued to play an active role in the Swiss branch of the UNGC Network in 2018.

The company co-sponsors the UNGC 'Tour de Suisse on Responsible Business' which, over the next four years, will seek to raise awareness and promote responsible and sustainable business practices in Switzerland by hosting multiple events across various cities.

The roadshow will highlight what the Swiss Confederation expects from companies in the fields of corporate social responsibility and human rights due diligence. Each event will focus on one aspect of responsible business and showcase corporate best practice.

Chemaf's fully mechanised Etoile mine, DRC

Operational risk

Group-level grievance mechanism

We believe that every grievance must be acknowledged, logged and managed consistently, with due respect for the complainant. In 2016, Trafigura established an anonymous 24/7 multilingual telephone hotline, web reporting and email service for reporting external grievances. The service is promoted and explained across several channels, including Trafigura's website where it is readily accessible from the landing page.

Logging and investigating all grievances doesn't mean that they will all be accepted as legitimate complaints. As a point of principle, the responsibility of Trafigura to remediate grievances is limited to those cases where the alleged harm/wrong was directly caused by the operation for which Trafigura is legally responsible.

In 2018, Trafigura received a number of grievances reported via this mechanism, typically related to alleged breaches of company policies. While the system offers a responsive point of access to the business, its use (as reported in 2017) remains limited. We believe this is partly due to the fact that logistics operations are typically carried out by third parties and as such negative impacts are not immediately attributed to Trafigura.

Operational-level grievance systems

As a matter of policy, we require that all major facilities operated by Trafigura have a functioning external grievance management system in place. Each system aims at enabling local stakeholders to have an accessible and trusted process of raising concerns or complaints in relation to any activities linked to a facility, project or site where we have a significant presence.

Owing to the nature of our activities, it can be difficult to establish these grievance mechanisms at operational level. For instance, our fluvial operation in Paraguay operates over a long stretch of river that passes through four countries. Lessons from our barging operation in Colombia have been shared. During an HSEC review it was noted that awareness of the grievance process, which is reliant on a freephone number, could be improved. Action is being taken to communicate the system accordingly.

In 2018, we reopened our Mawson West mine in the Democratic Republic of the Congo (DRC). Activity associated with this operation has the potential to impact neighbouring communities and villages through which vehicles travelling to and from the mine will pass. In order to identify any concerns early, we have established a network of Community Liaison Officers (CLOs) who are our eyes and ears in the communities. Receiving early notification of community concerns and taking action before resentment builds is an important part of maintaining our licence to operate.

Unfortunately, we have not been able to maintain a good relationship with communities around our Catalina Huanca mine in Peru. During 2018, there were repeated blockages of access roads by communities, which at times have prevented us operating the mine. Dialogue remains ongoing.

Fuel quality in some African countries

In our 2017 Responsibility Report, we set out our response to a campaign calling for stronger fuel standards in some African countries. Trafigura remains ready to support the introduction of lower sulphur diesel and regards this as an issue that governments need to reshape.

Responsible sourcing

Our Responsible Sourcing programme recognises the potential for adverse social or environmental impacts associated with extraction, processing and trading commodities. It is not limited to specific metals, minerals or geographies.

In our 2017 Responsibility Report, we described the Responsible Sourcing programme that we had developed and piloted that year on our copper and cobalt business in the DRC and Zambia. We are committed to continuing the roll-out of this programme and to report on our due diligence and risk management actions.

Management approach

Trafigura's Responsible Sourcing programme is based on the OECD's 'Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' (OECD Guidance). It incorporates three sets of standards that define our specific expectations of suppliers:

- Metals and Minerals Responsible Sourcing and Supply Chain Expectations;
- Artisanal and Small-scale Mining (ASM) Expectations for Suppliers;
- Business Principles for Health and Safety, Human Rights, Community Relations and Environment (HSEC).

The Responsible Sourcing programme is led by Trafigura's Head of Corporate Responsibility, who works closely with senior traders and operations managers. Our Head of HSEC provides advice and input. Delivery of programme activities is supported by retained external advisors, Kumi Consulting and ERM, and by our relationship with the international NGO, Pact.

The key supply chain due diligence activities within the Responsible Sourcing programme are summarised as follows:

Activities	Outputs
Desk-based review	
• Review of publicly available information on social, human rights and environmental risks/impacts (media reports, NGO reports, etc.) • Trafigura Responsible Sourcing Expectations issued with formal requirement for the supplier to agree to support	• Initial risk evaluation • Tailoring of Level 1 assessment questionnaire to address specific identified risks, as appropriate
Level 1 assessment	
• Level 1 questionnaire issued to the supplier and required to be completed and returned, with supporting evidence as appropriate • This includes specific questions in relation to mineral origin and management of health and safety, labour practices, security provision and community relations	• Risk rating and identification of priority high-risk suppliers • Information gained informs the Level 2 assessment of prioritised suppliers
Level 2 assessment	
• Level 2 site-based assessment of prioritised suppliers; typically two days in duration and encompassing a visual inspection of mineral production and processing areas, interviews with management and workers, and reviews of relevant documentation • Level 2 Assessment Protocol guides the scope and consistency of the assessment process	• Supplier risk categorisation • Report on findings and recommendations for actions to address identified risks provided to both Trafigura management and the supplier • Provides basis for ongoing risk mitigation and monitoring
Risk mitigation and monitoring	
• Follow-up engagement with suppliers to understand progress made in addressing identified risks • Where appropriate, provision of assistance to suppliers to support risk mitigation activities	• Informs the nature and scope of continued supplier engagement including, where appropriate, follow-up site visits • Supplier risk management recommendations made and performance improvements monitored

Copper and cobalt suppliers in the DRC and Zambia

Building on the pilot implementation of the Responsible Sourcing programme in 2017, we continued to extend our risk assessment and due diligence activities across our suppliers in the DRC and Zambia. During 2018 we:

- Completed desk-based due diligence on all 24 suppliers with whom Trafigura had, or was establishing, a commercial relationship;
- Completed Level 1 assessments for 16 suppliers, with follow-up assessments required for 11 suppliers;
- Completed Level 2 due diligence assessments of five prioritised higher risk suppliers; and
- Completed four site-based independent monitoring assessments, including of our counterpart Chemaf's 'Mutoshi Pilot Project'.

We have now completed site-based responsible sourcing assessments for the majority of our copper and cobalt suppliers in the region. Such reviews have proven valuable as Trafigura considers and seeks to support mitigation measures undertaken by our counterparties in response to a broad range of human rights and environmental risks present within the supply chain.

There is considerable diversity among Trafigura's copper and cobalt suppliers in the DRC and Zambia, both in terms of the scale of suppliers' operations and of the sophistication of management approach for responsible sourcing and social and environmental performance. In most cases, our engagement with suppliers on responsible sourcing was the first time they had experienced in-depth enquiry on responsible sourcing issues.

Our Responsible Sourcing programme identified some key challenges during the year:

- A significant number of suppliers to Trafigura supplement ores from their own mining operations with supplies from third parties. In such cases we have sought to encourage our counterparties to develop comparable processes of their own to Trafigura's Responsible Sourcing Minimum Expectations when assessing the operational integrity of their supply chain.
- There was scope for a number of suppliers to improve their management of health, safety and environmental risks, including ensuring greater consistency in the application of supplier's own safety rules.
- Road safety risks for both workers and local communities associated with the transportation of commodities.
- Several suppliers lacked a systematic approach for engaging with local communities or for consistently monitoring any potential impacts from their operations on local communities.

During 2018, our responsible sourcing due diligence activities classified five suppliers as 'High Risk – Close Monitoring' following on-site assessment. None were disengaged.

Although no evidence of serious abuses (such as child labour) was identified during due diligence, some suppliers lacked the management controls to provide us with confidence that our standards would be consistently upheld. We are engaging with them to elicit assurances on how recommendations from the Level 2 assessment reports are being addressed. Where appropriate, we are also offering Trafigura's internal toolkits and resources by way of support.

We have provided support to our counterparty Chemaf during the year to assist in implementing processes to mitigate potential sourcing risks (see page 21). Our support for Chemaf's Pilot Mutoshi Project demonstrates our commitment to working with commercial counterparties and subject-matter experts to help mitigate risks in the supply chain.

Gold suppliers

Trafigura has a small but growing portfolio of business trading gold. Effective implementation of our Responsible Sourcing programme within Trafigura's gold trading business will deliver several important benefits:

- **Simplifying compliance:** Developing regulation in key markets is putting increased emphasis on due diligence based on the international framework (OECD Guidance). This has already been incorporated into Trafigura's Responsible Sourcing programme.
- **Complying with customer requirements:** The majority of the world's gold refiners (>90 percent of refined gold production) are audited annually for their compliance with standards based on OECD Guidance. They require that these standards be applied across their supply chains.
- **Ensuring responsibility across the value chain:** Due diligence helps Trafigura determine if and where risks are in the gold supply chain so that management can take appropriate and timely action.
- **Strengthening relationships with counterparties:** Trafigura is supporting continued or increased market access for its counterparties' gold production by working with them to implement processes to address risks.
- **In 2018, our Responsible Sourcing programme for gold included:**
  - Development of a responsible sourcing due diligence manual for gold, adapting the Level 1 and Level 2 assessment methodologies to relate to the specifics of gold;
  - Training on responsible sourcing for Trafigura's gold trading team;
  - Desk-based due diligence for all 15 active gold suppliers;
  - 8 Level 1 assessments were conducted and follow-up sought as required.

One of our priorities for 2019 will include Level 2 site-based assessments of identified high-risk gold suppliers.

Stakeholder engagement

We are continually engaging with internal stakeholders on the Responsible Sourcing programme, particularly with traders and senior management. We have discussed our efforts in numerous bilateral meetings with banks, downstream customers, the London Metal Exchange, as well as with members of the DRC's Lualaba Provincial Government, and will continue to do so.

In April 2018, we presented our progress on responsible sourcing at the OECD's 'Forum on Responsible Mineral Supply Chains' in Paris. In June, to further raise internal awareness and understanding of the programme's objectives, we invited the Secretariat from the OECD's Responsible Business Conduct unit to present to our executive management and senior trading teams on the evolution of responsible sourcing and how it would likely impact Trafigura in the future.

Trafigura is a founding member of the World Economic Forum's Global Battery Alliance (GBA). As Co-Chair of the GBA Cobalt Working Group, our Head of Corporate Responsibility is helping to formulate industry standards for ethical sourcing of cobalt. In July, we submitted our ASM Expectations (see adjacent box) to the Working Group. These had been developed in close collaboration with Kumi Consulting and fellow GBA member Pact.

Next steps

We believe we have made substantial progress in our Responsible Sourcing programme in 2018, but we recognise that such efforts are part of a continuing process.

Observation from Kumi Consulting

Kumi

"Engagement with some suppliers on responsible sourcing remains a challenge. Surprisingly, this can sometimes include a reluctance by suppliers that publicly promote their own responsible sourcing practices to engage with Trafigura's due diligence requirements. Addressing this requires a willingness by senior management to have 'tough conversations' with commercial counterparts. During the past year we've seen substantially increased engagement by Trafigura's senior executives on responsible sourcing matters; such support will remain critical to the success of the responsible sourcing programme."

Documenting ASM Expectations

Based on Trafigura's standards for non-ASM suppliers, our ASM Expectations refer to and align with a suite of internationally recognised standards, including but not limited to OECD Annex II, OECD Practical Actions on Child Labour and the CRAFT Code.

The Expectations were developed for suppliers of any ASM-recovered material that employ, contract and/or purchase ore and ore-bearing materials from ASM contractors or cooperatives.

Suppliers to Trafigura that have ASM in their chain are expected to demonstrate that they meet these Expectations, or are making good faith efforts to do so.

Expectations comprise two parts: the first part outlines management systems and disclosure requirements; the second presents a wide range of requirements that should be met at a site level.

Our ASM Expectations have now been passed to the Secretariat of the World Economic Forum (WEF) and the Global Battery Alliance (GBA) for consultation and refinement. It is hoped that the Expectations will encourage other companies to recognise that responsible ASM supply chains are feasible and that they will adopt similar due diligence standards within their supply chains.

Trafigura is piloting the Expectations at Chemaf's Mutoshi Project for onward deployment at other sites. At the same time, the Responsible Minerals Initiative (RMI) is rolling out a Pilot Cobalt Refiner Supply Chain Due Diligence Standard. Once both initiatives are fully aligned, it is intended that the Expectations will directly complement the new RMI Standard.

Trafigura presenting its Responsible Sourcing programme at Bloomberg's Sustainability Summit in London

From ASM to semi-mechanised mining at Mutoshi Cobalt

Switching from fossil fuels to electrified transportation is a core strategy in the global effort to combat climate change. The resulting demand surge for cobalt is piling pressure on a vulnerable supply chain. Two thirds of global production is in the DRC, where 20 to 40 percent of cobalt output is produced in the ASM sector. Well over 200,000 miners, working in tough, often dangerous conditions, rely on the sector for their livelihoods.

Rather than isolating ASM workers, we want to apply our position as an international trading and logistics company to increase transparency and transform their working conditions. Our pilot project at Mutoshi demonstrates what can be achieved.

In 2018, Trafigura signed a three-year cobalt hydroxide marketing agreement with mining company, Chemaf. As part of this, we undertook to bolster Chemaf's ability to manage social and environmental impacts in line with international standards.

