TRAFIGURA

2019 RESPONSIBILITY REPORT

TRAFIGURA GROUP PTE. LTD.

ADVANCING TRADE

Performance indicators

Average number of employees[1]

6,469

2019	6,469
2018	5,591
2017	4,857

Employees trained on anti-bribery and corruption

2,519

2019	2,519
2018	995
2017	570

Employees trained on anti-money laundering

1,654

2019	1,654
2018	989
2017	565

Fatalities

1

2019	1
2018	4
2017	2

Lost-time incidents

60

2019	60
2018	64
2017	104

Lost-time injury rate

1.76

2019	1.76
2018	2.40
2017	3.62

Volume of oil spills in litres

3,823

2019	3,823
2018	4,725
2017	43,351

Environmental incidents reported

116

2019	116
2018	146
2017	115

Scope 1 and Scope 2 greenhouse gas emissions

1,035,690 tCO_2e

2019	1,035,690
2018	472,161
2017	356,721

Scope 3 greenhouse gas emissions

6,959,378 tCO_2e

2019	6,959,378
2018	5,894,037
2017	2,421,642

Aggregate first purchases from NOC's in EITI countries in 2018

$3.2bn

2018	3.2
2017	2.7
2016	1.1

Aggregate first purchases from NOC's in non-EITI countries in 2018

$35.8bn

2018	35.8
2017	30.0
2016	20.1

Know Your Counterparty checks

8,672

2019	8,672
2018	6,475
2017	5,975

1 Total employee numbers are calculated as an average over the financial year that runs from 1 October to 30 September. 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.

New additions to our Group are only included if they are integrated within the first half of our financial year. On 31 July 2019, Trafigura became a 98 percent owner of Nyrstar. Due to the date of this acquisition, two months before the end of our financial year, Nyrstar's data will not be included until the 2020 Responsibility Report.

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 over a quarter of a century. We grow prosperity by advancing trade.

Find out more
www.trafigura.com

Contents

For more information on the way we manage corporate responsibility, including videos and case studies, please visit www.trafigura.com/2019RR and www.trafigura.com/responsibility/

Trading responsibly

Statement from the Executive Chairman and Chief Executive Officer

"Our stated objective to take a leading role in corporate responsibility in our sector has never been more important."

Jeremy Weir

Executive Chairman and Chief Executive Officer

I am pleased to present Trafigura's fifth Responsibility Report. The report accounts for our environmental, social and governance (ESG) performance in 2019. It complements our Annual Report, as well as the wide range of additional information available online at Trafigura.com. The report presents a frank and practical perspective on what responsibility means for Trafigura. It explains how we are working independently, and in collaboration with others, to manage our social and environmental impacts.

2019 was punctuated by climate activism and real traction in ESG financing. Our stated objective to take a leading role in corporate responsibility in our sector has never been more important.

The impact of climate change and need to accelerate the transition towards a low carbon economy has already brought significant changes to global trade. Our business model and the way in which we manage assets and trade commodities is fast evolving to rise to, and capitalise on, this challenge. The establishment of Trafigura's Power and Renewables Division is just one example of the steps that we have taken. We look forward to reporting on in its progress in future years.

At an operational level, acting responsibly requires an undivided commitment to safe operations and a relentless focus on robust behaviours and compliance practices.

We continue to strengthen our compliance programme as our business has grown and adapted. In the last year, we have, for example, eliminated the practice of using intermediaries for business origination and development purposes - an important step expedited by the geographical scale that Trafigura has now reached.

Technology is increasingly playing an important role when reviewing, monitoring, identifying and flagging high-risk counterparties and activities. However, it will not replace the need for human oversight, systematic training and due-diligence. We will continue to reassess our compliance programme in the year ahead and work with industry on improvements as technology, regulations and stakeholder expectations evolve.

Our stakeholders have welcomed efforts made by Trafigura in recent years to build trust through greater engagement and transparency. Maintenance of that trust will increasingly rely on our ability to leverage our entrepreneurial flare, market intelligence and logistics network in pursuit of a low carbon economy.

I look forward to reporting on further progress in advancing the responsibility agenda in 2020.

Embedding responsibility across the organisation

Statement from the Co-Chairs of the HSEC Steering Committee

"We are pleased to report improved accuracy of measurement of all emissions for which we are responsible."

Jonas Moberg and Andrew Vickerman

Co-Chairs of the HSEC Steering Committee

This Responsibility Report marks our fifth annual account of our environmental, social and governance (ESG) performance. Further to growing interest from stakeholders, we give emphasis in this report to four areas. First, the safety of those impacted by our operations. Second, our climate change strategy and emissions reporting, reflecting the priorities and principles of the Financial Stability Board's Task Force on Disclosure (TCFD) Third, our growing responsible sourcing programme, and fourth, our efforts to enhance transparency and engagement with our stakeholders.

Safety

Despite the many achievements of 2019, in terms of safety, we regrettably fell short of our objective of no fatalities associated with our Group's activities. In May, a mariner on a vessel off the coast of West Africa died having contracted malaria. Following this tragic fatality, emergency plans have been reviewed, new guidance issued, and malaria self-diagnosis kits provided.

Our serious injury rate continued to fall over the course of 2019. Our lost time incident rate fell by 27 percent - this follows reductions of 38 percent in 2018 and 12 percent in 2017. Our efforts to ensure a safe working environment remain unrelenting, and this report offers a timely opportunity to thank colleagues for their work in support of this objective.

Following a serious road traffic accident in 2018, a key safety focus has been reducing road transport risk. We revised and strengthened our Road Transport Risk Management Guidance, ran a road safety campaign across the Group and fitted in-vehicle monitoring systems in all company owned and leased vehicles.

Climate change and emissions reporting

International seaborne trade is of critical importance to our business model. It is also our greatest source of emissions, accounting for 89 percent of our total emissions in 2019.

Given that Trafigura operates a small fleet of controlled vessels, our emissions are predominantly generated by third parties. In a fragmented industry, characterised by small margins, there is a pressing need for industry and regulators, amongst others, to come together urgently to mitigate the climate-related risks posed by shipping. For this reason, Trafigura is an active supporter of the Global Maritime Forum.

In 2019, we spoke out in favour of a series of initiatives in support of climate risk mitigation. These included the introduction of a carbon levy for the maritime sector, which we consider necessary to drive the development of zero carbon emitting fuels. We favour regulations in support of slow steaming, meaning that there would be international rules capping vessel speeds – substantially cutting emissions. And we have joined the Global Maritime Forum's "Getting to Zero Coalition", calling for accelerated decarbonisation of shipping through the development and deployment of commercially viable zero-emission vessels by 2030.

There are actions the shipping industry can take to improve efficiencies: through route optimisation and better planning; building new fuel-efficient vessels; and, the chartering of vessels with lower emissions. We are working to reduce the emissions intensity of our shipping fleet.

Demands for environmental impact data have grown in recent years. This year, we are pleased to report improved accuracy of measurement of all emissions for which we are responsible. Better accuracy gives us greater confidence in our ability to report and benchmark our emissions intensity: the greenhouse gas emissions attributable to each tonne of commodity moved per kilometre.

Responsible sourcing

In 2019, the scope of our Responsible Sourcing activities extended from Trafigura's worldwide purchases of gold concentrates and copper and cobalt from the Democratic Republic of the Congo and Zambia to cover other geographies and products. Such developments reflected a growing industry trend, bolstered by the efforts of the London Metals Exchange, towards enhanced supply chain diligence. We continue to engage and support this drive, reflecting our own policy position and market demand.

We recognise that the evolving ESG agenda requires new skills and knowledge: measuring and reporting our emissions; incorporating responsible sourcing due diligence into trades; and, developing new safety competencies. We would like to thank our colleagues on the HSEC Steering Committee and across the Group for their continued contribution throughout 2019 and we look forward to reporting further progress.

Transparency and engagement

Over recent years, Trafigura has played an active role in support of commodities trading transparency and, in particular, the Extractive Industries Transparency Initiative (EITI). In 2019, we became the first commodity trading company to join the board of the EITI. Trafigura is committed towards advancing the mission of the organisation and extending its reach internationally.

Multi-stakeholder forums (MSFs) have become an integral part of Trafigura's approach to transparency and engagement. Such opportunities enable us to build a greater understanding of our impacts, positive or negative, real or perceived.

We recognise the importance of our stakeholders' views and this helps us identify, inform and prioritise our actions. We look forward to enhancing our engagement programme in 2020 and reporting extensively on matters of concern and interest to those around us in future years.

About this report

Our 2019 Responsibility Report sets out Trafigura's progress during the year implementing responsible business practice. It presents our performance against objectives set in previous years in managing our social, health and safety, and environmental impacts. The report also indicates future areas of focus.

This report has been prepared in accordance with the core Global Reporting Initiative (GRI) Sustainability Reporting standards and is accompanied by our GRI content index which maps our reporting against GRI framework guidelines.