Chemaf has been developing Mutoshi, a major copper-cobalt mining concession, in the DRC. There are multiple communities on and around the concession that have, for years, been engaging in unofficial, unregulated ASM activity. Rather than attempting to evict these workers, Chemaf has set up a pilot project that supports enhancements to ASM activity so that it can become formalised and ultimately semi-mechanised.

It has appointed Comiakol, a cooperative representing approximately 5,000 workers and authorised by DRC Regulatory Authorities, to operate as a mining contractor on a designated area known as Mutoshi Cobalt. The miners there work in a regulated environment and are able to sell their product at a rate consistently priced off the international market price.

To support this initiative, Trafigura has established a strategic relationship with Pact, an internationally respected NGO and a sector leader in the practical implementation of responsible ASM and semi-mechanised mining (SMM).

Day-to-day, workers are monitored by Chemaf and Comiakol's Health, Safety and Environment (HSE) team, two full-time Pact representatives as well as representatives of the DRC's State Regulator for ASM, SAEMAPE (Service for Assistance and Supervision of Artisanal and Small-Scale Mining).

We have commissioned sustainability specialist Kumi Consulting to provide quarterly project reviews that assess performance against our responsibility policies and expectations.

Pact's involvement, expertise and local presence are crucial. It provides risk assessments, on-site technical support and stakeholder engagement, and specialised training and support in incident management. Trafigura's interaction with Pact is now extending to other localities and relationships.

The Mutoshi pilot project has yielded important results that are applicable across other business relationships. We are sharing what we have learnt with other stakeholders focused on the complexities of formalising and legitimising partnerships with the ASM sector.

Learn more about this project please refer to our website at www.trafigura.com/responsible-sourcing

Day-to-day formalised semi-mechanised operations at the Mutoshi concession, DRC

External voice:

The importance of supporting ASM – a perspective from OECD and Pact

The *OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* clarifies how companies can identify and better manage risks throughout the entire mineral supply chain, from miners, local exporters and mineral processors to the manufacturing and brand-name companies that use these minerals in their products.

The OECD Guidance, which is applicable to all minerals and is global in scope, aims to help companies respect human rights, observe applicable rules of international humanitarian law in situations of armed conflict, avoid contributing to conflict, and cultivate both transparent mineral supply chains and sustainable corporate engagement in the mineral sector.

The overall objective of the Guidance is therefore twofold:

1. To build secure, transparent and verifiable supply chains
2. To promote responsible investment and trade in fragile areas

In this context, one of the substantive areas of the OECD's work in the responsible sourcing of minerals is to ensure that international standards do not further marginalise workers of the informal sector. This implies working on the formalisation of ASM.

The OECD, together with participating stakeholders of the OECD Guidance implementation programme, aims to support all initiatives seeking to improve international market access for legitimate artisanal mining communities, so that they can benefit from ongoing trade in conflict-affected and high-risk areas and to support their development.

ASM can play a crucial role for the local development of rural economies in producing countries. This acknowledgment led to the inclusion of a specific appendix in the OECD Guidance, calling on stakeholders to engage in the legalisation and formalisation of artisanal mining communities. The OECD has also developed a booklet that provides practical guidance and answers frequently asked questions relating to sourcing from artisanal and small-scale mining globally. It can be very challenging for international companies to engage, or even consider engaging with artisanal and small-scale miners, for various reasons. For example, one of the first and most immediate challenges often put forward by companies is the illegality of most of the ASM producers. Under the OECD Guidance, however, this issue does not represent sufficient grounds for not engaging in this potential business relationship. In this instance, the OECD Guidance recommends that companies work with artisanal miners that are not associated with the most severe forms of risks and who are willing to engage in credible legalisation processes; and use their leverage – jointly with local partners – to engage local authorities and convince them to tolerate and support responsible ASM production and export by allowing for formalisation and legalisation.

This is only one of the many challenges of exploring commercial relationship opportunities with informal ASM entities. However, experience has shown that these challenges can be overcome when companies choose to adopt a progressive and constructive stance.

The OECD is encouraged to see the increased interest from the international community (governments, international organisations, industry associations and civil society organisations) to engage in collaborative approaches to promote responsible ASM production of all sorts of mineral resources. Still, there is a need for even greater awareness within the global industry, in particular that responsible production also means sourcing responsibly from conflict areas and supporting artisanal miners in their efforts to meet the new demands of the market.

OECD Secretariat

ASM mining: Pact's perspective

Artisanal and small-scale mining (ASM) has a vital role to play in poverty alleviation and rural development. It also poses severe human rights and social challenges.

ASM supports millions of livelihoods around the world and can be a major contributor to local and national economies. The men, women and sometimes children that work in the sector use basic tools in tough, often unsafe conditions to produce as much as 15 percent of the world's cobalt, 15 percent of its new gold, 50 percent of its tin and over 80 percent of coloured gemstones.

The social and environmental challenges and abuses associated with ASM are widely understood. In conflict-affected areas, miners are frequently forced to work under duress. In areas of extreme poverty, workers may be operating in dangerous conditions. Large-scale mines also complain about ASM's inefficiency and poor product quality. Some are concerned that the sub-standard ore bodies it produces contaminate their own products.

Given these facts, it is entirely understandable that there are those that advocate for ASM to be replaced with larger, safer installations, but this fails to appreciate its economic and cultural importance. For practitioners, ASM is more than just an attractive source of income, it is imbued with history, cultural significance and questions of resource rights.

Rather than trying to avoid, ignore or ban ASM, we need to explore ways to manage it responsibly and look at how we can integrate ASM material more effectively into formal supply chains.

The challenges posed by responsible cobalt sourcing offer a remarkable opportunity to demonstrate the value of this formalisation of ASM in mainstream mineral markets. If this can be achieved, the benefits for the sector will stretch far beyond Africa's Copperbelt.

www.trafigura.com/external-voices

Transparency

In 2014, Trafigura became the first independent commodities trading company to declare its support for the Extractive Industries Transparency Initiative (EITI). The EITI, whose standard is currently implemented in 51 countries worldwide, promotes the open and accountable management of natural resources.

By publishing our payments to state-owned enterprises (SOEs) in EITI countries, we provide useful information on a matter of global public interest.

Developing EITI guidance on commodity trading

In 2018, we continued to work with an EITI-mandated multi-stakeholder working group, which includes trading companies, NGOs and SOE representatives that help implementing countries with significant commodity trading activities in increasing their transparency about revenues received from commodity sales. The governments of Switzerland and the United Kingdom provided financial assistance to the project.

To date, eight EITI countries have made efforts to improve disclosures relating to the sale of oil, gas and minerals on behalf of the government as part of the targeted efforts on commodity trading transparency[1]. Dedicated commodity trading reports have been published in Ghana and Indonesia and are underway in Albania and Nigeria. Commodity trading companies have been encouraged to disclose sales data at national and global levels. Trafigura remains the only privately held commodity trading company that discloses information on the oil it purchases from EITI countries (country-by-country), as well as non-EITI countries (on an aggregated basis).

As a result of these efforts, disclosure of commodity trading data is becoming more granular. As countries shed more light on the sales process, stakeholders are better able to understand how the national share of oil, gas and minerals is being sold and how the proceeds of those sales are managed.

1. Albania, Cameroon, Chad, Cote d'Ivoire, Ghana, Indonesia, Mauritania and Nigeria.

Payments to governments for oil

2017 Aggregate first purchases from EITI country NOCs where the initial load port is inside the EITI implementing NOC home country[1]

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU[2])	Value (USD)
Colombia	Ecopetrol SA	93	Crude oil	904.19	6,199.96	n/a	305,711,612.94
	Ecopetrol SA	93	Refined	574.06	3,583.20	n/a	153,254,861.40
	Ecopetrol (Refineria de Cartagena S.A.)	93	Crude oil	529.53	4,038.38	n/a	238,276,078.83
Indonesia	PT Pertamina (Persero)	100	Refined	33.15	280.00	n/a	15,182,800.00
	PT Pertamina EP	100	Refined	10.02	86.05	n/a	5,035,019.54
	PT Pertamina Hulu Energi Tomori Sulawesi	100	Refined	6.15	51.92	n/a	2,622,684.06
Mexico	PMI Trading Ltd	100	Refined	762.65	6,743.11	n/a	332,033,064.77
Mozambique	Imopetro Importadora Mocambicana de Petroleos	54	Refined	0.32	2.52	n/a	145,379.20
Nigeria	Nigerian National Petroleum Corporation	100	Crude oil	520.65	3,862.16	n/a	219,100,738.73
	Nigerian National Petroleum Corporation (Napoil)	100	Crude oil	125.73	949.62	n/a	47,985,088.99
Norway	Equinor ASA	72	Refined	454.47	4,034.83	n/a	269,893,733.87
	Statoil ASA	72	Crude oil	158.19	1,201.84	n/a	67,274,767.61
	Statoil ASA	72	Refined	382.38	3,286.23	n/a	195,008,463.61
	Statoil Marketing & Trading (US) Inc	72	Refined	70.60	594.77	n/a	40,118,201.59
Peru	Petroleos del Peru - Petroperu S.A.	100	Refined	148.10	1,093.82	n/a	56,308,398.13
Trinidad and Tobago	Petroleum Company of Trinidad and Tobago Limited	100	Refined	1,965.78	13,905.16	n/a	758,650,634.46
Grand total oil payments to EITI implementing countries				**6,645.99**	**49,913.57**		**2,706,601,527.73**

1. Our disclosures relate to purchases of crude oil, refined products and gas by Trafigura Group majority owned companies over the course of the calendar year. NB: Trafigura's financial year runs from 1 October to 30 September.
2. One million British Thermal Units.

Payments to governments for oil

2017 Aggregate swap[3] of crude oil and corresponding delivery of refined products from and to NOCs in EITI countries where the initial load port is in the EITI implementing NOC home country

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
Nigeria	Nigerian National Petroleum Corporation (NNPC)	100	Crude oil (received)	262.93	1,899.45	n/a	104,123,009.00
Nigeria	Nigerian National Petroleum Corporation (NNPC)	100	Refined (exchanged)	212.38	1,777.39	n/a	123,092,246.00

2017 Aggregate purchases from NOCs of EITI countries with a load port outside the EITI (i.e. likely to be non-equity oil)[4]

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
n/a	n/a	n/a	n/a	1,483.98	11,330.00	10,063,144.00	573,511,116.88

2017 Aggregate purchases from NOCs from non-EITI countries

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
n/a	n/a	n/a	n/a	76,374.29	570,295.90	183,832,995.18	30,025,300,526.97

3. A value for value arrangement where the operators deliver corresponding net product value, i.e. inclusive of demurrage cost, to the net value derived from the crude oil loaded, i.e. exclusive of associated costs – demurrage. Any imbalance between crude oil exported and refined products imported is addressed on a rolling basis over the duration of the SWAP agreement.
4. When transacting with an EITI country NOC, many of which have international trading arms, we may take title of product in a non-EITI country. As such, it is unclear whether indeed the product is 'equity oil' or is in fact sourced from another location.

Our trading disclosures

Our policy commits Trafigura to disclosing payments to National Oil Companies (NOCs) from EITI-implementing countries for crude oil and petroleum products, including gas, as well as associated corporate taxes and licence payments to governments.

Trafigura's disclosures for transactions executed in the 2017 calendar year, as outlined in full in the previous pages, were limited to trades undertaken with NOCs of EITI-implementing countries, and where the load port of the product was that same country. This approach was aligned with the EITI Standard (4.2) and focused on the 'first purchase' of 'equity oil'. As such, it excluded data relevant to purchases from EITI-country NOCs that were active in buying and selling oil on international secondary markets.

In 2017, Trafigura's aggregate first purchases of oil and petroleum products from NOCs in EITI countries amounted to USD2.7 billion (2016: USD1.1 billion).

Relevant to our EITI disclosures, we can confirm that in the 2017 calendar year, Trafigura entered from time to time into spot pre-payment arrangements with the Petroleum Company of Trinidad and Tobago Ltd.

Our aim in making very particular distinctions in our disclosures is to ensure that the structure and standards of our reporting are fully aligned with the existing EITI framework. The EITI's multi-stakeholder process commits all relevant stakeholders, including governments, to report in an agreed format. This represents the optimal approach to disclosure as it allows payments made by companies such as Trafigura to be compared directly to receipts published by EITI country governments.

Following the EITI framework supports our intention to release information in a manner compatible with the legal requirements of countries where we purchase and with existing commercial contracts. This stance is aligned with EITI Principle 6, which recognises that the achievement of greater transparency must be set in the context of respect for laws and contracts.

Our EITI payments, as disclosed above, compare to total payments of USD30.0 billion to NOCs in non-EITI countries (2016: USD20.1 billion).

Our extractive activities and tax disclosures

Trafigura does not operate and is not a majority shareholder in extractive projects in the oil and gas sector.

As is standard global industry practice, no taxes were directly levied on Trafigura's purchases of crude oil, refined products and gas from NOCs.

In the 2017 calendar year, Trafigura's Mining Group was a shareholder in mining projects in the DRC through Luna Mining and in Peru through Catalina Huanca Sociedad Minera. A fund managed by Galena Asset Management (which is wholly owned by the Trafigura Group) owned a majority stake in Mawson West. Both the DRC and Peru are EITI-implementing countries.

The DRC government received payments of CDF340,023,112 (USD213,594) (2016: USD263,742) relevant to Mawson West and CDF48,671,367 (USD30,574) (2016: USD2.8 million) relevant to Luna Mining. Luna Mining has since been liquidated.