The report also represents our United Nations Global Compact (UNGC) Communication on Progress in implementing the UNGC's Ten Principles as well as mapping our activities against the UN Sustainable Development Goals (SDGs).

Boundaries and scope

All data reported runs as per our financial year from 1 October 2018 to 30 September 2019 with the exception of EITI data. It includes information and data for those divisions, subsidiaries or investments where Trafigura has a majority shareholding and/or management control or significant influence, including MATSA (Spain), Porto Sudeste (Brazil) and Mawson West mine (Democratic Republic of the Congo).

As referred to in our 2019 Annual Report, on 31 July 2019, Trafigura became 98 percent owner of the operating business of leading zinc and lead smelter, Nyrstar. We will report on Nyrstar's social, health and safety, and environmental performance on a consolidated basis for the first time in our 2020 Responsibility Report.

The greenhouse gas (GHG) emissions data in this report includes those generated from our owned or controlled sources (Scope 1), the indirect emissions from the generation of purchased energy (Scope 2) as well as those indirect emissions across our value chain, where our service providers are undertaking logistics on our behalf (Scope 3).

In 2019, we took delivery of 39 new-build vessels that we had committed to on long-term bareboat charter agreements in 2017. Throughout this report, these new-build vessels are referred to as 'new-build' or 'controlled' and their GHG emissions are included in Scope 1.

We also adopted a new methodology when calculating our wet spot charter GHG emissions inventory due to a substantial increase in the number of actual voyages reported. In order to compare like-for-like, the same methodology was applied to re-calculate our wet spot charter GHG emissions for 2018. This resulted in an increase of 1,000,000tCO_2e in emissions for 2018. This change in 2018 emissions data is reflected throughout this report.

Contributing to the Sustainable Development Goals

Trafigura's approach to the United Nations Sustainable Development Goals (SDGs) is to focus on the specific targets where we can have greatest impact, appropriate to our activities, operations and position in the global value chain.

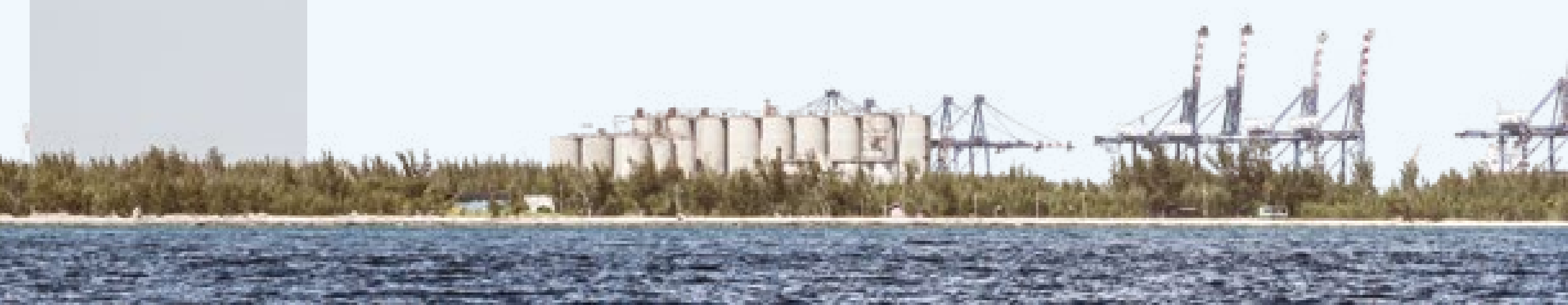
Whilst we make a moderate contribution to a number of the goals, our sphere of influence is most closely aligned to the following SDGs:

Goal 8 (Decent work and economic growth):
By fulfilling the commitments in our Corporate Responsibility Policy and Business Principles, we contribute to decent work and economic growth across the globe. Information on relevant initiatives can be found, for example, in the Society section on page 14 and the Health and safety section on page 32.

Goal 9 (Industry innovation and infrastructure):
By developing infrastructure and managing logistics routes, we promote inclusive and sustainable industrialisation. In this report we detail how we are developing new and more efficient logistics routes to support economic development in developing countries.

Goal 12 (Responsible consumption and production) and Goal 13 (Climate action):
Through our efforts to support responsible procurement of commodities, many of which are essential in driving the commodities transition, we encourage sustainable production patterns and facilitate efforts to combat climate change.

Goal 17 (Partnerships for the Goals):
We collaborate with those around us to help mobilise resources for sustainable development.



Our approach

We are committed to conducting business with a high degree of integrity, professionalism and responsibility.

As one of the world's largest independent physical commodity trading and logistics houses, with an annual revenue of USD171.5 billion and employing over 6,400 people across 41 countries, we recognise our impacts, both positive and negative, and the importance of acting responsibly.

Trafigura constantly strives to create this value, basing our efforts and measuring our performance around the following five key responsibility objectives that reflect our business values:

Conduct and compliance
To ensure activities comply with all applicable laws and regulations and that employees abide by our Code of Business Conduct.

Society
To avoid infringing on human rights, to address harms that may occur, and to earn and maintain a social licence to operate.

Health and safety
To perform operations safely, to reduce and manage risk.

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

People
To attract, develop and retain the best people in a working environment that promotes integrity, equal opportunity and mutual respect.

Policies and governance

Our policies and guidelines define how we conduct business and what we expect of ourselves and our counterparties.

Governance and oversight of our policies and guidelines are enforced by the various committees listed within our Responsibility Framework.

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 (see following page).

Mapping what matters – our salient issues

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.

Stakeholder engagement

Ongoing engagement with our stakeholders is a vital part of our commitment to responsible business practices. It enables us to identify actual and potential salient issues and to constantly improve how we operate.

Our strategies, initiatives and targets are informed by the feedback received from the groups relevant to our business operations, including investors, customers, suppliers, governments, NGOs, industry peers, educational institutions, communities and our employees. A full list of our salient issues is included on the following page.

Our engagement with these groups takes a number of forms; from bi-lateral meetings, to participating in industry discussions, to multi-stakeholder forums. Further information on our stakeholder engagement activities throughout 2019 can be found in the Society section on page 14.

Responsibility framework

OUR COMMITMENTS

Trafigura measures its performance against its responsibility objectives in the following five key areas

CONDUCT AND COMPLIANCE	SOCIETY	HEALTH AND SAFETY	ENVIRONMENT	PEOPLE
To ensure activities comply with all applicable laws and regulations and that employees abide by our Code of Business Conduct	To avoid infringing on human rights, to address harms that may occur, and to earn and maintain a social licence to operate	To perform operations safely, to reduce and manage risk	To minimise adverse impacts on the natural environment and respond to the effects of climate change	To attract, develop and retain the best people in a working environment that promotes integrity, equal opportunity and mutual respect

GOVERNANCE*

Our governance structure aims to ensure that each of our policies is implemented consistently across our organisation

COMPLIANCE COMMITTEE	HSEC STEERING COMMITTEE	CLIMATE CHANGE GROUP	OPERATIONAL RISK GROUP

POLICIES

Trafigura's policies articulate our approach to corporate responsibility. Our governance structure aims to ensure that each of these policies is implemented consistently across our organisation

Conduct and Compliance	Society	Health and Safety	Environment	People
Code of Business Conduct	Responsible Sourcing and Supply Chain Expectations	HSEC Business Principles	Climate Change Strategy	The Way We Work
	Transparency Policy	Corporate Responsibility Policy		

ASSURANCE

Conduct and Compliance	Society	Health and Safety	Environment	People
Know Your Counterparty Checks	Responsible sourcing due diligence programme			
	HSEC Assurance programme			

PUBLIC DISCLOSURES

- Annual Report
- Responsibility Report
- Carbon Disclosure Project
- Regulatory transaction reporting

MEMBERSHIPS

Conduct and Compliance	Society	Health and Safety	Environment	People
United Nations Global Compact				
World Economic Forum				
International Swaps and Derivatives Association	Extractive Industries Transparency Initiative		Global Maritime Forum	
Futures Industry Association	Global Business Initiative on Human Rights		Global Logistics Emissions Council	
Commodities Markets Council Europe	Global Battery Alliance		Oil Spill Response Ltd	
	OECD Multi-stakeholder Steering Group			
	Responsible Minerals Initiative (RMI)			
	Aluminium Stewardship Initiative (ASI)			

* Further information on the initiatives taken by each of these committees in 2019 is available via the link below

www.trafigura.com/responsibility/

Mapping what matters

Natural resources ▶ **Source** ▶ **Store** ▶ **Blend** ▶ **Deliver** ▶ **Transformed commodities**

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

Source	Store / Blend	Deliver
• 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) • Oil storage on Group-owned vessels	• Transportation by Group-owned and operated transport assets, e.g. vessels and barges

Indirect relationships – where Trafigura doesn't have control but engages with its counterparties

Source	Store / Blend	Deliver
• State-owned oil producers, refiners and marketers • Multinational and regional oil producers, refiners and traders • Trafigura Group minority-owned refiners • State-owned mining companies, smelters and marketers • Multinational, regional and small-scale mining companies, smelters and traders • Minority-owned mines and smelters	• 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 • Oil storage on third-party-owned vessels leased in part or in full on a time-charter or voyage-charter basis	• Transportation by state-owned rail network and pipeline providers • Transportation by third-party-owned rail, vessels, barges, trucks and pipelines leased on a short- or long-term basis • Oil and petroleum product consumers (e.g. refiners, power generators, shipping industry, aviation companies, petrochemical industry, major manufacturers and fuel retailers) • 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
- Climate change
- Responsible sourcing
- Nuisance smells
- Dust exposure
- Community consent
- Seafarers' rights
- Access to grievance mechanisms
- Vapour capture
- Unsafe conditions
- Oil storage
- Transportation safety
- Dry cargo liquefaction
- Tailings dam management
- Union recognition and labour rights
- Pollution prevention
- Impact of product
- Bribery and corruption

* Further information on our salient issues and the potential rights holders impacted is available via the link below

www.trafigura.com/responsibility/

Conduct and compliance

Wherever we operate, we aim to ensure our conduct is in line with all applicable national and international laws and relevant internationally recognised standards.