The Peruvian government received payments from Trafigura of USD6,832,026 (2016: USD3.1 million) relevant to Catalina Huanca Sociedad Minera.

The details of 2017 payments will be published in relevant EITI country reports when reconciled in the coming months.

2019 Priorities and commitments

We are committed to continuously strengthening our social performance against all impacts. Where our focus in 2019 relates to a specific salient issue, we have defined it as such.

Commitment	Salient issue
To deliver improvements on the handling of operational-level grievances against the Trafigura standard.	Failure to provide adequate access to grievance and remedy compromises the ability of affected communities to express concerns and have them addressed appropriately.
To maintain and, as appropriate, initiate new, desk-based and site-based due diligence assessments of our copper and cobalt supply chain in the DRC and Zambia, and for suppliers of gold worldwide.	Production and/or onward sale of commodity could contribute to, benefit from, or result in the commission of serious human rights abuses.
To continue to support Chemaf in establishing Mutoshi as a benchmark site for responsible, large-scale semi-mechanised mining.	
To conduct and support, as necessary, targeted due diligence and impact mitigation activities in support of the responsible sourcing of all metals and minerals by Trafigura.	
To support stakeholder dialogue in advancing the responsible sourcing of metals and minerals, including but not limited to active liaison with Pact, the OECD, Global Battery Alliance and the London Metals Exchange (LME).	
To continue to support and promote the activities of the EITI and the application of the EITI Standard to the commodities trading sector.	A state's ability to deliver an array of services may be compromised by corrupt management of its national resources.


ORMAR

Health and Safety

Performing our operations safely is of fundamental importance to the Trafigura Group.

Performance

- Four fatalities associated with Trafigura operations.
- Greater rigour brought to serious incident reviews through enhanced oversight.
- 38 percent reduction in total amount of lost-time incidents.
- 34 percent reduction in overall Group-wide lost-time incident rate (LTIR).
- 204 percent increase in near-miss reporting.

495

Number of health and safety incidents reported (level 1-5)
(2017: 423)

2.40

Lost-time incident rate (LTIR)
(2017: 3.62)

64

Lost-time incidents (LTI)
(2017: 104)

2018 Priorities	Progress
Employee safety	
Zero fatalities.	✕
20 percent improvement in Group lost-time incident rate (LTIR) on 2017 data.	✓
Improved data	
Measurable improvement in the number of near misses reported and lessons to be learnt (L2BLs) shared Group-wide.	✓
Due diligence	
To deliver further enhancements to our contractor due diligence and Group-wide assurance programme.	▷

✕ Not achieved ▷ Improving ✓ Achieved

Our approach

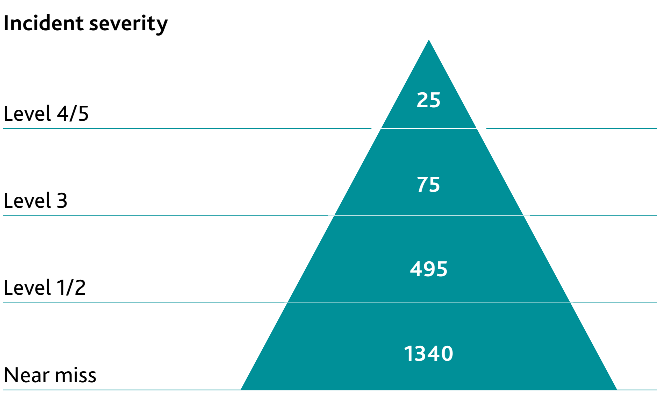
Three health and safety objectives determine our approach. First, we aim for zero work-related fatalities; second, we seek to reduce the number of serious incidents we experience; and third, we work to share lessons from incidents and near misses, with a view to continually improving our performance.

The tragic loss of the life of one of our contractors in Peru and the deaths of three people in a road traffic accident in the DRC are stark reminders that we still face major challenges. Actions and initiatives set out in this Responsibility Report have significantly reduced the lost-time incident rate (LTIR)[1], but we recognise that there is still much to do.

In 2017, we introduced new reporting protocols that improved our ability to review incidents and avert accidents by disseminating best practice and lessons learnt across the Group. Our strategy in 2018 built on these developments, improving how we report and what we learn from near misses and actual incidents.

Our strategy is based on a key principle of the 'Bird safety model' (see below), that the ratio between minor and serious incidents is broadly constant. Although the Bird model has limitations, this suggests that the number of serious incidents can be curtailed by reducing the frequency of minor incidents. We have put this into practice across the Group. Our data indicates that this is currently delivering concrete improvements in safety.

Actual number of incidents 2018 – Bird safety model



Lost-Time Incident Rate is one key measure of performance. This fell by 34 percent this year. While we can never be definitive about incidents that have not occurred, in statistical terms this LTIR reduction equates to 22 serious injuries avoided when compared with the 2017 LTIR. This said, there were four fatalities. We recognise that more effort and focus on fatality prevention is absolutely essential.

An active international network of HSEC practitioners is taking the lead in embedding a safety-conscious culture throughout the organisation. Operational managers are highly receptive to the Group's philosophy, which embraces good HSEC practice and regards it as reinforcing rather than detracting from commercial objectives.

Reported fatalities[2] in 2018

Trafigura Mining Group, near Catalina Huanca mine, Peru

In May 2018, a contractor suffered a fatal electrical shock at a remote location three hours' distance from the Catalina Huanca mine site. The mine's contractor, a specialist electrical company, was undertaking repair works on a 33 kilovolt power line.

The worker was up an electrical pole re-assembling an electrical bypass when the power line was re-energised.

Road Traffic Accident in the DRC

In September 2018, a Landcruiser in troop carrier configuration carrying employees and contractors from our mine at Kapulo to Lubumbashi had a road traffic accident (RTA) which resulted in three fatalities, four serious injuries and three minor injuries. Two of those casualties were employees of Mawson West mine. The RTA was a single vehicle incident.

Actions

Trafigura continues to encourage a focus on awareness of risk and operational safety practices amongst its staff and contractors.

Operational health and safety

Our operations develop and maintain management systems appropriate to the nature and scale of their activities. Each division and operating company is expected to:

- Identify and evaluate health and safety risks;
- Implement controls that eliminate or reduce risks to as low as reasonably practicable;
- Take action to prevent repeat incidents;
- Report all incidents and near misses;
- Investigate serious incidents and high-potential near misses;
- Plan for emergencies;
- Set improvement targets and track performance;
- Ensure the workforce has the appropriate level of competency and adequate resources;
- Undertake periodic checks and audits to verify the effectiveness of these measures.

1. LTIR: Lost-time incident rate. The number of incidents that resulted in at least one day (or shift) being lost from work, divided by actual total hours worked over one year, multiplied by one million.
2. Includes fatalities of any employee of a Trafigura Division or Operating Company as a result of an occupational injury or disease sustained or contracted whilst undertaking a work-related activity; and of any contractor working on Trafigura-owned or managed sites or undertaking a work-related activity on behalf of Trafigura.

Health and safety summary report

KPI	Group (aggregate) 2018	2017	Oil & Petroleum Products Trading 2018	2017	Metals & Minerals Trading 2018	2017	Shipping & Chartering Desk 2018	2017	Trafigura Corporate 2018	2017	Impala Terminals 2018	2017	Mining Group 2018	2017
Number of fatalities: employees and contractors	**4**	2	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**4**	2
Total number of health and safety incidents reported	**495**	423	**9**	14	**5**	7	**1**	0	**0**	1	**300**	205	**180**	196
Value of health and safety related fines and penalties (USD)	**55,781**	14,789	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**55,781**	14,789
LTIs	**64**	104	**0**	1	**0**	0	**1**	0	**0**	1	**34**	55	**29**	47
LTIR	**2.40**	3.62	**0.00**	0.78	**0.00**	0	**1.92**	0	**0.00**	0.6	**2.70**	3.72	**3.08**	5.16

A readiness plan for ebola

The ebola virus disease is virulent and highly contagious. Once it has taken hold in a region, it is extremely tough to contain. In the DRC, Trafigura is on the front line. Our overriding intention is to protect those that work on our site as well as their families and dependants.

Trafigura's ebola crisis readiness plan identifies four alert levels: no threat (green), remote threat (yellow), immediate threat (orange) and direct impact (red).

Isolated cases of ebola were reported in the DRC in 2018. In line with our plan, managers at our sites have used this period to prepare for the worst. They reviewed hygiene and security protocols. They also stocked up on materials that might be needed should conditions deteriorate – everything from food, water and diesel to disinfectant, medicines and quarantine tents.

Local cases pose an immediate threat and sites will declare an orange alert if ebola is detected within 500 kilometres of our operations. Orange alert protocols require managers to take direct action to limit the risk of infection. Non-core personnel are demobilised, people from infected areas are denied access, regular medical screening is introduced and special measures are put in place for washing and catering.

A red alert is triggered if a state of emergency is declared locally or there is a suspected case associated with one of our sites. The site in question is immediately quarantined and managers implement their contingency plans.

The plan sets out comprehensive, proportionate actions to preserve safe, effective operations at escalating risk levels. Trafigura also stands ready to lend its expertise and resources to the wider community to combat a severe ebola outbreak.

www.trafigura.com/2018RR-case-studies

Fewer injuries

We manage operational risks by analysing data and making appropriate decisions based on evidence. We monitor and manage incident and near-miss reporting on Safeguard, Trafigura's online HSEC data reporting system. We are unifying and improving the data collection processes on the Safeguard platform to strengthen the quality of our data and improve trend identification.

A 38 percent reduction in lost-time incidents[3] (LTIs) across the Group to 64 (2017: 104) was a tangible sign of our improved performance in 2018. Our overall Group lost-time incident rate (LTIR) also fell, by 34 percent to 2.40 per one million hours worked (2017: 3.62) – considerably better than the 20 percent target that we had set ourselves for 2018. Both the number of LTIs and the LTIR have almost halved in the last two years (2016 LTI: 118, LTIR: 4.58). A total of 495 health and safety incidents[4] were reported during 2018 (2017: 423), demonstrating how the culture of reporting minor incidents has continued to improve this year.

These improvements stem in part from successes in promoting a safety-conscious culture, sharing lessons learned, focusing local management attention on safety by setting HSEC KPIs and improving the quality of HSEC leadership across our workforce.

In 2018, a total of USD55,781 (2017: USD14,789) was paid to governmental authorities in relation to health and safety fines and penalties.

We will continue to track and report significant injuries and focus on reducing their frequency in 2019.

3. LTI: the number of incidents that resulted in time lost from work amounting to at least one day (or shift) by employees and contractors working on Trafigura-owned or managed sites, or contractors undertaking a work-related activity on behalf of Trafigura.
4. Total number of health and safety incidents reported including all injury and illness category of severity 'Level 1' and above that relate to employees, contractors or members of the public.

Near-miss reporting

Near-miss reporting is enshrined in Trafigura's HSEC Golden Rules. Far greater emphasis on near-miss recognition and reporting across the Group has been a significant contributor to the improvement in our safety performance. In 2018, we rolled out a near-miss reporting campaign in English, Spanish and French.

Near miss reporting poster displayed across Group facilities

The frequency of near misses far outweighs the number of serious incidents, so identifying and mitigating their causes is one of the most effective ways of reducing incidents. In effect, near misses offer lessons on what we can do to avoid real incidents.

Recorded near misses nearly trebled in 2018. Over the last two years, there has been a more than tenfold increase in the number of near misses reported. This is partly due to better understanding about what qualifies as a near miss. Importantly, there has also been a transformation in the culture of reporting. Previously, many Trafigura employees and contractors thought they might be blamed for perceived mistakes if they reported near misses. Now, it is widely understood that the opposite is true. Near misses are valuable learning experiences; those reporting them are credited with making a positive contribution to improving our safety culture.

For instance, at Impala Terminals Colombia, transporting hydrocarbons, an inherently high-risk activity, is carried out over long distances, exclusively by contractors. Just one near miss was reported on Colombia's roads in 2016. A year later, 36 near misses were reported and in 2018, 47 were reported. With better information Impala Terminals has been able to put targeted safety measures in place. It has set up a series of checkpoints along the main routes where vehicles are checked and their drivers tested for fatigue and alcohol consumption.

167

Lessons to be learnt shared in 2018 across the Group
(2017: 50)

18

Lost-time incidents at MATSA mines in Spain in 2018
(2017: 27)

494

Near-misses reported at MATSA mines in Spain in 2018
(2017: 92)

208

Near-misses reported at our mine in Cuba in 2018
(2017: 110)

In other locations, we see a correlation between improved near-miss reporting and reduced injury incidents. At our mine in Cuba, near-miss reporting almost doubled (2017: 110, 2018: 208) while LTIs fell from ten in 2017 to two in 2018. At our joint-venture mines in MATSA Spain, we have seen a fivefold increase in near misses reported (2017:92, 2018: 494) with LTIs falling by a third (2017: 27, 2018: 18).

Our 450-person strong HSEC network, includes full-time HSEC practitioners and those that combine with HSEC responsibility with other duties. They are spreading this message and driving the reporting of near misses locally. The parts of the Group that reported more actively in 2018 won formal recognition. Where reporting was less frequent, we investigated whether this was because of fewer incidents or due to weaker HSEC leadership and culture.

Road Traffic Accidents (RTA)

In 2018, trucks carrying our commodities travelled more than 12 million kilometres. A new key performance indicator we have been introducing over the last two years is road traffic accident frequency (RTAF), the number of RTAs per million kilometres. We transport a lot of commodities by truck and understanding the frequency of RTAs in particular geographies and contractors is key to focusing our resources effectively. Most RTAs involve contractor trucks carrying our commodities. However, we have been improving our data capture. In 2017, 98 RTAs were reported, while in 2018 125 were reported. Last year we had to estimate kilometres driven, this year we are receiving information about actual kilometres driven. RTAF has gone up from 0.33 last year to 0.98 this year, but this reflects improved RTA reporting and more accurate assessment of kilometres driven and is not indicative of reduced road traffic safety.

Additionally, as we learn from incidents we develop tools to prevent repeat incidents. For instance, we have had a number of incidents where loads have fallen off trucks. When we investigated these incidents we found low levels of knowledge about how to secure a load. We subsequently developed guidance on how to secure our loads which we have shared with trucking companies as well as the smelters where our commodities are loaded onto trucks. This is one example of how we work with trucking companies and our commodity suppliers to share knowledge and improve safe practices.

Lessons to be learnt (L2BL)

In 2018 we built on the success of our L2BL processes by improving our follow-up. We continue to share knowledge gained from incidents or near misses.

The L2BL programme encourages operating companies to share lessons learnt from near misses and incidents. Root causes have to be identified and lessons learnt.

In 2017, we shared 50 L2BLs; this rose to 167 in FY2018, an increase of 234 percent. In fact, the process has been so successful that it has been extended to cover not only HSEC incidents but also operational loss occurrences.

As more L2BLs are distributed, managers and HSEC practitioners are more likely to be overloaded with information. This increases the risk that individual lessons get insufficient attention. We took care in 2018 to target our distribution more precisely; L2BLs were only sent to recipients for whom the content was most relevant.

Building incident investigation competency

As a Group, we are ultimately reliant on the quality and skills of our people. We have improved our incident investigation training and rolled it out across the HSEC practitioner and operations workforce. Ten incident investigation training sessions have been held and approximately one hundred people trained. A guidance document for conducting quality incident investigations has also been distributed.

Asset location risk assessment

As part of our more systematic approach to managing HSEC performance, we introduced an assessment process in 2017 that allows us to rank our installations by risk. This allows us to allocate resources and management time more effectively.

We evaluate the inherent risk associated with the environmental, social and economic setting of the asset. The second part of the assessment looks at the operations being conducted at the facility. The third element, the one easiest to affect, is its performance.

We have incorporated a tiered approach to asset ownership and control. This lends clarity as to which assets we control and where we have limited or no control, and can encourage counterparties to develop and implement their own processes to manage risk.

By combining these factors, we are able to categorise all fixed location facilities, from high risk to low risk.

Employees at health and safety briefing at MATSA mine, Spain

Contractor HSEC management

Trafigura has minimum HSEC expectations for the following high-risk activities listed below:

- Waste slops handling;
- Ship-to-ship hydrocarbon transfers;
- Trucking contractors;
- Oil and bulk liquid terminals;
- Warehouse and bulk storage.

Our requirements have been designed to identify and avoid using poor performing contractors who are more likely to have an incident. Each assessment is based on a two-stage due diligence process.

When a new contractor is under consideration, Trafigura conducts its KYC process and performs a Phase 1 assessment, comprising an initial, desk-based review. The contractor is required to confirm its ability to meet our minimum HSEC expectations, including whether it has competent staff, sound maintenance procedures and the necessary equipment to perform safely.

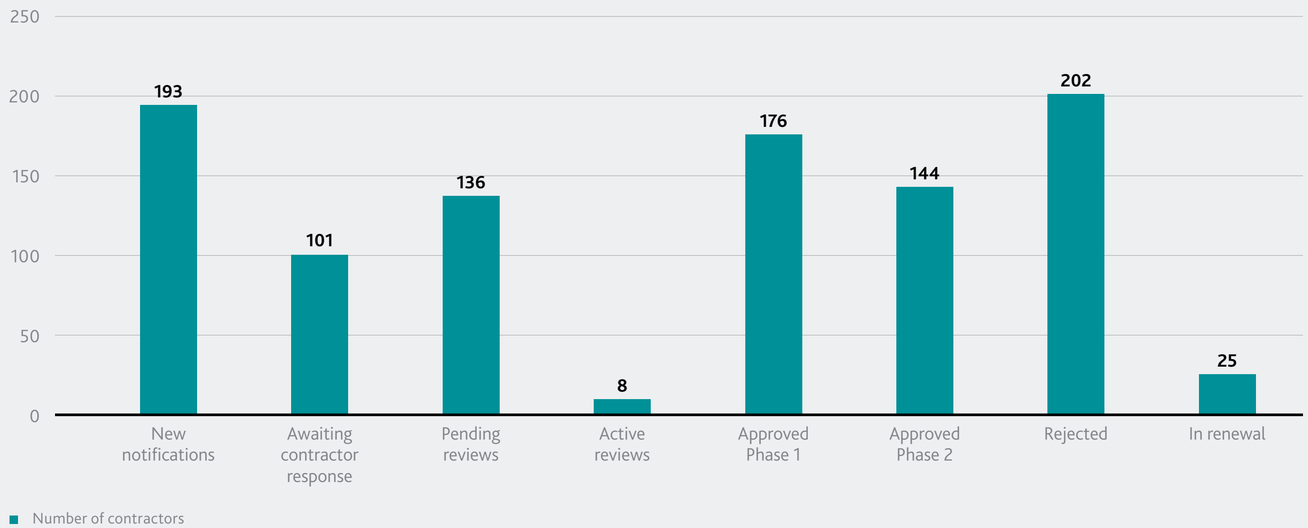
Those that pass the Phase 1 assessment meet minimum expectations and are approved. Within a set timeframe those approved receive an on-site inspection (Phase 2) that is designed to verify the Phase 1 assessment.

Those contractors that fail the inspection, but are willing and able to work with Trafigura to improve, can gain temporary approval while they upgrade their processes. Those that fail Phase 2, or are unable or unwilling to do this, are rejected.

In 2018, our worldwide due diligence activities resulted in:

- 403 contractor HSEC assessments considered;
- 176 approved providers worldwide;
- 202 contractors rejected;
- 438 new contractors being actively assessed at year-end 2018.

Contractor workflow status (as at 30 September 2018)



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Truck drivers handling copper cathodes at Impala Terminals Ndola facility, Zambia

HSEC assurance

The structured approach to assurance introduced in 2017 has aligned site-based assurance with the perceived risk status of operational locations and activities, and allowed more assessments to be completed. Specific assurance protocols have been introduced for contractors, suppliers and potential merger and acquisition partners.

Category 1 assurance is for those locations or activities considered high risk from an HSEC or social perspective. This consists of a site-based assessment by a Group-led specialist team, personally supervised by the Head of HSEC. The team's findings and recommendations are shared with local managers. The location agrees an action plan in response to the review. These actions are tracked at Group level, with overdue actions reported to the HSEC Steering Committee.

The Head of HSEC-led assurance teams with expertise from across the Group in four Category 1 assessments in 2018. The teams reviewed a mining joint venture in Brazil's Minas Gerais iron ore quadrangle that has a tailings dam near a local population centre; fluvial operations transporting oil and petroleum products between Argentina, Bolivia and Paraguay; the Campana oil terminal, located in a sensitive area near Buenos Aires; and a bulk terminal in Spain where a higher-than-average LTIR had raised concerns.

HSEC assurance categories

- Category 1 assurance reviews: four are conducted annually, but many more Category 2 assurance reviews are undertaken across the Group.
- Category 2 assurance is supervised by HSEC Managers with high-risk locations or activities under their area of responsibility.
- Category 3 reviews focus on high-risk contractors and assess the degree to which Group-level policies, principles and standards have been adopted.
- Category 4 assurance is supplier focused, assessing supplier performance against Trafigura's responsible sourcing and supply chain expectations (see p18).
- Category 5 merger and acquisition assurance integrates HSEC liability assessment into the due diligence that Trafigura conducts into prospective acquisition targets.
- Category 6 is external assurance, the third-party certification of our operational facilities.

Occupational health

We are developing global policies and targeted local strategies to enhance health management in the workplace.

We use both education and controls to implement preventive strategies. We have targeted policies to manage health issues locally. For instance, where mosquitoes are rife, we have introduced strategies to combat and treat malaria, yellow fever, dengue fever and other mosquito-borne diseases.

Different locations present specific challenges. For instance, at our remote Catalina Huanca mine in Peru, it takes many hours by road to reach the nearest medical centre. Should workers experience injuries, accurate diagnosis and early-stage treatment are critical. We have medically trained personnel on site with diagnostic equipment and telemedicine services. A telemedicine facility at the mine allows workers to present injuries and symptoms and get real-time diagnostic and treatment advice from medical specialists in Lima and elsewhere.

View an interview with Richard Head, Trafigura's Head of Health, Safety, Environment and Communities. www.trafigura.com/2018RR

2019 priorities and commitments

We are committed to strengthening our health and safety performance continuously. Where our focus in 2018 relates to a specific salient issue, outlined in our Responsible Strategy chapter (p.07), we have defined it as such:

Commitment	Salient issue
Zero fatalities.	Unhealthy and unsafe working conditions infringe on the rights of individuals to the highest attainable standard of health and to just and favourable conditions of work.
20 percent improvement in Group LTIR on 2018 data.	
Measurable improvement in the number of near misses reported and L2BLs shared Group wide.	
To deliver further enhancements to our contractor due diligence and Group-wide assurance programme.	Catastrophic failure of oil storage may result in severe injury or loss of life.
	Insufficient suppression of dust from metals and minerals storage and the insufficient capture of vapour from oil storage could lead to serious health and safety impacts.
	Unsafe road practices impact right to life.

The Jungfrau Explorer LPG vessel sailing through the Panama Canal

Environment

We aim to minimise any adverse impacts from our business operations on the natural environment. This includes building our understanding of climate change and responding to its effects.

Performance

- More comprehensive and accurate reporting on Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions.
- Publication of full-disclosure Carbon Disclosure Project (CDP) Report.
- Global Logistics Emissions Council (GLEC) reporting framework adopted.
- Group Climate Change Strategy adopted.

472,161 tCO_2e

Scope 1 and Scope 2 GHG emissions (2017: 356,721 tCO_2e)

4,856,738 tCO_2e

Scope 3 GHG emissions (2017: 2,421,642 tCO_2e)

10

Total number of oil spills (2017: 13)

4,725l

Volume of oil spills in litres (2017: 43,351)

2018 Priorities	Progress
Environmental incidents	
To achieve zero Level 4 and Level 5 environmental incidents.	✓
Due diligence	
To deliver ongoing improvements to our due diligence programme for ship-to-ship and waste management providers.	▷
Greenhouse gas emissions	
To develop a Group GHG strategy.	▷
To monitor and seek to reduce Scope 3 GHG emissions by exerting influence on our supply chain.	✗
Disclosure	
To complete a full Carbon Disclosure Project (CDP) disclosure.	✓

✗ Not achieved ▷ Improving ✓ Achieved

Our approach

We are required to handle, store, blend and transport significant volumes of commodities safely every day, including oil and petroleum products, ores, concentrates and refined metals. It is our duty to prevent, minimise or remediate any unintended releases of these products into the natural environment.

Trafigura divisions and operating companies that manage industrial assets aim to eliminate or mitigate any adverse environmental impacts associated with their activities. We are committed to setting targets and strengthening performance.

We seek to reduce emissions, explore ways in which we can improve supply chain efficiencies in logistics and adapt our operations to meet the reality of climate change. In 2018, we improved our data collection in order to be able to report GHG emissions more accurately across the Group.

Environmental management

Our divisions and operating companies are required to maintain environmental management systems appropriate to their activities.

Many of our offices, industrial assets and operational activities are recognised under local, national or industry-specific management systems. We recognise the value that these external assurance schemes bring to our operations and will continue to support certification where it makes business sense.

	Impala Terminals (number of assets or operations covered)	Mining Group (number of assets or operations covered)
ISO 9001 Quality Management	**19**	**1**
ISO 14001 Environmental Management	**6**	**1**
ISO 17025 General requirements for the competence of testing and calibration of laboratories	**1**	**–**
OHSAS 18001 Occupational Health and Safety Management	**4**	**1**

Pollution prevention

The commodities we trade pose significant social and environmental risks if not handled correctly. The severity of those risks varies according to the type of commodity, the activity and the location.

In 2018, 10 spills of hydrocarbon products were recorded across our global operations, amounting to a total of 4,725 litres. As well as fewer spills overall, there was a substantial reduction in the volume spilt (2017: 13 spills, 43,351 litres). We believe the absence of any significant spills in 2018 was due largely to operational practice improvements, gained by learning from past incidents.

Any pollution, wherever it occurs, is unacceptable. Preventing and minimising such risks is a key priority.