2019 Performance

PurpleTRAC system adopted to better monitor vessels associated with sanctioned countries, entities or individuals.

742 new start, office-based employees trained on Code of Business Conduct in 2019. (2018: 570)

1,654 anti-money laundering training sessions delivered in 2019. (2018: 989)

2,519 anti-bribery and corruption training sessions delivered in 2019. (2018: 995)

2020 Targets

Due diligence

To continue to develop our Know Your Counterparty (KYC) programme by introducing efficiencies, improving intelligence and maintaining comprehensive coverage.

Training

To continue to develop and extend training on key risk areas to all staff members across all Group companies.

Regulatory engagement

To continue to engage with regulators on key issues relating to the commodities trading sector.

Stakeholder engagement

To continue 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 counterparties.

Responsible business conduct

Managing compliance is a top priority for an organisation with our size, scope of activities, geographic spread and number of relationships.

Our approach

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

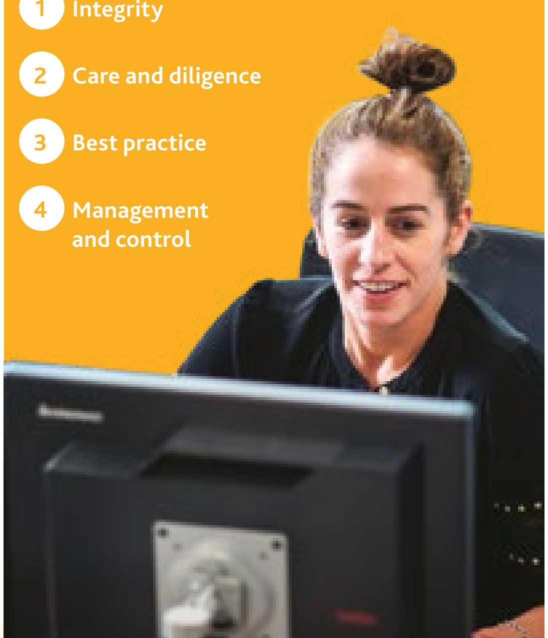
We aim to maintain a responsible compliance culture where all staff recognise both personal and collective responsibility. The high standard of behaviour we expect from our people is enshrined in our Code of Business Conduct (the Code).

Principles of sound business conduct

Every member of staff must attest to receiving, understanding and complying with the Code which sets out expected behaviours in all our business activities. All management teams are charged with promoting these behaviours across the Group. They are supported by our Compliance department.

Four key principles inform our approach:

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



www.trafigura.com/brochure/trafigura-code-of-business-conduct

313

Market Abuse Regulation training courses completed in 2019 (2018: 663)

1,508

Anti-competitive Practices training courses completed in 2019 (2018: 75)

Compliance activities

Financial markets compliance

Trafigura accesses both exchange-traded and over-the-counter derivative markets to manage the risks associated with our physical market activities. As such, we comply with the relevant rules and requirements at various exchanges.

Our controls and systems meet all applicable regulatory and exchange rules. We apply both exchange-set and regulatory-compliant position limits and report derivative transactions as required.

Market conduct

We continue to refine TradingHub's Market Abuse Surveillance Tool to monitor for suspicious futures-related trading activity. We have put a structured programme in place to monitor and analyse outputs and, as needed, escalate our responses.

Commercial compliance

Commercial compliance is founded on the application of Trafigura's Code. 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 inappropriate 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. The sanctions landscape is constantly shifting; we ensure we remain compliant by paying close attention to developing policy. During 2019, the US administration tightened sanctions against Iran and Cuba. It also targeted Venezuela with new measures. We have reviewed and revised our policies accordingly.

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.

During 2019, we adopted the PurpleTRAC vessel tracking system. This provides multi-layer screening and tracking to check the voyage history and sanction compliance of vessels and their associated companies. Time-stamped, tamper-proof records provide an official record of the vessel's history and status.

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.

In 2019, Trafigura eliminated the practice of using intermediaries or agents for business origination and development purposes.

Developing our KYC programme

Counterparty due diligence

Trafigura continually reviews its KYC methodology to ensure that it remains up to date with developing international standards. We are increasingly utilising technology to review, monitor, identify and flag high-risk counterparties and activities faster and more accurately. 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.

Anti-money laundering

Our KYC and screening procedures aim to highlight prospective counterparties that might pose any risk to our business. We have implemented a range of measures to raise awareness internally, including mandatory online training, to give employees a detailed understanding of anti-money laundering and associated control processes.

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 8,672 KYC checks during 2019 (2018: 6,475 checks).

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 2019, our Compliance department met with over 20 leading banks across the world's financial centres.

We engage with regulators to assist in the development of appropriate regulations for our industry. We also participate in industry advisory bodies, such as the International Swaps and Derivatives Association, the Futures Industry Association and the Commodity Markets Council Europe.

8,672

KYC checks during 2019 (2018: 6,475)

Society

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

2019 Performance

2019 Performance	Status
To deliver improvements on the handling of operational-level grievances against the Trafigura standard.	Improving
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.	Improving
To continue to support Chemaf in establishing Mutoshi as a benchmark site for responsible, large-scale semi-mechanised mining.	Improving
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).	Improving
To continue to support and promote the activities of the EITI and the application of the EITI Standard to the commodities trading sector.	Improving

2020 Targets

- To consolidate and enhance Trafigura's stakeholder engagement programme.
- To adapt, as necessary, targeted due diligence, impact mitigation and reporting in support of the responsible sourcing of all metals and minerals by Trafigura, in line with LME requirements.
- To establish the Mutoshi Pilot Project as the benchmark example of cross-sector collaboration in pursuit of the formalisation of artisanal small-scale cobalt mining.
- To directly contribute to the mandate of the EITI and its extension to the commodities trading sector, for example, through active participation on the EITI Board.
- To develop Trafigura's EITI disclosures reflecting more detailed reporting by EITI countries in their efforts to implement the revised EITI Standard.

Not achieved | Improving | Achieved

$3.2bn

Aggregate first purchases from NOC's in EITI countries in 2018 (2017: USD2.7bn)

$35.8bn

Aggregate first purchases from NOCs in non-EITI countries in 2018 (2017: USD30.0bn)

Stakeholder engagement

We rely on the support of local communities, host nations and international stakeholders to perform effectively. To build that support, we must communicate openly.

Our approach

Earning and maintaining our social licence in communities where we operate reduces risk, supports the development of our business and enhances our access to talent, capital and liquidity. Promoting greater linkages with the community and driving improved transparency locally and internationally are vital components. Where our activities impact others, we act to address adverse impacts with which we are involved.

Engagement and transparency

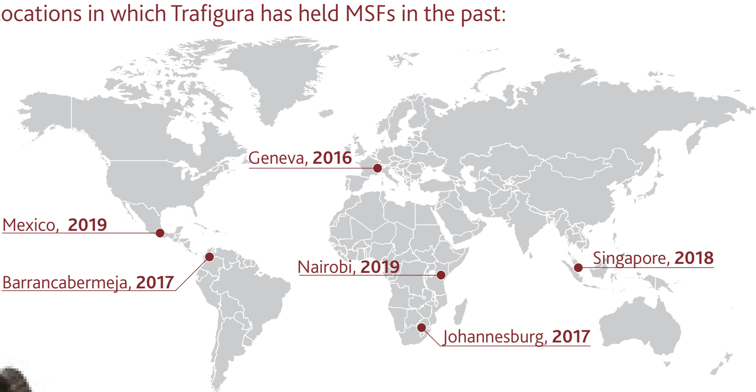
Since its establishment in 2010, Trafigura's Corporate Affairs department, which incorporates both our Corporate Responsibility and Health, Safety, Environment and Communities (HSEC) functions, has played an active role in engaging with, amongst others, counterparts and financiers in the interests of charting and responding to matters of concern. The frequency and substance of these conversations has grown markedly over recent years affording us the opportunity to communicate, test and enhance our approach on a diverse range of matters. Three growing areas of interest over 2019 related to Trafigura's response to climate change (see p.42), our Responsible Sourcing programme (see p.18) and sustainable finance.