Key Performance Indicators

	Group (aggregate)		Oil & Petroleum Products Trading		Metals & Minerals Trading		Shipping & Chartering Desk		Trafigura Corporate		Impala Terminals		Mining Group	
KPI	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Number of environmental incidents reported	**155**	115	**28**	30	**1**	2	**5**	4	**0**	0	**94**	53	**27**	26
Number of oil spills	**10**	13	**6**	7	**0**	0	**2**	0	**0**	0	**2**	6	**0**	0
Associated spill volume in litres[2]	**4,725**	43,351	**1,763**	17,424	**0**	0	**1,213**	0	**0**	0	**1,749**	25,926	**0**	0
Value of environmental related fines and penalties (USD)	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0
ISO 14001 certified facilities	**7**	6	**0**	0	**0**	0	**0**	0	**0**	0	**6**	5	**1**	1
Scope 1 and Scope 2 CO_2e emissions (tCO_2e)	**472,161**	356,721	**0**	0	**0**	0	**251,717**	107,402[2]	**7,973**	12,258[1]	**89,116**	113,599	**123,355**	123,463
Scope 3 CO_2e emissions (tCO_2e)	**4,856,738**	2,421,642	**64,784**	24,813	**148,279**	198,772	**4,490,696**	2,104,814	**12,573**	19,986[1]	**93,232**	73,258	**47,175**	0

1. Emissions associated with Trafigura offices and company-owned vehicles.
2. Emissions associated with owned vessels only (chartered vessels are classified as Scope 3 emissions).

Climate change

Environmental performance plays an increasingly important role in shaping commercial decisions. Many of our banking partners have integrated environmental, social, and corporate governance (ESG) factors into their decision making. Environmental performance metrics, such as management of GHG emissions, are increasingly included in lending criteria.

Trafigura has adopted a climate change strategy reflecting the priorities proposed by the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD).

The strategy sets out Trafigura's ambitions and includes policy initiatives in four main areas: governance, strategy, risk management, and metrics and targets. In each of these areas we have defined specific commitments, actions and areas for improvement.

We have established a Climate Change Group to coordinate policy development and implementation.

Our main priorities are managing the GHG emissions caused by our activities and ensuring Trafigura adapts as we transition to a lower carbon economy.

We seek to collaborate with industry groups and others to ensure that we influence and remain informed on the climate change debate and react in a coordinated way. We are active participants in key industry bodies, including the Global Maritime Forum and the Global Battery Alliance. We advocate a clear and consistent policy on carbon pricing.

We support the development of new technologies and processes that improve the way Trafigura manages its GHG emissions and influence the way customers manage emissions from the products we sell.

Climate change risks and opportunities

Trafigura is playing its part in the transition to a lower carbon economy by supplying the commodities required in an efficient manner. Commodities such as lead, nickel and cobalt are needed for batteries, aluminium is being used to construct lighter vehicles and copper will be required in increasing quantities for wind turbines and electric vehicles. LNG is a key transition fuel for power generation.

Climate change is already having an impact. We are experiencing storms of increasing frequency and severity. Global weather patterns are becoming more volatile and this can affect our supply chains in unexpected ways. For instance, last winter an extended cold-weather period in the US led to increased demand for road salt. Since a lot of US road salt is brought in from Chile, more ships were needed to transport additional supplies. The resulting pressure on shipping capacity in South America pushed up prices. Trafigura incurred higher chartering rates, which increased the cost of shipping commodities from Chile to China.

We have been reviewing the potential impacts on our business of the Nationally Determined Contributions (NDCs) that countries have made in accordance with the Paris Agreement. In their NDCs, countries set out the post-2020 climate actions through which they plan to achieve their emission reduction objectives. By analysing these we are gaining early warning of new or increased carbon taxes and future business opportunities, including for instance, a shift from coal or oil to LNG for power generation. Trafigura is identifying the new business opportunities that will come from supporting countries in delivering their NDC targets.

GOVERNANCE

Accountability:
Management Committee

Responsibility:
Climate Change Group

STRATEGY

Collaborate to influence

Support new technologies and processes to manage GHG emissions

METRICS AND TARGETS

Improve accuracy of GHG reporting

Define science-based GHG target within two years

RISK MANAGEMENT

Quantify business impact of climate change

Anticipate and future-proof the business

Establish the Best Available Technique (BAT) process

Improved data collection

The complexity and diversity of our operations present numerous challenges in reaching an accurate assessment of our direct and indirect emissions. We have adopted a rigorous approach to the calculation of our overall emissions. We report Scope 1 and 2 emissions data – i.e. direct emissions from owned or controlled sources as well as those emissions from the generation of purchased energy. We also report Scope 3 emissions which are indirect emissions incurred across our value chain, including upstream and downstream, where contractors and other counterparties are undertaking logistics operations on our behalf.

We have improved data capture and reporting considerably during 2018. We extended the boundaries of our GHG inventory and have worked to improve the accuracy of the emissions reported to the point where we are now confident that we have a broadly accurate and comprehensive baseline of GHG emissions associated with our activities.

Our data collection process currently relies upon semi-annual submissions from our operations. We rank the quality of submissions and give recognition to the best to incentivise improvement across the Group.

Evolution of our GHG Inventory

KPI	Material emission sources	Scope	2016	2017	2018	2019
Shipping & Chartering Desk	Wet, owned vessel	1	Partial	Partial	Yes	Yes
	Wet and Dry time charters	3	Partial	Partial	Yes	Yes
	Wet and Dry spot charters	3	No	No	Yes	Yes
	Wet and Dry vessels in port	1 and 3	No	No	Yes	Yes
	Containers on container vessels	3	No	No	No	Yes
Mining Group	Power generation	1	Yes	Yes	Yes	Yes
	Purchased electricity	2	Yes	Yes	Yes	Yes
	Trucking	3	No	No	Yes	Yes
Impala Terminals	Power generation	1	Yes	Yes	Yes	Yes
	Barges	1	Yes	Yes	Yes	Yes
	Purchased electricity	2	Yes	Yes	Yes	Yes
	Trucking	3	Yes	Yes	Yes	Yes
	Rail	3	No	No	No	Yes
Oil & Petroleum Products Trading	Trucking	3	Partial	Partial	Yes	Yes
	Barges	3	No	No	Yes	Yes
Metals & Minerals Trading	Trucking	3	Partial	Partial	Yes	Yes
	Barges	3	No	No	Yes	Yes
Trafigura Corporate	Offices	2	Yes	Yes	Yes	Yes
	Flights	3	Yes	Yes	Yes	Yes

Aligning GHG reporting with international standards

As signalled in our 2017 Responsibility Report, Trafigura published a full-disclosure report in 2018 on its carbon emissions performance to the Carbon Disclosure Project (CDP). This was our first full report; it provides a benchmark for improvement in future years. Our commitment to CDP aligns the business with best-practice reporting and reflects our determination to monitor and manage our environmental performance more effectively.

As a trading and logistics specialist, the majority of our emissions are transportation related. Globally, freight transportation is a sector that has, up to now, received insufficient attention in the campaign to combat climate change. It is also one of the toughest areas to decarbonise.

Recent estimates suggest that freight accounts for approximately eight percent of global GHG emissions. This proportion is expected to grow rapidly; the International Transport Forum (ITF) projects a nearly fourfold increase in international trade versus 2010 levels by 2050.

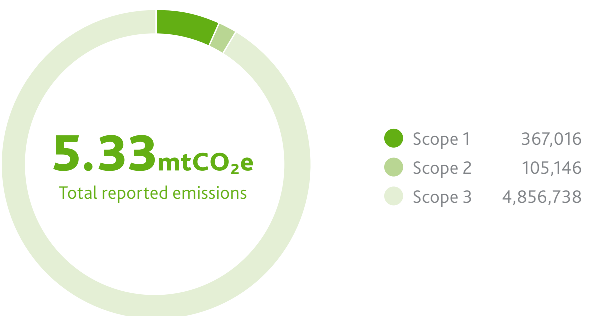
The Global Logistics Emissions Council (GLEC) has led the international effort to bring consistency to emissions reporting. Its reporting framework provides a methodology for calculating logistics emissions across modes and regions. This is an increasingly recognised accounting approach, which aims to standardise the reporting of emissions across the logistics industry.

This year we have aligned our reporting with the GLEC framework. A feature of the GLEC reporting framework is that it includes the Scope 3 emissions associated with the making of the fuel that we use, known as 'well to tank' emissions. This increases Scope 3 emissions by about 15 percent and contributes to the significant increase in our reported Scope 3 emissions in 2018.

GHG emissions profile

We are committed to achieving reductions in GHG emissions. Accurate benchmarking of our operations is a necessary precursor. Although there is scope for improvement, our current reporting protocols now capture the overwhelming majority of our emissions.

Our total reported emissions significantly increased in 2018 to 5.33 million tCO_2e (2017: 2.78 million tCO_2e). The increase is primarily due to improvements in data collection; more sources are now captured in our reporting, especially Scope 3 emissions, which account for 91 percent of our total emissions.



While total GHG emissions are important, the intensity of our emissions is more relevant for emissions management and benchmarking. In order to derive accurate emissions intensity figures, we need three data points for each journey: the fuel consumed or actual emissions, the tonnage transported and the distance travelled.

With this data we can determine the emissions per tonne per kilometre or nautical mile – a standard industry metric for the efficiency of logistics operations. We will apply this approach to emissions across shipping, trucking, barging and railways in the coming years.

It is not currently possible to obtain all data necessary to calculate our emissions intensity for all commodities transported, but we are updating our databases and reporting systems so we will be able to improve in the future. We have set ourselves a two-year target to report on carbon intensity. By 2020, we plan to track GHG emissions in kilograms per tonne of commodity moved per kilometre or nautical mile.

Scope 1 and 2 emissions

On an aggregate Group basis our Scope 1 and Scope 2 emissions, i.e. direct emissions from owned or controlled sources as well as those emissions from the generation of purchased energy, amounted to

472,161 tonnes of CO_2 equivalent (tCO_2e) in 2018 (2017: 356,721 tCO_2e), an increase of 32 percent. The increase reflects the addition of two new mines this year and more comprehensive data collection from our owned shipping fleet. Our lead and zinc mine in Cuba, which was under construction in 2017, began full operations this year and we reopened our copper mine in the DRC that was under care and maintenance in 2017. Both contributed to the increase.

Scope 1 emissions from our owned shipping fleet increased, with the inclusion of additional vessels and emissions from vessels in port being included for the first time this year.

Emissions from our fluvial operation in Paraguay increased by five percent as pushers and barges now also supply fuel to southern Bolivia, doubling journey times. However, the focus on efficiency has delivered a 20 percent increase in activity with only a five percent increase in fuel used; this translates into a 13 percent improvement in fuel efficiency. Put differently, the energy efficiency gains in 2018 saved 351,068 gallons of fuel compared to what would have been burnt otherwise, equivalent to 3,550 tonnes of avoided GHG emissions.

Scope 3 emissions

Total Scope 3 emissions amounted to 4.86 million tCO_2e in 2018 (2017: 2.42 million tCO_2e), a doubling of reported emissions. These figures are not directly comparable however, as this sharp increase is primarily due to an increase in the scope of our data capture. Scope 3 emissions reported this year include those from all wet and dry time charters and, for the first time, wet and dry spot charters. Also reported for the first time are emissions from barges and from trucks hauling material from our mines to ports.

The largest increase in Scope 3 emissions came from our shipping activity. Emissions more than doubled from 2.11 million tCO_2e in 2017 to 4.49 million tCO_2e in 2018, mainly due to improved data capture.

Impala Scope 3 emissions rose 27 percent to 93,232 tCO_2e (2017: 73,258 tCO_2e). This was partly because of increased trucking activity in Colombia and Africa where significantly larger volumes of commodities have been traded.

Last year our Mining Group did not report any Scope 3 emissions. This year we report emissions of 47,175 tCO_2e from trucks transporting commodities to ports.

Increases in Scope 3 emissions in Oil and Petroleum Products Trading reflect the inclusion, for the first time, of emissions from third-party contractors providing barge- and vessel-based transportation.

Trafigura 2018 GHG Inventory

Shipping and Chartering 2018 GHG Inventory

Shipping and chartering

Shipping emissions account for 89 percent of Trafigura's total GHG inventory. We have been reporting GHG emissions from shipping for several years, but in the past these figures have not been as complete as we would have wished.

In 2018, we included data from all owned and time-charter vessels, both while they are at sea and in ports. Emissions from spot-chartered wet and dry freight vessels have also been included for the first time. As a result of these changes, combined emissions for shipping and chartering more than doubled to 4.74 million tCO_2e (2017: 2.21 million tCO_2e).

Shipping data availability differs depending on how we are chartering the vessel. Where we purchase the fuel for the charter and have control of the route, we can straightforwardly calculate the emissions that result. However, where a contractor is undertaking this for us, we typically do not have data that show actual fuel consumption and emissions.

There is a particular challenge in deriving data relating to spot-chartered vessels. For these charters we contract a third-party vessel and have little information about the amount of fuel used.

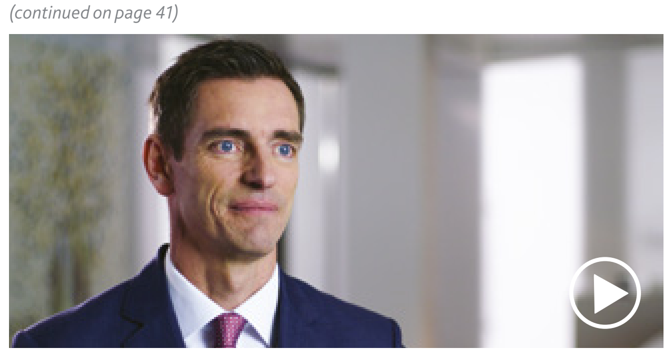
To overcome the issue of limited data, Trafigura has worked with University Maritime Advisory Services (UMAS) to estimate the emissions resulting from spot charters of vessels carrying Trafigura oil. UMAS used data from the IMO's database on global shipping voyages to determine the route, tonnage and estimated emissions from each vessel chartered.