Multi-stakeholder forums

Multi-stakeholder forums (MSFs) are an integral part of Trafigura's approach to transparency. Importantly, they enable us to build a greater understanding of our impacts – either positive or negative, real or perceived. These extended meetings provide the opportunity to engage in dialogue with a diverse range of stakeholders.

The more we understand about what our stakeholders regard as important, the more accurately we can identify and prioritise our approach towards mitigating salient issues. Forums are typically held at the end, or the beginning of each financial year, so as to directly inform strategy and rotate between major hub offices and other Group-related operational locations. Trafigura intends to continue to hold MSFs in 2020.

Locations in which Trafigura has held MSFs in the past:



In 2019, we held MSFs in Mexico City and in Nairobi. Both events were attended by senior representatives of government, multilateral financial institutions, non-governmental organisations, commercial counterparts, banks and investors, along with key personnel from Trafigura.

On each occasion, we aired topical issues with particular resonance at each location.

View our video with our Head of Corporate Responsibility who discusses the purpose of our multi-stakeholder forums www.trafigura.com/2019RR

"The sector has come of age, and with that comes a need to ensure that we act responsibly and are prepared to communicate with our many stakeholders [...] We may consider ourselves as transmitters of market signals – but we also need to be greater receivers and responders to social signals. We have to do better to demonstrate the value we bring to those around us."

Jeremy Weir, Executive Chairman and Chief Executive Officer,

Keynote speech during the FT Global Commodities Summit, Lausanne, Switzerland.

"MSF meetings provide the opportunity to engage in dialogue with a diverse range of stakeholders"

Kenyan MSF, Nairobi, October 2019

This was the first MSF that Trafigura had held in a location in which Trafigura has no current physical footprint, but has from time to time engaged in the supply of refined oil products.

The objective of the meeting was to outline the activities of the Group and present ourselves as a responsible partner in the event that a commercial opportunity arises in the future. Topics of particular focus included an overview of Trafigura's oil trading business on the African continent, as well as a presentation on PASH, an investor in the clean energy sector majority-owned by Trafigura and with a considerable African footprint.

Topics of discussion also included:

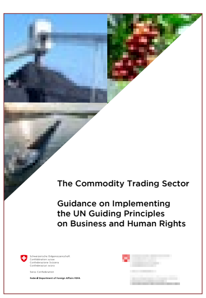
- The advent of Kenyan oil production;
- Refined product supply;
- Geothermal and wind power generation in Kenya's Turkana region;
- Other opportunities for renewable energy production e.g. solar;
- Regional trade finance;
- Anti-corruption policies and procedures.

Mexican MSF, Mexico City, August 2019

Trafigura has a variety of trading and asset-related business interests in Mexico incorporating both oil and petroleum products, as well as metals and minerals. The objective of the meeting was to outline the activities of the Group and to discuss the impact of government policy under the leadership of President Lopez Obrador.

Topics of discussion included:

- Energy reform;
- The strengthening of state-owned oil enterprise 'PEMEX' as well as public utilities;
- Cross-sectoral collaboration between government, civil society and the private sector;
- Anti-corruption;
- Women and indigenous peoples' rights;
- Environmental concerns, including climate change.



www.ihrb.org/uploads/reports/Commodities_Trading_UNGPs_Guidance_-_Nov_2018.pdf

International best practice

Acting on UNGP sector guidance

With the support of the Swiss government, the Institute for Human Rights and Business (IHRB) published specific guidance on implementing the UN Guiding Principles on Business and Human Rights (UNGPs) in the commodities trading industry in November 2018. We welcomed the publication and during 2019 have sought to implement adjustments within day-to-day operations. With regard to UNGP 17 concerning due diligence, this included a full review of third-party security providers appointed at operational installations worldwide. Our objective was to understand whether existing due diligence measures were sufficiently robust and, for example, aligned with the Voluntary Principles on Security and Human Rights.

Trafigura has and will continue to engage with the Voluntary Principles Secretariat, under the Chairmanship of the Swiss Government in 2020. In 2019, our liaison with the Swiss Government on such matters included hosting a visit by the Swiss Ambassador for the Human Security Division to the operations of a major supplier to Trafigura that operates in the Democratic Republic of the Congo.

Promoting responsible business in Switzerland

As part of our commitment to implement the UN Global Compact (UNGC), Trafigura continued in 2019 to play an active role on the Board of the Swiss branch of the UNGC Network. This Responsibility Report represents Trafigura's Communication on Progress relevant to advancing the agenda of the UNGC.

Grievance management

We believe that every grievance must be acknowledged, logged and managed consistently, with due respect for the complainant. We operate a variety of channels for these purposes both at an operational level, where all major installations are required to manage a comprehensive grievance process against an established Group-wide standard, and at an international level through 'Expolink' our anonymous 24/7 multilingual telephone hotline, web reporting and email service. Expolink is promoted and explained via several channels, including on Trafigura's website where it is readily accessible from the landing page.

Trafigura received a range of grievances in 2019 – we sought to handle each with due sensitivity to the complainant. In 2018, we reported a concern that the use of Expolink appeared limited '*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*'. In 2019, the geographical dispersion of reported grievances and the range of issues brought to our attention indicated that awareness of the tool had grown. For the first time, for example, we received a grievance related to the welfare of seafarers on a chartered vessel. The issue was duly investigated and the matter closed shortly thereafter.

In 2018, we reported the reopening of our Mawson West mine in the 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 established a network of Community Liaison Officers (CLOs). In 2019, we conducted a third-party review of our community liaison activities. A number of recommendations were tabled for consideration, including the need to improve the management of CLOs in the region. In 2020, we will endeavour to report on how such improvements have been made.

Responsible sourcing

Mitigating the potential social or environmental impacts associated with extraction

Our Responsible Sourcing programme recognises the potential for adverse social or environmental impacts associated with extraction, processing and trading commodities. Such impacts can affect the Trafigura Group both directly, in the case of our owned assets and managed operations, as well as indirectly through the activities of business relationships. The focus of our Responsible Sourcing programme is not limited to specific metals, minerals or geographies.

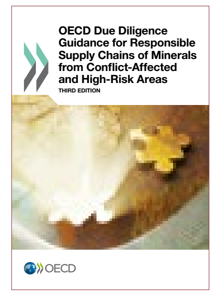
Over recent years we have reported on our Responsible Sourcing programme; in so doing we have sought to present progress and challenges experienced along the way. Our 2018 Responsibility Report was presented by the OECD's Responsible Business Conduct Unit to delegates of the "OECD Forum on Responsible Mineral Supply Chains" in Paris as a leading example of reporting by a company on diligence efforts.

Management approach

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

Our responsible sourcing approach is based on the OECD's 'Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas' (OECD Guidance). It incorporates four sets of standards that define our specific expectations of suppliers, including our:

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



mneguidelines.oecd.org/mining.htm

www.trafigura.com/brochure/responsible-sourcing-and-supply-chain-expectations

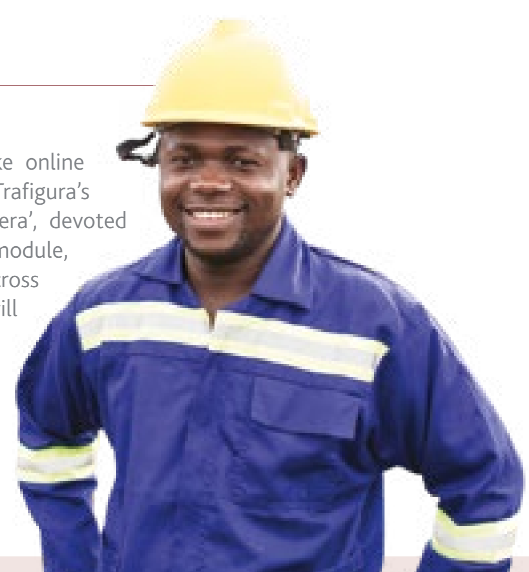
"In 2019, our activities extended to aluminium, lead and zinc, reflecting a welcome industry trend towards enhanced supply chain diligence."

Scope of activities

In 2019, the scope of our responsible sourcing activities extended from Trafigura's worldwide purchases of gold concentrates, and copper and cobalt from the DRC and Zambia, to other products such as aluminium, lead and zinc, reflecting a welcome industry trend towards enhanced supply chain diligence.

The key supply chain due diligence activities with our responsible sourcing programme are detailed on the following page.