Responsible chartering

Trafigura is one of the largest charterers of vessels worldwide. We regularly review our policies to counter the threat of marine spills and lower our carbon footprint. During 2018, we overhauled and enhanced our vessel vetting procedures – for example, by reducing the maximum age for dry bulk vessels we charter.

In April 2018, the International Maritime Organisation (IMO) adopted its climate change strategy to reduce GHG emissions from shipping. As a business leader in the shipping value chain, we are pleased to be a lead signatory on a CEO 'Call to Action' launched in October 2018 by the Global Maritime Forum (GMF). We endorse the IMOs vision of phasing out GHG emissions as soon as possible. The IMO strategy – to reduce the total annual GHG emissions from international shipping by at least 50 percent by 2050 compared to 2008 – is a step towards achieving GHG emissions reductions consistent with the Paris Agreement temperature goals. To achieve this, the shipping industry needs to further improve operational and technical energy efficiency, and must transition to zero-carbon fuels and new propulsion systems. We are promoting ambitious climate action via the GMF and we invite other CEOs from the maritime

(continued on page 41)



View an interview with Rasmus Bach Nielsen, Trafigura's Head of Wet Freight Shipping. www.trafigura.com/2018RR

External voice:

Smart Freight Centre – Understanding and minimising emissions from global freight and logistics

Freight and logistics are the backbone of today's global economy. An estimated 16 trillion dollars' worth of merchandise is exported every year and this figure is growing. The sector faces five major challenges: explosive growth, inefficiency, rising costs, high fuel use and environmental impact.

Freight transport accounts for 7-8 percent of total carbon dioxide emissions worldwide. Total freight emissions will need to be almost 65 percent lower than 2015 levels by 2050 if we are to meet the ambitions set out in the Paris Climate Agreement. Yet demand for freight transport is predicted to triple over the same period according to the International Transport Forum. It will take nothing less than a transformational decarbonisation of the global freight sector to meet the Paris objective.

Commodity transport emissions

Commodities have complex value chains, from extraction, manufacturing and use to recycling of the finished product. Freight and logistics provide the irreplaceable link between each phase.

Traditionally, the dozen or so companies that control the majority of commodities trading worldwide have focused on their roles as producers and marketers. There has been relatively little industry synergy on reporting and reducing freight and logistics emissions globally.

One reason is that since these activities are often subcontracted they have been classified as Scope 3 (i.e. third-party) emissions, even though this is an essential corporate activity. The complex, fragmented nature of the logistics industry is another factor.

But this is changing. Consumer-facing multinationals are under pressure to disclose GHG emissions across the supply chain. By extension, there is more onus on commodity trading companies, their logistics providers and specialist suppliers to report credible GHG data.

Smart Freight Centre (SFC) recognised that one of the first barriers to reducing emissions from freight was the lack of a global standard for understanding and comparing emissions impacts in logistics supply chains. Differing approaches to calculation and reporting made it hard to acquire accurate data.

SFC formed the Global Logistics Emissions Council or GLEC together with leading companies, associations, industry programmes and experts. In 2016, it published the GLEC Framework: the only globally recognised, harmonised method for calculating and reporting emissions across the multi-modal logistics supply chain. The GLEC Framework is consistent with the GHG Protocol that most companies already follow and is included in the reporting guidance of CDP, as well as the UN-led Global Green Freight Action Plan. Many companies have now adopted it and are aligning their carbon accounting process accordingly.

Organisations with a responsibility for transporting commodities are particularly well placed to drive positive supply chain impacts by adopting the GLEC Framework. They have a strong commercial incentive to get data from their logistic providers which, at present, is often not included in GHG reports. Further downstream, other multinational companies will use this information to report on their value chains. It also informs global and regional policy making that is focused on reducing logistics emissions.

The GLEC Framework is part of a bigger picture. SFC has always focused on bringing the logistics community together and evolving a common approach for companies that want to be Smart Freight Leaders. As multinationals embrace this approach, they will drive positive change through their own supply chains. Our conviction is that business-led, practical solutions deliver emission reduction more effectively than poorly informed, external regulation. It's the smart thing to do.

About Smart Freight Centre

Smart Freight Centre is a global, mission-driven organisation dedicated to a more efficient and low-emissions global freight sector. We bring together the global logistics community to drive transparency and mobilise multinational companies and their logistics partners to take action. This is done through global industry guidelines and solutions for emissions calculation, reporting and reduction, the first of which is the GLEC Framework, and by recognising Smart Freight Leaders. To scale our impact we are present in Europe, the Americas and Asia and collaborate with existing initiatives, partner organisations and experts worldwide.

Sophie Punte,

Executive Director, Smart Freight Centre

www.trafigura.com/external-voices

Lowering our carbon footprint on the oceans

Lowering bunker fuel consumption by our oceangoing fleet both saves money and reduces our carbon footprint at sea. We have improved baseline performance by chartering younger vessels. Additional gains rely on operating and maintaining the fleet with increasing efficiency.

Optimising bunker usage is the single most effective way to improve the operational efficiency of our owned and chartered vessels. We have adopted a three-pronged approach: port optimisation, speed optimisation and route optimisation strategies, all of which take account of environmental conditions and cover each vessel on every voyage.

Our port optimisation guidelines for vessels at anchor aim to minimise bunker usage while maintaining safe operations. Recommended measures include switching off engine room vent fans, halting certain pumping operations and addressing airflow and temperature regulation.

Speed optimisation guidelines require vessels at sea to balance bunker usage with journey times. We want to avoid vessels arriving at a port but then having to sit outside until a berth becomes available. We are aiming for vessels to steam as slow as possible but arrive at the port just in time for their delivery. Masters are asked to apply super-slow steaming where they can still ensure their vessels reach their destinations by the agreed delivery times.

The third element, route optimisation, is driving substantial bunker savings. Over the last 18 months, we have introduced smart navigation services across the fleet. Our ships share voyage and vessel data with our external partners at weather-related navigation consultancies. Their analysts plot the most bunker-efficient route ahead of each journey, factoring in tides, currents and meteorological conditions. Vessels also receive course adjustment recommendations once underway.

Taken together, these measures generated an estimated USD6 million in bunker savings in the last financial year, equivalent to avoiding 50,000 tonnes of CO_2 emissions.

www.trafigura.com/2018RR-case-studies

Two Suezmax vessels under construction, NTS shipyard, China

industry to join us in seizing the opportunity to innovate and lead the transition to a new shipping industry for the 21st century.

One of the three main components of the IMO's strategy envisages a reduction in the carbon intensity of new-build ships by embedding a progressively more demanding Energy-Efficiency Design Index (EEDI) into the approval process. The EEDI requires a minimum energy-efficiency level for new-build vessels. We have supported the order and construction of 39 best-in-class crude oil and product tankers, which will join our fleet over the next four years. These are more fuel-efficient than the majority of vessels currently operating. Their EEDIs exceed the IMO's specifications. The new-build vessels are also fitted with sulphur scrubbers to meet the IMO 2020 regulations on sulphur-oxide emissions.

The IMO strategy also includes a target for the reduction of carbon intensity of existing international shipping. Trafigura plans to publish its own carbon-intensity metrics in the future.

In the meantime, we are reducing average GHG emissions by favouring younger, more energy-efficient vessels when chartering. We have adopted a range of techniques, including route optimisation and slow steaming, to improve operational efficiency.

The role of ERM

In its capacity as a specialist sustainability advisor to Trafigura, ERM supported the development of the Group GHG strategy and reviewed the completeness and accuracy of the GHG data and the associated statements included in the 2018 Responsibility Report. The data review was undertaken as part of the internal Trafigura data validation process and covered all Trafigura divisions and entities included in the scope of the Responsibility Report, with a focus on the material GHG emission sources from operations and logistics. This involved testing the data accuracy, checking that the appropriate conversion factors have been applied and advising on the emission sources to be included in the GHG inventory, as well as supporting Trafigura in its aim to adhere to the GHG Protocol, CDP and Global Logistics Emissions Council (GLEC) reporting standards.

2019 priorities and commitments

We are committed to strengthening our environmental performance. The table below sets out our 2019 priorities.

Commitment	Salient issue
To achieve zero Level 4 and Level 5 environmental incidents.	Hydrocarbon spills and inadequate disposal of waste could infringe on health and cause damage to the environment.
To implement the Group climate change strategy.	GHG emissions contribute to climate change which threatens the full and effective enjoyment of human rights.
To monitor and seek to reduce GHG emissions.	
To benchmark and improve GHG performance.	
To report on carbon intensity in kilogram per tonne of commodity moved per kilometre or nautical mile by 2020.	

Our people

We manage office professionals and employees at major industrial installations and typically recruit from the local population. Long-term business success is built on a highly skilled and productive workforce. Our meritocratic and collaborative working environment promotes an atmosphere of integrity, ethical conduct, equal opportunity and mutual respect.
We invest in attracting, developing and retaining the best people.

Performance

- 2,150 employees joined the Trafigura Group in 2018 (49 percent office workers and 51 percent blue-collar workers).
- 32 people hired onto the Graduate Programme (including five from our Apprenticeship Programme), six onto the Apprenticeship Programme, 25 onto the International Trader Opportunity and five onto the Impala Terminals Graduate Programme.
- 26,736 learning and development-related activities completed across the Group, including e-learning modules, structured on-the-job training, classroom training and skills evaluations.
- 484 employees had a career development opportunity, i.e. a change of role or a promotion.
- 102 employees relocated internationally.

5,591

average total employees worldwide (2017: 4,857)

2018 Priorities	Progress
Learning and development Building the technical capabilities and interpersonal skills of our staff.	▷
Leadership capabilities Developing people management and leadership capabilities within the organisation.	▷
Improving efficiencies Improving the efficiency and productivity of our workforce by creating high-performing teams.	▷
Career development Providing career development opportunities for suitably qualified employees who have demonstrated that they are ready and able to take on increased responsibilities.	▷

✕ Not achieved ▷ Improving ✓ Achieved

Our approach

Trafigura fosters a culture where people can flourish and maximise their potential. Respect, diversity and performance are its basic tenets.

We set high standards. Trafigura's people combine entrepreneurialism with responsibility. Devolved decision-making allows employees substantial autonomy. Robust global systems and processes maintain cohesion and ensure full accountability.

Our people strategy seeks to motivate staff, promote agility and allow close-knit teams to operate effectively across diverse businesses with differing needs and in varying socio-economic conditions. Trafigura's Human Resources (HR) team oversees our people strategy. The Global Head of HR reports to Trafigura's Chief Operating Officer who sits on Trafigura's Management Committee and Board of Directors.

The Way We Work

In 2018, we published a guide that describes the defining characteristics of Trafigura's culture and sets out what we expect of our employees. 'The Way We Work' is available in English, Spanish and Chinese. In an accompanying video, senior managers recount their own experiences and convey their sense of what makes Trafigura's people effective. There is strong emphasis on teamwork within a non-hierarchical organisation.

All new entrants receive the guide and video, together with Trafigura's Code of Conduct as part of their induction. All employees have been encouraged to review the guide, which is available on Trafigura's intranet.

Teamwork, entrepreneurialism, accountability and responsibility are intrinsic to our corporate culture. 'The Way We Work' codifies these values and describes the behaviours we expect of our employees:

- We listen, challenge and innovate;
- We collaborate, support and empower;
- We take accountability for and deliver against ambitious targets;
- We act responsibly.

'The Way We Work' distils our company culture and working ethos. It is now available externally to potential recruits and other stakeholders as a downloadable PDF and video in the careers section of our website.

www.trafigura.com/way-we-work

Developing our culture

Corporate responsibility is founded on personal responsibility. We aim to promote a culture where all colleagues consider the wider consequences of their actions and are prepared to question practices that may expose the business to social, environmental or commercial risk.

Trafigura has experienced rapid growth in dynamic markets. Maintaining that growth and sharpening our competitive edge depends on a ready flow of information between teams.

Trafigura's workforce is increasingly productive. Year-on-year, we are trading greater volumes without an equivalent increase in headcount. Our teams need to coordinate their efforts to perform consistently across a complex supply chain. We achieve this by focusing on teamwork.

Embedding and upholding this level of awareness across the organisation requires continuous attention. We need to collaborate across teams without losing our entrepreneurial spirit. We stress good communication and we invest in learning and development programmes to make this happen.

Supporting our people

The Trafigura Group has a proven track record of creating world-class operations around the globe. Everywhere we operate, we employ and invest locally.

Trafigura's headcount increased in 2018 with the acquisition of Pampa Energia's downstream assets in Argentina and the incorporation of Mawson West copper mine in the DRC into Trafigura Mining. Our (average of) 5,591 employees in 2018 (2017: 4,857) performed a diverse range of tasks across the Group. Fifty-eight percent are office-based and 42 percent are in the field – working in terminals, transportation and mines.

Keeping everyone safe and healthy is a priority. Trafigura engages both with individual employees and workforce representatives on health and safety.

We oppose discrimination of any kind. Management prioritises treating all employees fairly and with dignity and respect.

We have a special responsibility in those areas where we are one of a small number of employers in the community. Our presence supports local contractors, employees and local economic activity.

As well as those we employ directly, we work on- and off-site with numerous contractors and suppliers. We seek to promote employment conditions and human rights compliance that are in line with our principles.

We engage with employees and contractors, both directly and through their trade unions and other representatives, on issues that may affect them. Where there are employee grievances – whether individual or collective – we aim to address them promptly and thoroughly.

Collective bargaining

Where our people have union representation we negotiate working conditions with their union representatives. In May 2018, Trafigura acquired most of the downstream assets of Pampa Energia in Argentina. We took on an additional 700 personnel: some of whom work at its Ricardo Elicabe refinery and others that are employed in company-owned and operated service stations. Some of Pampa Energia's former employees are covered by a collective bargaining agreement. Soon after the acquisition, it became clear that the macro-economic and regulatory situation will make it challenging to keep the business as it is currently constituted. We have been engaging with union representatives on practical steps that will allow Pampa to continue as a sustainable business.

Most years we have collective agreements that expire and have to be renegotiated. For example, Impala Terminals is currently negotiating collective agreements with union representatives in our terminals in Callao, Barranquilla and Barrancabermeja. We conduct negotiations in a spirit of cooperation while always focusing on the longer-term sustainability of the business, mindful of affordability and workforce stability.

Total workforce*

Performance	Group aggregate		Oil and Petroleum Products Trading		Metals and Minerals Trading		Shipping and Chartering Desk		Trafigura Corporate		Impala Terminals		Mining Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Average no. of full time employees	**5 591**	4 857	**886**	613	**596**	535	**95**	97	**909**	842	**1 755**	1 655	**1 350**	1 115
Male (%)	**79**	78	**78**	73	**60**	58	**78**	77	**61**	61	**87**	88	**89**	87
Female (%)	**21**	22	**22**	27	**40**	42	**22**	23	**39**	39	**13**	12	**11**	13
Under 30 yrs (%)	**26**	27	**34**	41	**38**	38	**34**	35	**26**	29	**28**	26	**10**	12
30 – 50 yrs (%)	**63**	63	**55**	54	**59**	58	**64**	63	**65**	63	**61**	63	**72**	71
Over 50 yrs (%)	**11**	10	**11**	5	**3**	4	**2**	2	**9**	8	**11**	11	**18**	17
White collar (%)	**58**	59	**80**	92	**100**	100	**100**	100	**98**	98	**29**	29	**31**	33
Blue collar (%)	**42**	41	**20**	8	**0**	0	**0**	0	**2**	2	**71**	71	**69**	67
Full time (%)	**99**	100	**100**	100	**100**	100	**100**	100	**98**	98	**99**	100	**100**	100
Part time (%)	**1**	0	**0**	0	**0**	0	**0**	0	**2**	2	**1**	0	**0**	0
Permanent contract (%)	**91**	93	**1**	99	**89**	89	**0**	100	**5**	94	**13**	92	**88**	90
Temporary contract (%)	**9**	7	**99**	1	**11**	11	**100**	0	**95**	6	**87**	8	**12**	10
Covered by collective bargaining agreements	**1 588**	1 243	**138**	39	**0**	0	**0**	0	**0**	0	**975**	822	**476**	381

* All numbers are annual averages and have been rounded to the nearest full number.
All employee numbers include assets where Trafigura retains management control, e.g. MATSA (Spain), Porto Sudeste (Brazil) and Mawson West mine (DRC). Such assets are deconsolidated from Trafigura's balance sheet and as such employee numbers will vary between this report and Trafigura's Annual Report.

Employees by region

Africa	510	North America	260
Europe	1,312	Asia & Australia	988
LATAM	2,483	Middle East	38

Attracting talent

Our recruitment policy takes no account of age, gender, sexual orientation or ethnicity. We simply want to attract the most talented people. Experience, skills and attitude are our primary criteria. We prefer to recruit locally where possible so that our workforce reflects and understands the local environment. Cultural fit is another important factor. We look for candidates who will respond well in Trafigura's dynamic environment.

We regard diversity as a source of strength. Our people come from across the globe and many walks of life. This breadth of experience enriches and informs our approach.

Trafigura seeks to attract and retain the most qualified and motivated candidates for every role in the Group. Historically, women have been under-represented in the industry. We are committed to equality but recognise that balancing the gender split, particularly in senior roles within the Group, will take time. As part of its aim to increase the number of women in senior roles, Trafigura will continue seeking to attract female lateral hire applicants as well as encouraging internal development and promotion.

We are pleased to report some progress in attracting more female applicants at an entry level: the 2019 International Graduate Programme resulted in a 50/50 gender split of first-round interviewees. Maintaining our usual approach of selecting the most qualified and motivated candidates, over 60 percent of the job offers were to female candidates. Attracting female applicants is an important step towards achieving a gender balance at all levels within the Group.

Although we sometimes use external recruitment firms, most of our candidates are directly sourced. We advertise positions online and in newspapers and industry publications. We received over 91,000 job applications in 2018, a 28 percent increase on the previous year, and hired 2,150 new employees, including acquisitions (2017: 1,007).

We have an active LinkedIn presence, with 120,000 followers across our different businesses, which represents an increase of about 15 percent over 2017. Over 3,000 advertisements were posted on the site, which averaged well over 600 views each.

We sometimes recruit externally for specialist senior positions; more often, we promote from within. Many of our top managers have worked their way up through the ranks. In the past financial year, 484 employees within the Group had a role change.

Our Future Talent programmes provide a pathway into the industry for young people. The centrepiece, a two-year graduate programme , is built around structured placements in different parts of the business. In 2018, we selected 32 people from thousands of applications; five of them were graduates from our apprentice programme. In addition, five recruits joined the Impala Terminals Graduate Programme.

The Global Commodity Trading Apprenticeship is a parallel initiative aimed at promising non-graduates. For successful participants, this one-year programme culminates in a place on our graduate programme. Six people were accepted onto the apprenticeship programme in 2018.

Our International Trader Opportunity (ITO) Programme recruits promising internal and external candidates to trading desk roles. Any employee, with the support of their manager and a senior trader, can apply. In 2018, we ran two separate ITOs programmes: one in China and one in Switzerland. We received over 3,000 external applications in 2018 which resulted in 25 permanent hires.

Managing our people

The dynamic culture and scope of the career opportunities that we can offer have encouraged many high-quality people to make a long-term commitment to the company. But it does not suit everyone.

In 2018, 961 employees left the Trafigura Group (2017: 759), including 200 employees with fixed-term contracts. Of this figure, 63 percent of staff were white collar workers, while 37 percent were blue-collar workers. This level of attrition (circa. 15 percent of the average headcount excluding fixed-term contracts ending) is broadly in line with expectations.

Demographics also have a role. Around 25 percent of our staff are under 30. Typically younger employees change their employer more frequently.

A range of initiatives is helping to reduce attrition. Our interview process puts more emphasis on cultural fit; we get early feedback from new recruits; we signal internal career opportunities more clearly; and we are investing in team leaders to improve their people management skills.

Managing high-performing teams

Trafigura can only flourish by continuously improving productivity and efficiency. We have to be agile in increasingly competitive markets. As a global company, we need to collaborate internationally. Teamwork is critical.

We are developing team management as a core leadership skill through in-house training. Our latest programme builds on the success of our 'Leading for Results' training module. 'Managing High-Performing Teams' is tailored to Trafigura's needs. The workshop focuses on four key elements:

- building effective relationships
- team processes
- the organisation of work
- team direction

At the end of the session, participants draw up action plans to enhance their team leadership capabilities. This half-day workshop was launched in December 2017. It has been delivered to most middle and back office managers at Trafigura offices in China, Greece, India, Singapore, Switzerland, Uruguay and the US. At Impala Terminals, similar training sessions were delivered in Colombia, Peru and Spain.

In August 2018, we introduced a follow-up module. In this two-hour, case study-led workshop, managers collaborate in small groups to diagnose the root causes of an underperforming business and draw up an action plan to turn it around. The case study session applies the four levers that were the focus of the half-day workshop to solve practical problems. Both sessions are facilitated in-house by Trafigura's HR team.

www.trafigura.com/2018RR-case-studies

Our global learning and development initiatives are complemented by specific programmes that meet local operational needs. Impala Terminals is a case in point.

Impala Terminal's Brillamos programme operates in Brazil, Colombia, Mexico and Peru as well as in the DRC, Tanzania and Zambia. The programme's 40 participants, identified as potential future leaders, are receiving support to facilitate their growth in the organisation.

Impala has launched the Freight Forwarding Excellence Programme to upskill Latam-based employees in this area of the business. After going through specific training, they receive an internal qualification.

Integrating skills development

We hold competency reviews in trading support departments every two years to measure skills gaps and put corresponding action plans in place.

Office-based employees also participate in a six-monthly performance assessment with their managers to ensure they have a structured performance and developmental conversation twice a year.

Retaining talent

The scope and scale of Trafigura's business interests continue to grow. We want our people to grow with us.

The Group aims to drive efficiency and productivity. Our track record of strong performance and growth enables us to reward employees competitively. Salaries and conditions compare well with industry benchmarks.

Ownership is shared across the management team. Over 600 employees from around the organisation own a stake in the business. It means that key decision-makers are incentivised to act in the Group's long-term best interests.

The career development prospects implicit in our meritocratic, empowering style of working appeal to people with entrepreneurial flair, who welcome responsibility – these are the kinds of people we wish to attract and retain.

Our integrated approach to people management focuses on hiring the right people, developing their capabilities, incentivising performance, providing constructive feedback and prioritising job opportunities for qualified internal candidates.

This has helped us maintain a healthy talent pipeline in markets that often have a shortage of suitably skilled people. Our approach will remain consistent in 2019.

Learning and development

There is a growing emphasis on formal training. Our Learning and Development department is adding increased focus and structure to our approach to knowledge and skills development. Over 26,000 learning and development-related activities were completed across the Group in 2018, including e-learnings, structured on-the-job training, classroom training and skills evaluations.

Structured formal induction plans have now been developed for most trading departments. This helps new recruits understand their areas of focus and where to go for information

Enhancing crisis preparedness

Trafigura transports combustible and hazardous raw materials in large volumes around the world. We recognise that despite our best efforts, risk can never be entirely eliminated. Should the worst happen, we have crisis management protocols based on international best practice. They include detailed plans for serious incidents.

But plans alone cannot replicate the stresses and strains of a real-life emergency. If accidents happen, our people need to be as ready as possible.

We plan and execute emergency response exercises to give our people in-depth training and practical experience of different incident scenarios.

In July 2018, Trafigura joined forces with a specialist crisis management consultancy to develop realistic, multi-dimensional simulation exercises that help our people hone their response skills so they are sharp and ready at a moment's notice.

A half-day exercise in July used a simulated oil spill to test our Geneva-based Emergency Response Team's (ERT) crisis-readiness in realistic conditions. Trafigura personnel at remote locations took on the roles of Regional Response Coordinator (RRC) and ship's captain.

Rehearsing worst-case scenarios strengthens our crisis preparedness. This exercise was part of a continuing programme of similar events. Stress testing our plans and processes is revealing scope for improvement. Critically, these simulations help key managers develop the skills and coping mechanisms they will need should an actual incident occur.

www.trafigura.com/2018RR-case-studies

The Emergency Response Team in Geneva, Switzerland

Our new online Learning and Development system, rolled out in November 2017, is enhancing the learning experience. Training activity and performance are managed in the same online system, allowing employees and their managers to track and direct their own learning needs.

A library of over 125 in-house modules, converted into e-learning and including a 12-module trade lifecycle e-learning pack, which presents an A-Z review of commodity trading processes, have been created, with more than 25 under development. In all, over 700 e-training modules are available globally.

Workshops and live training sessions that complement e-learning are held in all our major centres. The 'Trading for Non-Traders' programme helps colleagues in trading support roles understand core Trafigura activity. We also hold responsibility workshops globally, which are building awareness of social and environmental risk across the Group.

As our business grows, more of our managers are being promoted at an early age. They are highly skilled and motivated. Senior HR Managers coach up-and-coming managers Group-wide in workshops and on a one-to-one basis to help develop their team leadership and communication skills. In 2019, we will roll out new workshops focusing on resilience to further develop our managers' skills.

Mentoring and on-the-job training have always been important and these remain core practices. Line managers devote significant time and energy to developing their teams. As a result, many of our people have strong specialist skills.

Our 'Audience With…' initiative has proved extremely popular over the years. Senior people share information about their departments and discuss key topics. The sessions are open to all on a first-come first-served basis. Over the past year 1,266 employees have attended 43 sessions in our hub offices.

We share best practice internationally and regularly relocate employees and their dependants to broaden and deepen their skills. We supported 102 (2017: 120) international relocations in 2018.

2019 priorities and commitments

We are committed to strengthening respect, diversity and performance in our culture. The table below sets out our 2019 priorities.

To build the technical capabilities and interpersonal skills of our staff.
To develop people management and leadership skills within the organisation.
To improve the efficiency and productivity of our workforce through continuous improvement of processes, systems and work organisation.
To provide career development opportunities for employees who have demonstrated they are ready and able to take on increased responsibilities.
We aim to achieve a 50:50 gender split on all interviewees for the graduate programme.
To roll-out new workshops focusing on resilience to further develop our managers' skills.

Trafigura Foundation

Providing long-term funding and expertise to improve socio-economic conditions for communities around the world.

A decade of activity

The Trafigura Foundation was established in 2008 to contribute to Trafigura's philanthropic aspirations and in 2018, it marked its tenth anniversary. Over the past decade, it has engaged in projects involving around USD58 million globally.

The Foundation uses its financial resources and technical expertise to support programmes that respond to specific local needs and deliver long-lasting results. Its governance structure ensures independent philanthropic decision making when selecting and supporting its various projects.