In 2019, we developed a bespoke online data management module within Trafigura's existing HSEC data system, 'Sphera', devoted to responsible sourcing. The module, scheduled to be implemented across the business in late 2019, will significantly improve our ability to track the performance of our suppliers against our expectations and report back to stakeholders as required.



Summary of supply chain due diligence within Responsible sourcing

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 to the supplier	• 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, logistics, 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 Assessment Protocol guides the scope and consistency of the assessment process • 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	• 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

James Nicholson

Head of Corporate Responsibility

Reflections on a fast-evolving agenda

When we originally embarked on our Responsible Sourcing programme, some counterparts regarded the activity as onerous and without immediate commercial relevance. That view is fast changing for a number of reasons.

Firstly, our commercial counterparts are increasingly aware that the market has evolved. The London Metal Exchange (LME) for example is in the process of introducing Responsible sourcing standards and requirements. The impact of this initiative will extend well beyond LME producers and brands – it will fast-track the adoption of responsible sourcing initiatives by all market participants, regardless of their scale. It will also drive the need for more due diligence assessments. Those of our counterparts that have contributed to our Responsible Sourcing programme are prepared for this and will not be disrupted.

Secondly, regulations are evolving. For those banks with registered offices in, for example, the UK and Australia, due diligence is now required by law in order to ensure that supply chains are free from 'modern slavery'.

Thirdly, investors are becoming increasingly aware and sensitive to risks associated with mining. In 2019, this trend was exemplified by the Investor Mining and Tailings Safety Initiative – whereby a group of 96 institutional investors (representing more than USD10.3 trillion assets under management) requested specific disclosures on Tailings Storage Facilities from 683 listed extractive companies. Trafigura responded to this initiative both by disclosing information relevant to its own tailings dams and related facilities, as well as through adapting our diligence of suppliers during desk-based and site-based assessments.

Lastly, the attention of the media and civil society organisations has never been more focussed on the metals supply chain and its vulnerabilities. Amnesty International's ground-breaking report on cobalt, published in January 2016, set the tone for the cobalt market. Concern has also, quite logically, spread to other metals and minerals – in part reflecting demand from end-consumers.

Enhancing stakeholder engagement

In 2019, Trafigura's Responsible Sourcing programme has increasingly generated interest amongst business relationships and wider stakeholders. In response, we have held multiple in-depth meetings with the compliance and sustainability teams from international banks, as well as existing and potential commercial counterparts. Such meetings have enabled us to explain our approach to supply chain risk assessment and risk mitigation. In 2019, we held two half-day workshops for banks in Paris and in London with a specific emphasis on managing business responsibly in the DRC.

To support engagement with key stakeholders, and bearing in mind that the details of our site assessment reports remain confidential to Trafigura and the counterpart concerned, in 2019 we developed a standalone summary report that provides observations made by third-party assessors against the key risks identified in OECD Guidance. By providing such information we aim to support our counterparts in better understanding the findings of site assessments and any key actions that are being undertaken as a result. Reports also assist entities in the value chain in meeting their own reporting obligations, such as those related to the UK Modern Slavery Act.

Engagement activities during 2019 have also incorporated support to various academic institutions both in contributing towards debate as well as the development of case studies. We see this activity as offering an important opportunity to contribute to, and be challenged on, our approach. In 2019, our collaborations included work with Switzerland's Graduate Institute of Geneva, University of Geneva and University of St. Gallen, the NYU Stern School of Business, as well as the University of Queensland, Australia.

"Trafigura's Responsible Sourcing programme has increasingly generated interest amongst business relationships and wider stakeholders."

www.trafigura.com/brochure/2019-modern-slavery-act-statement

www.trafigura.com/brochure/tailing-storage-facilities-under-the-direct-and-indirect-management-of-trafigura

Collaborating for change

Over recent years an increasing number of standalone, product specific, responsible sourcing initiatives have been developed. In some cases, our commercial counterparts have encouraged us to align with their preferred association; however, given the broad spectrum of products traded by Trafigura, we enter into such discussions cautiously. Our preference, whilst accepting that social and environmental impacts can be varied across products, is for industry alignment.

Trafigura is a customer of the London Metal Exchange (LME) and serves on the Aluminium and Traded Options Committees. In 2019, Trafigura actively contributed to a consultation overseen by the LME in relation to the proposed introduction of responsible sourcing standards across all LME-listed brands. These rules would implement standards that are consistent with, or build upon, OECD Guidance.

We have made various verbal and written contributions to the process. While, with the exception of Trafigura's stake in Nyrstar, Trafigura does not own any LME brands, we do on occasion supply them with products and, as such, intend to ensure that, in addition to the provision of physical material, we can also demonstrate and leverage the value of our chain of custody.

In 2019, Trafigura engaged with the following voluntary responsible sourcing initiatives. All are global and multi-stakeholder in nature.

Gold

In 2018, we reported that Trafigura had a small but growing business portfolio in trading gold concentrates. During 2019 we:

- Completed desk-based due diligence of all current and prospective gold suppliers; and
- Completed 'Level 1' supplier assessments for nine counterparts.

In 2020, we will continue to prioritise diligence efforts in support of our gold trading activities – as a means both of enhancing our own risk management, and of ensuring that future regulatory changes, for example those related to the EU Conflict Minerals legislation coming into force in 2021, are fully catered for.

Industry initiative	Date joined	Function	Trafigura's objective
Aluminium Stewardship Initiative	2019	Defines standards for sustainability performance and material chain-of-custody for the aluminium value chain, including an associated assurance and certification system.	To ensure that the impacts, activities and interests of our business and the wider commodities trading sector are appropriately integrated into the ASI Performance Standard and Chain of Custody Standard, both of which are due for imminent revision.
World Economic Forum Global Battery Alliance (GBA)	2018	Drives transparency, company management systems and public policies for due diligence and responsible mining practices across the battery value chain.	To give particular support to the efforts of the GBA's Cobalt Working Group (CWG) in scaling-up support for the formalisation of ASM and the acceptance of responsibly sourced ASM-produced cobalt into the global supply chain. Trafigura serves on the Executive Board of the GBA and in 2019 served as co-Chair of the CWG.
OECD Multi-Stakeholder Steering Group	2018	Liaises with international or regional bodies with respect to the implementation of OECD Guidance, outreach and the provision of support to the OECD Secretariat.	To ensure that the impacts, activities and interests of our business and the wider commodities trading sector are appropriately integrated into the OECD responsible sourcing agenda.
Responsible Minerals Initiative (RMI)	2018	Develops tools and resources including the Responsible Minerals Assurance Process, the Conflict Minerals Reporting Template, and a range of guidance documents on responsible minerals sourcing.	To support the standardisation of responsible sourcing processes and protocols with a particular emphasis on supporting improvements to audit standards in the cobalt supply chain.

Copper and cobalt suppliers in the DRC and Zambia

By the end of FY2018 we had completed site-based assessments on a majority of our copper and cobalt suppliers in the region, so our activities in 2019 primarily focused on assessing new suppliers, or evaluating the risk mitigation progress made by suppliers whom we had previously assessed.

During 2019 we:

- Completed and then refreshed desk-based due diligence of all current and prospective copper and cobalt suppliers. Important to note is that our chosen assessment format mirrors, in part, the type of assessments that the industry's financing banks are increasingly conducting, as standard;
- Completed multiple 'Level 1' supplier assessments, whereby 29 counterparts have now been requested to complete bespoke questionnaires for our review since the programme began;
- Conducted site based 'Level 2' assessments of certain suppliers, in some cases on multiple occasions, that were deemed to present a higher risk to Trafigura's supply chain; and
- Engaged with a limited number of suppliers on an ongoing basis to help raise their capacity to mitigate salient social and/or environmental risks.

Level 2 assessments of 'high-risk' suppliers that required 'close ongoing monitoring' were conducted, however the risk status of those suppliers at the time of reporting remained unchanged. It is regrettable to report that, while no evidence of serious abuses (such as child labour) were identified, their risk status remains unchanged. In light of this challenge, in 2019 we sought to deepen our relationship with the NGO Pact – leveraging and deploying their expertise in the mitigation of certain risks. We have confidence in this model and will continue to exercise commercial leverage to support enhanced supplier performance. We did not disengage from any suppliers during the year and have active dialogue with high-risk suppliers on options for risk mitigation.

"We have seen growing interest from downstream companies in understanding potential risks relating to cobalt production in the DRC."

In our 2018 report we noted that our due diligence engagement with suppliers on responsible sourcing was the first time many of these companies had experienced in-depth enquiries on these types of issues. During 2019, we have found that general awareness has grown significantly amongst producers operating in the region – this has been propagated in part by the LME's responsible sourcing initiative. Nevertheless, the need for constant reinforcement remains.