In 2017, the Foundation reframed its strategic orientation to maximise its impact by forging stronger, more strategic relationships. It now focuses on programmes in two areas of activity: Fair and Sustainable Employment and Clean and Safe Supply Chains. Each of these furthers the Foundation's mission of improving the socio-economic conditions of vulnerable communities in countries where Trafigura has a presence, driving positive and lasting transformational change for those who need it the most.

51
programmes financed

29
countries of operation

48
partners supported

$5.7m
allocated in grants in 2018

NGO FairFishing works to develop a sustainable and thriving fishery sector in Somalia, an untapped economic resource for the country which has the potential to generate food security, create new jobs and provide an alternative source of income to those on the road to piracy and other illegal activities

Fostering Fair and Sustainable Employment

The Foundation aims to create employment opportunities for marginalised populations, such as people living with disabilities, disenfranchised youth, smallholder farmers and women in vulnerable situations. It believes that a market-based approach, which bridges skill gaps by strengthening capabilities and fosters the creation of new jobs with fair remuneration and working conditions, is an effective way to fight the root causes of poverty.

In Colombia, the Foundation supports non-governmental organisation Fundación Carvajal on a project to improve living conditions in the port city of Buenaventura. This city has to cope with alarming poverty rates; job opportunities are few and far between. The project provides financial, managerial and life skills for micro-entrepreneurs in Buenaventura to help them stabilise and grow their businesses so that they can increase their families' incomes in a sustainable manner. Carvajal's programme aims to reach a total of 450 entrepreneurs by 2020. To date, 156 micro entrepreneurs have graduated.

The Foundation's innovative approach to the promotion of Fair and Sustainable Employment supports social entrepreneurs whose results-oriented, business mindsets often produce financially sustainable enterprises. These not only advance pioneering solutions to pressing social challenges but also create jobs for their communities.

In India, it partners with Sustainable Agro-International (SAI), a social enterprise which leverages the paper industry's growing demand for pulp. SAI provides farmers with inputs, such as seeds and saplings, as well as technical training and capital advances so that they can supply this raw material reliably. It also teaches farmers to plant multiple crops, increasing their families' food security and providing them with an additional source of income. To date, 500 local Indian farmers have been trained and 441 have completed the plantation of trees and crops.

Promoting Clean and Safe Supply Chains

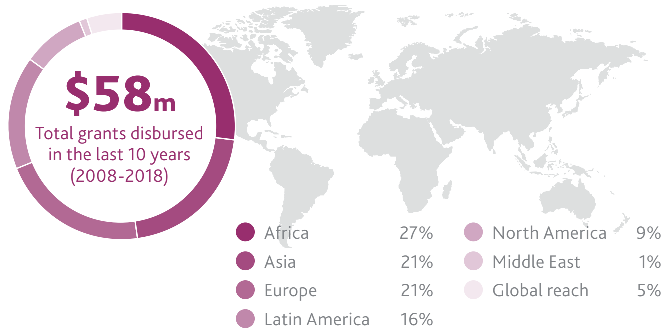
The Foundation aims to support projects that mitigate the social and environmental issues caused by supply chains on land and at sea. It is committed to providing communities with access to vital resources, services and amenities, such as markets, healthcare centres, education and last-mile delivery.

As part of this focus area, the Foundation is collaborating with international organisation Pact to improve the lives of communities in Myanmar and in the Democratic Republic of the Congo (DRC) that are reliant on the artisanal mining sector.

In Myanmar, the Foundation financed a study to understand the diverse social, health and environmental issues faced by the local artisanal mining industry.

In the DRC, the Foundation's support for Pact (see p19) is strengthening local child protection institutions, providing vocational opportunities to adolescents dependent on mining incomes and enhancing economic opportunities for adult family members within and outside the mining sector. By the end of the first year of partnership, this programme is expected to have impacted the lives of more than 200 children and their parents.

The Foundation is also working with international NGO, FairFishing, to provide an alternative source of income to those on the path to piracy and other illegal activities in Somalia. FairFishing's programme aims to develop a sustainable and thriving fishing industry. This is an untapped economic resource with the potential to generate food security and create new jobs for Somali communities. During the first year of partnership, 100 people, including fishmongers, chefs and household cooks were trained on topics such as hygiene, fish conservation and cooking techniques.



Encouraging staff engagement

An essential part of the Foundation's work is to maintain strong operational connections through its links with the numerous Charity Committees in Trafigura offices around the world. Each Charity Committee raises funds and acts as a conduit for staff members who wish to engage in philanthropic activities by contributing time or expertise.

Through the Charity Committees, the Foundation supports staff engagement initiatives and generates awareness among its corporate colleagues about the challenges faced by communities where they live and work. The Foundation supports employee fundraising efforts by matching the amount collected for each initiative and by providing grants to 'Charity of the Year' programmes elected by local offices.

In 2018, over USD500,000 was raised for charities around the world via 17 staff-led fundraising initiatives. Four organisations were elected as 'Charity of the Year' and all funds raised were matched dollar for dollar by the Foundation.

The Disaster and Emergency Fund is another initiative involving Trafigura staff. This was created in 2017 to provide post-disaster relief to those affected by natural catastrophes in countries where the Group has operations. The fund is financed through corporate e-card activity: the Foundation donates USD10 to the Disaster and Emergency Fund for each e-card sent by employees.

For more information, please visit: www.trafigurafoundation.org

The Trafigura Foundation's financial year runs from 1 January 2018 to 31 December 2018. All 2018 figures referred to are calculated on 1 October 2018.

At a glance

Trafigura's core business is physical trading and logistics; our assets and investments complement and enhance these activities.

Trading and logistics

Oil and Petroleum Products

275.2mmt[1]

(Total volume traded)

In a fragmented market where no single company has a dominant position, we are one of the world's largest traders by volume of oil and petroleum products. Trafigura is one of the few oil and petroleum product traders with global presence and comprehensive coverage of all major markets.

Metals and Minerals

95.9mmt

(Total volume traded)

We are one of the world's largest metals and minerals traders. We negotiate offtake and supply agreements with miners and smelters and invest in logistics through our subsidiary, Impala Terminals, to improve market access for our clients.

Shipping and Chartering

4,190fixtures

Our Shipping and Chartering desk is closely integrated into Trafigura's business model, providing freight services to commodity trading teams internally and trading freight externally in the professional market.

Industrial and financial assets

impala

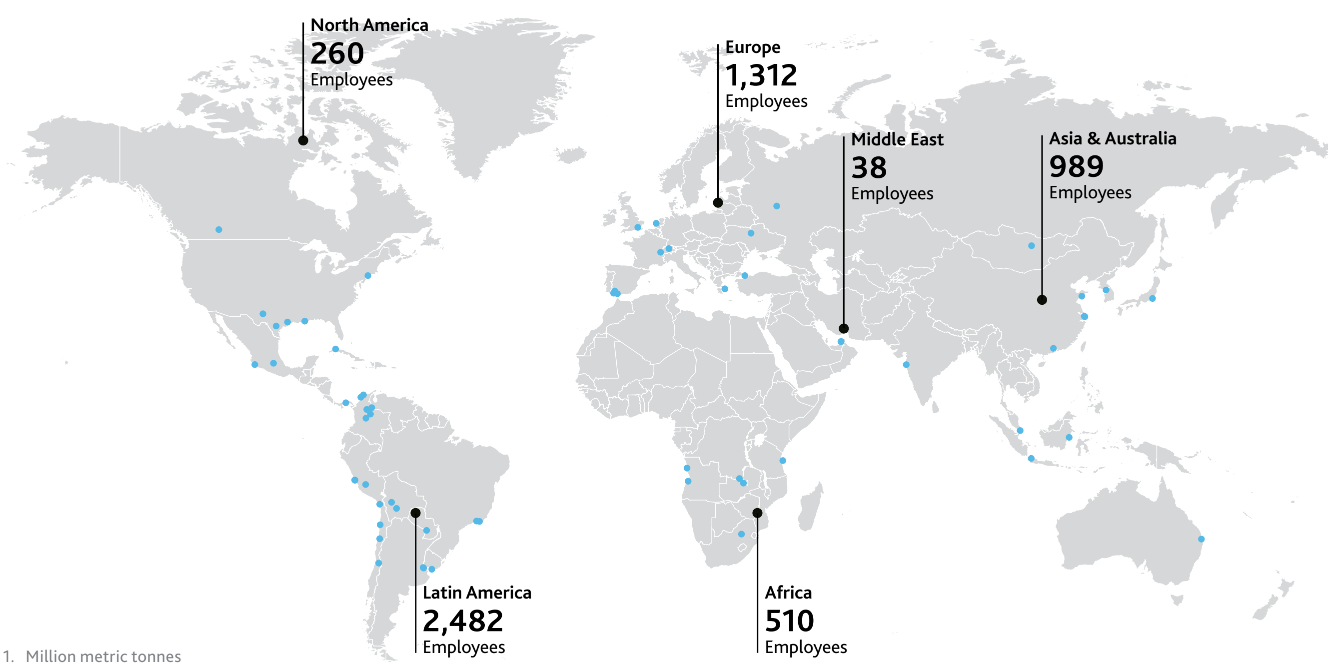
Impala Terminals is a multimodal logistics provider focused on export-driven emerging markets. It owns and operates ports, port terminals, warehouses and transport assets. It has particular expertise in providing efficient logistic solutions in challenging environments and hard-to-reach locations.

TRAFIGURA MINING GROUP

Trafigura Mining Group manages mining operations, develops projects, conducts technical audits of existing and potential partner projects; and provides advisory and support services to Trafigura's trading desks, trading counterparties and Galena Asset Management.

GALENA asset management

Galena Asset Management provides investors with specialised alternative investment solutions through its investments in real assets and private equity funds. It operates independently, but benefits from the Group's insights into the global supply and demand of commodities.

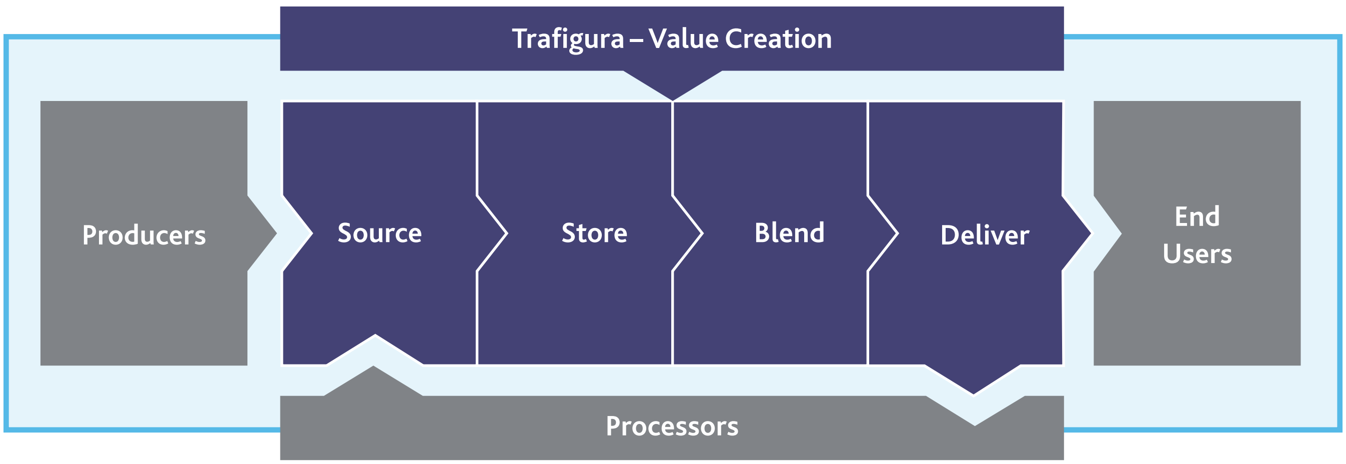


1. Million metric tonnes
2. Volume figures as at 30 September 2018

www.trafigura.com/locations

What we do

We connect counterparties, build capacity and develop physical commodity markets reliably, efficiently and responsibly. We are adding value to the global trade in natural resources with exceptional service and performance across the supply chain.



Source

We negotiate offtake agreements with oil producers, refiners, mining companies and smelters. We own mines and invest in logistics that improve market access for our suppliers.

Store

We store petroleum products at owned and third-party tankage. We store metals and minerals at Impala Terminals and third-party-owned facilities.

Blend

We blend physical commodities to regional, market and customer specifications in strategically located terminals and warehouses around the world.

Deliver

We operate efficient, safe and high-quality logistics. We move commodities by barge, truck, rail, pipeline and vessel in support of our core trading activities and for third parties.

Trafigura adds value

By transforming commodities

- In space
- In time
- In form

By reducing costs

- Global network
- Market knowledge
- Low financing cost
- Operational efficiency
- Economies of scale
- Infrastructure investment
- Supply chain optimisation

By managing risks

- Hedged financial risks
- Political and liability risk insurance
- Integrated systems and processes
- Regulatory compliance
- Governance and responsibility

Printed by Pureprint on Oxygen offset
which is 100% recycled and FSC certified.

Pureprint is certified to ISO 14001
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Audit Scheme, is a Carbon Neutral Company
and has been awarded the Queen's Award
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Designed and produced by
Group Charlescannon SARL
Geneva, Switzerland

Photography by Charlescannon,
NTS, Richard Head, Edwin Koo, Bloomberg,
WMP, Gareth Bentley, FairFishing

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