Some of the key challenges our Responsible Sourcing programme faced during the year included:

- In certain market conditions, many producers, regardless of their scale, supplement ores from their own mining operations with supplies from third parties, including purchases from open markets. These activities are difficult to track. We encourage all suppliers that do this to adopt Trafigura's Responsible Sourcing Minimum Expectations and apply this to their assessments of their third-party ore suppliers. Suppliers that we re-assessed during the year had introduced due diligence processes as a result of recommendations made following our first assessment visits in 2018; however in many cases we found that counterparties' own due diligence required improvement.
- Many of our counterparties in the region are controlled from headquarters based overseas. For several of our counterparties their internal management structure is such that approval must be obtained from headquarters in order to implement new management processes or to invest their company's resources in responsible sourcing risk mitigation activities. Where those operating from headquarters are unfamiliar with responsible sourcing initiatives this can mean that the pace of change at some companies can be slow. In such cases, Trafigura has engaged with staff at central office locations in order to build awareness of the programme and of Trafigura's expectations.
- Over the course of 2019, the cobalt price plummeted. This led to considerable social volatility within the ASM community resulting in a migration of workers from exploiting cobalt rich ores to alternatives such as copper and gold. This incidence had a profound impact on the ability of project counterparts at the Mutoshi Pilot Project to retain personnel (see over page).
- As reported in 2018, there remains a need for many companies in the region to make a greater investment in health, safety and environmental management practices, and in structured and systematic community engagement.

We have seen growing interest from downstream companies, particularly some automotive brands, in understanding potential risks relating to cobalt production in the DRC. We welcome this development and the focus it brings to all aspects of responsible sourcing under the OECD guidance.

Case study:

Progress and challenges at Mutoshi Cobalt mine

In 2018, Trafigura entered into a three-year marketing agreement for cobalt hydroxide with Chemaf, a leading DRC based mineral exploration, mining and processing company.

In light of Chemaf's intention to develop its Mutoshi concession, initially through the appointment of COMIAKOL, an artisanal and small-scale mining (ASM) co-operative, Trafigura engaged internationally respected NGO Pact in January 2018, to support and oversee operational activities in line with Trafigura's standards. A full outline of the project, including extensive video footage, can be found at Trafigura.com.

"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".

www.trafigura.com/responsibility/responsible-sourcing/

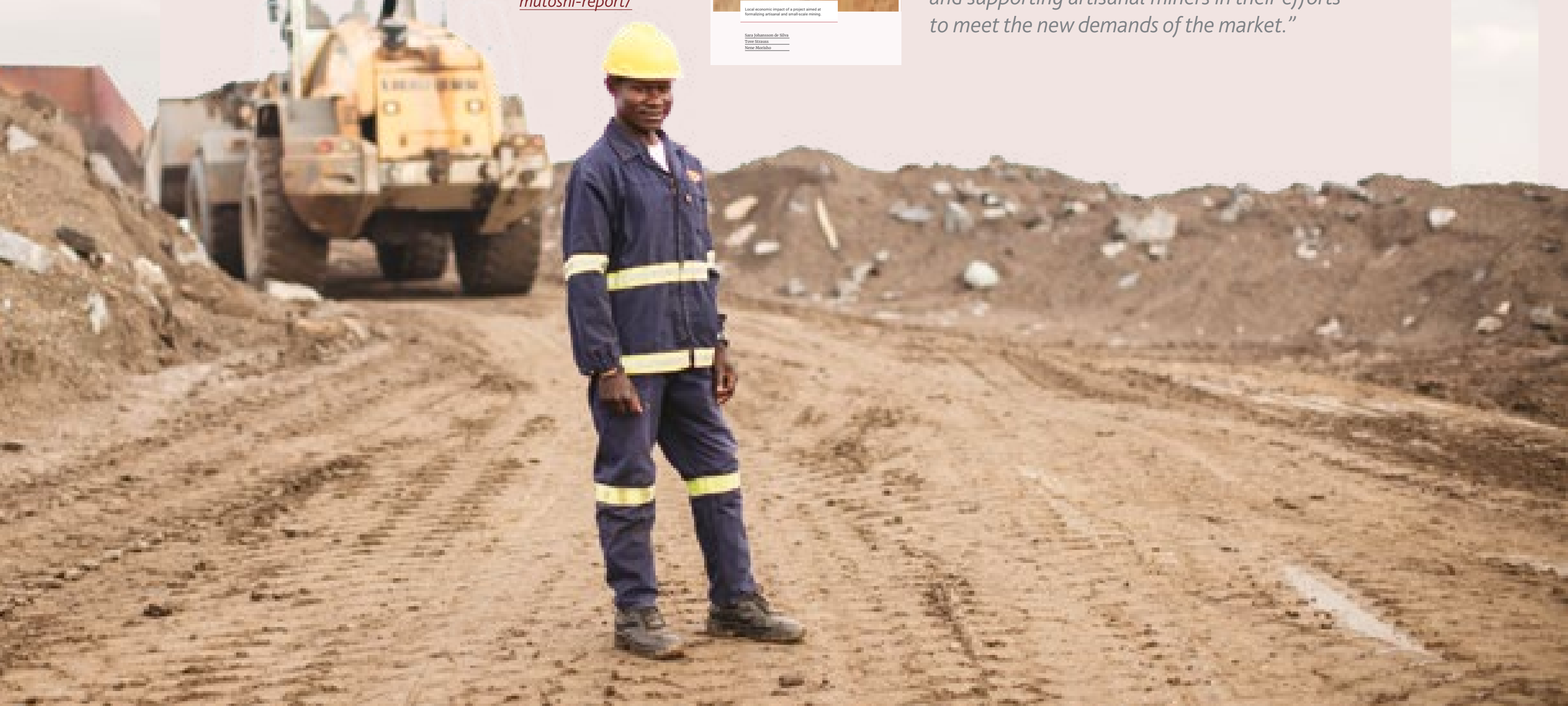
www.trafigura.com/responsibility/responsible-sourcing/mutoshi-report/

Over 2019, Trafigura continued to support the work of Chemaf, COMIAKOL and Pact in the development of the Mutoshi Pilot. Formal assessments were conducted against our Responsible Sourcing expectations on a quarterly basis by third-party assessor Kumi Consulting.

Some of the greatest challenges the pilot faced over the course of 2019 were constraints to finance, resulting in limited capital expenditure, as well as the considerable migration of workers from the controlled cobalt pilot site to exploiting gold and copper in an uncontrolled, unobserved fashion elsewhere on the concession. Chemaf does not purchase this material. Both issues occurred directly as a result of the dramatically reduced price of cobalt, a situation that in and of itself led to heightened social unease and, at times, unrest.

Trafigura will continue to support the efforts of the Mutoshi pilot participants in 2020. While the future of the project remains under review, and indeed, cobalt ore recovered from the area currently devoted by Chemaf to semi-mechanisation will likely be depleted over the year, one of the greatest contributions Trafigura can make to advancing responsible sourcing in this context will be in sharing its learnings with stakeholders.

As noted by the OECD in Trafigura's 2018 Responsibility Report *"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."*



External voice:

The London Metal Exchange on responsible sourcing

Matthew Chamberlain, CEO of the London Metal Exchange and a member of the Management Committee of HKEX Group.

The global focus on responsible sourcing has gained increasing momentum over recent years, with an escalation of interest driving both public awareness and consumer demand for assurances as to the provenance of resources and materials. Corporate initiatives to address environmental, social, and governance ('ESG') concerns in supply chains are a central feature of financial reports and business planning, and responsible investing generates growing attention. The global and physical nature of the mining industry positions it at the forefront of this debate, and given the LME's role at the centre of the metals value chain, we felt it useful to outline why we believe responsible sourcing has become more in focus, a brief overview of our journey in responsible sourcing and what we believe lies ahead for the metals and mining industry in this area.

The responsible sourcing agenda is not new – think of fair trade coffee which has been around since the 1980s – and many metals miners and refiners have been working for years to ensure that the metal they produce is sourced responsibly. Credit too goes to downstream industries (in the LME world, this can include anyone in the value chain after the smelting process, from packaging plants or car manufacturers to end-consumers) where the ongoing demand for responsibility has ensured that progress from the production industry does not stand still. Our downstream customers have spoken of the increasing engagement from end-consumers when choosing which products to purchase; for example, looking for a responsible sourcing symbol on an aluminium can or enquiring as to the source of cobalt in a new electric car. This increased awareness has heightened the commercial incentive for those in the metals value chains to understand and conduct due diligence across their supply chains effectively.

The role of the trading industry

Unsurprisingly, whatever direction the mining industry takes will affect the commodities trading industry. This is, in part, due to the growth of fully integrated mining companies which incorporate trading units, as well as the increasing numbers of merchants owning (and operating) mine sites. As a result, any company dealing with physical metal in any form will likely be subject to conflict minerals legislation to ensure that the whole supply chain is compliant.

Further, given the role of traders and merchants as the 'intermediaries' between different points of the value chain, they will play an absolutely vital role in the collection and transmission of supply chain information; many smelters and consumers will not be able to complete supply chain mapping without their input.

The combination of these factors will mean that trading firms' engagement with existing standards and initiatives (whether they be legislative, regulatory or industry-led) should provide a helpful foundation to comply with all requirements.

Regulation has not been far behind. Section 1502 of the Dodd Frank Act was passed by U.S. Congress in 2010, and although we note that there is uncertainty about its future, it required publicly listed companies to check and report on their supply chains for tin, tungsten, tantalum and gold for the first time. In Europe, the Conflict Minerals Regulation is due to go live in January 2021. Legislation has increased the pressure on metals market actors and encouraged further care when sourcing metal. Commercial drivers and legislative and regulatory pressures have therefore combined with the ethical imperative felt by numerous individuals in our industry who recognise the need to ensure safe and fair working conditions for those who are most vulnerable.

For over 140 years, the LME has set requirements for metallurgical standards and shapes (e.g. cathode or ingot) when approving brands that can be used to deliver against LME contracts (and consequently, the brands that make up the LME price). It is only more recently that the market demand for responsibly sourced metal has meant that we have the remit to extend those

"An escalation of interest is driving demand for assurance as to the provenance of resources and materials."

requirements to include conditions for how that metal is sourced. We believe we have a key role in facilitating the adoption of responsible sourcing principles, and that we can no longer accept the possibility that our users be placed in a position where they can take delivery of metal from one of our listed warehouses that does not meet those principles. Furthermore, we need to ensure that the LME price reflects the value of responsibly sourced metal, and is not artificially depressed by metal which is not sourced in the same way.

To achieve this, we have grounded our approach in the OECD's Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Guidance") as we believe this is the most globally-accepted approach to responsible sourcing. Our responsible sourcing requirements will leverage the OECD-aligned metals standards already available (or in development) to conduct due diligence on brands that operate in conflict affected and high-risk areas ("CAHRAs"). It is our aim that in the not-too-distant future we will be in the position where all our LME registered brands will have undertaken appropriate responsible sourcing work corresponding to the OECD framework for risk based due diligence.

On the environmental side, we are also introducing requirements for all LME-listed brands to hold a valid certificate for ISO 14001 (or equivalent), to ensure that environmental management systems are firmly embedded in the operations of all brand-producing companies. As the sustainability agenda continues to develop we will keep working with the industry to see how the LME can best reflect evolving market demands, including possibilities for low carbon aluminium, or sustainability concerns to be incorporated within the LME's broader responsible sourcing requirements.

We are also spending some time thinking about ways the LME can help with the difficulties in supply chain traceability for companies. A number of exciting and innovative companies have been trialling distributed ledger technology ("DLT") and Internet of Things ("IoT") approaches to help overcome some of the issues. We believe it likely the solutions they could yield could present excellent opportunities to contribute to the tracking and assurance of metals and are excited about the possibilities here.

The projects mentioned above represent only a fraction of the areas of interest, and these are only likely to increase and develop as large institutional investors with long-term investment outlooks maintain and increase demands on mining companies to prove the sustainability of their projects.

When this is combined with the added pressure from metal purchasers, it is clear that responsible sourcing will not simply be a passing trend. At the LME, we have worked hard with our market to leverage existing industry practices and expertise to develop robust processes that will ensure an enduring responsible sourcing framework for the metals industry. We remain hugely grateful to all those who have contributed so generously of their time and experience to achieve this.

"We firmly believe our industry should contribute to development challenges in a proactive manner."

Finally, we firmly believe our industry should contribute to development challenges in a proactive manner. As such, the LME Board has allocated USD2 million, funded by market enforcement proceeds, to charitable initiatives in the responsible sourcing sector.

We are taking action because the value of our market is based on providing metal which meets globally-accepted standards for responsible sourcing, and because the metals sector looks to us to provide leadership on these important topics; mostly, however, we are taking action because we believe it is the right thing to do, and we are proud to serve a market that demands nothing less.

For more information

A more detailed outline, including the LME's final proposal, is available on their website.

www.lme.com/en-GB/About/Responsibility/Responsible-sourcing

www.trafigura.com/responsibility/external-voices

Core features of LME responsible sourcing proposal

- Utilising twin tools of transparency and standards: The LME believes that improving transparency will allow for consumers to understand the steps that brands will be taking, and that in conjunction with OECD-aligned standards, they can deliver an optimised toolbox to protect consumers.
- No discrimination between large-scale and artisanal/small-scale mining: Both large and small-scale mining carry differing risks. In acknowledging these risks, the LME does not favour any specific form. It believes that risk assessment must be tailored to circumstances; therefore, it sets out to provide equally meaningful protections.
- Building on well-established work in the sector: The LME's approach is grounded in the globally relevant OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and will allow for brands to make use of existing standards.
- Defining a pragmatic and clear process: Our approach is aimed at the feasibility for global producers of all metals, ensuring that requirements are clear and achievable.

Transparency

Transparency

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. The EITI Standard is currently implemented in 52 countries worldwide and requires countries to report on the sale of the state's share of production or other revenues collected in kind, a form of revenue of paramount importance for many resource-dependent governments.

Private businesses also play an important role, as highlighted by the EITI principles.[1] The EITI Standard, adopted in 2013, required that EITI implementing countries present in their reports data regarding 'volumes sold and revenues received' for '*the sale of the state's share of production or other revenues collected in-kind*' by the government and any state-owned enterprise.[2]

Because of the complex nature of the business, and reflecting the 2013 EITI Standard, transparency in commodity trading has received increased attention both at the EITI and in other international forums in recent years.

In 2014, Trafigura became the first independent commodity trading company to publicly support the EITI and to develop a disclosure policy in collaboration with the EITI. Our first disclosure, published in 2015 (covering 2013) was followed by disclosures with an expanded scope, providing increasingly more comprehensive and granular data. In our 2018 Responsibility Report, covering data from 2017, the company reported USD2.7 billion of payments (disaggregated by individual seller and commodities) for purchases from national oil companies in EITI countries. The 2018 report also included aggregate purchases from national oil companies of EITI countries with a load port outside the EITI, as well as aggregate purchases from national oil companies from non-EITI countries.

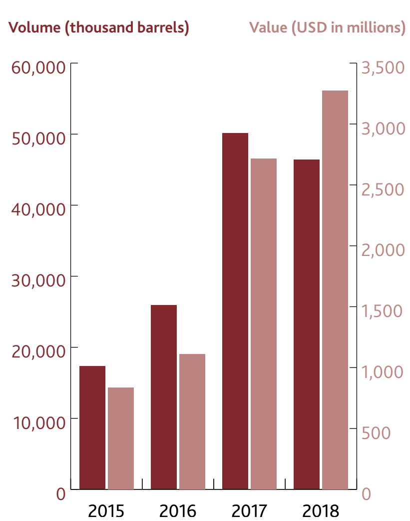
Since 2013, Trafigura has disclosed USD20.6 billion of payments to EITI countries and since 2014, USD113.6 billion of payments to non-EITI countries – the differential between the two clearly underlining the need for greater transparency outside of the 52 participant countries of the EITI.

Trafigura is committed to advancing the mission of the EITI and extending its reach internationally. In 2019, Trafigura's Head of Corporate Responsibility was appointed to the Board of the organisation as a representative of the investor community.

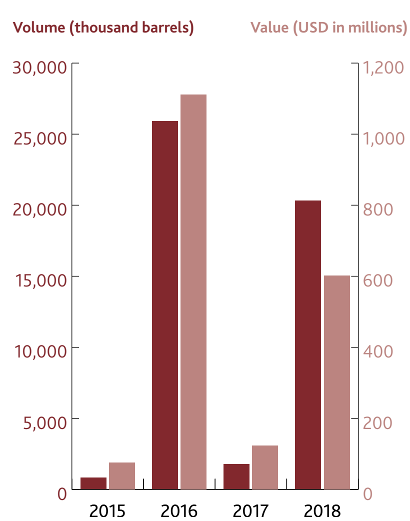
1 See, for instance, EITI Principle 1, underlining the commitment to 'encouraging high standards of transparency and accountability [...] in business', and EITI Principle 2, requiring the involvement of 'all stakeholders' in the search for solutions.

2 See EITI Standard 2013, Requirement 4.1.c.

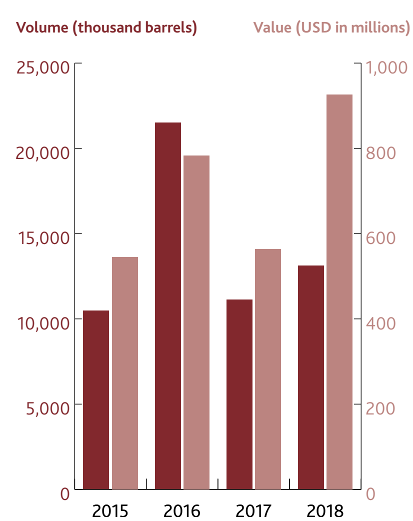
Purchase from EITI National Oil Companies (NOCs)



Swaps with EITI NOCs



Purchase from EITI NOCs (load port outside the EITI)



Figures do not include purchases or swaps of gas.

The 2019 EITI Standard

The most recent version of the EITI Standard, published during the EITI Global Conference held in Paris in June 2019, explicitly encouraged buying companies to disclose information regarding the volumes received and payments made to governments and state-owned enterprises (SOEs) for the purchase of oil, gas and/or mineral resources. This clarification was the result of discussions triggered by targeted efforts of certain EITI countries and of consultations within the Working Group on Transparency in Commodity Trading – a multi-stakeholder group that Trafigura has contributed towards since its inception. The governments of Switzerland and the United Kingdom provided financial assistance to the project.

As a result of the revised Standard and improved dialogue between, for example, SOEs, commodity traders and civil society, the 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. Trafigura's disclosures will continue to develop in the future reflecting more detailed reporting by EITI countries in their efforts to implement the revised EITI Standard.

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 2018 calendar year, as outlined in full on page 28, were limited to trades undertaken with NOCs of EITI-implementing countries, and where the load port of the product that was purchased was situated in that same country, i.e. targeted at the 'first purchase' of 'equity oil'. On this basis, Trafigura's disclosures exclude data relevant to purchases from EITI-country NOCs that operate in buying and selling oil on international secondary markets.

In 2018, Trafigura's aggregate first purchases of oil and petroleum products from NOCs in EITI countries amounted to USD3.2 billion (2017: USD2.7 billion). These payments compare to total payments of USD35.8 billion to NOCs in non-EITI countries (2017: USD30 billion).

Relevant to our EITI disclosures, we can confirm that in the 2018 calendar year, Trafigura did not enter into spot prepayment arrangements with any EITI countries.

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 2018 calendar year, Trafigura's Mining Group was a shareholder in a mining project 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 USD3,610,836 (2017: USD213,594) relevant to Mawson West. The Peruvian government received payments from Trafigura of USD2,805,583 (2017: USD6.9 million) relevant to Catalina Huanca Sociedad Minera.

The details of 2018 payments will be published in relevant EITI country reports when reconciled.

$20.6bn

payments to EITI countries since 2013

$113.6bn

payments to non-EITI countries since 2014

View our video with our Head of Corporate Responsibility on our approach to transparency
www.trafigura.com/2019RR

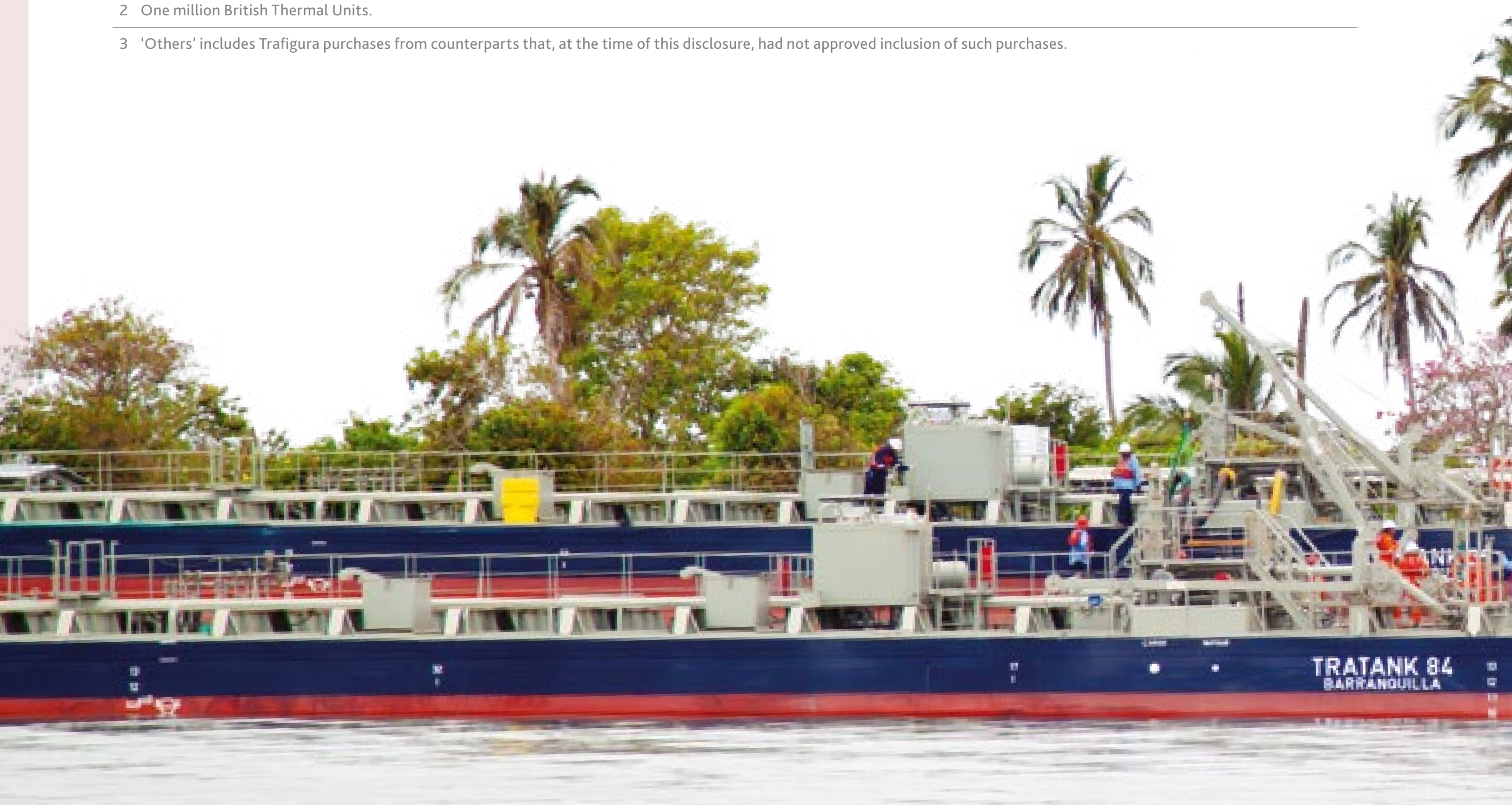
2018 Aggregate first purchases from EITI country NOCs where the initial load port is inside the EITI implementing NOC home country[1]

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU[2])	Value (USD)
Argentina	YPF SA	51.00	Crude Oil	25	195.1	0	11,641,959
	YPF SA	51.00	Refined	60	641.1	0	24,186,466
Colombia	Ecopetrol SA	92.70	Crude Oil	574	3,883.2	0	258,599,860
	Ecopetrol SA	92.70	Refined	570	3,591.9	0	198,891,021
	Refineria de Cartagena S.A.	92.70	Refined	920	6,880.3	0	592,225,020
Indonesia	PT Pertamina (Persero)	100.00	Refined	26	217.1	0	15,657,240
	PT Pertamina EP	100.00	Refined	18.3	155.0	0	10,988,900
	PT Pertamina Hulu Energi Tomori Sulawesi	100.00	Refined	67.7	574.9	0	38,121,787
Mexico	PMI Trading Ltd	100.00	Refined	287.0	2,588.6	0	161,185,889
Nigeria	Nigerian National Petroleum Corporation	100.00	Crude Oil	1,662.9	12,335.6	0	847,568,850
	Nigerian National Petroleum Corporation	100.00	Refined	48.6	418.4	0	23,766,797
Peru	Petroleos del Peru - Petroperu S.A.	100.00	Refined	109	795.4	0	54,157,178
Trinidad and Tobago	Heritage Petroleum Company Limited	100.00	Crude Oil	70.4	482.6	0	22,035,327
	Petroleum Company of Trinidad and Tobago Limited	100.00	Crude Oil	71.1	494.5	0	31,553,423
	Petroleum Company of Trinidad and Tobago Limited	100.00	Refined	810.1	6,440.1	0	508,426,152
Others[3]				778.5	6747.9		475,473,012
Grand Total				6,097.6	46,441.7	0	3,274,478,880

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.

3 'Others' includes Trafigura purchases from counterparts that, at the time of this disclosure, had not approved inclusion of such purchases.



2018 Aggregate swap[4] 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)	1,711.4	12,754.0	0	871,335,647
	Nigerian National Petroleum Corporation (NNPC)	100	Refined (exchanged)	900.0	7,562.6	0	602,163,976

2018 Aggregate purchases from NOCs of EITI countries with a load port outside the EITI (i.e. likely to be non-equity oil)[5]

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	1,744.8	13,113.7	3,197,950.0	925,683,443

2018 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	69,675	526,495	190,420,741	35,768,746,165

4 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.

5 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.

External voice:

OpenOil on the benefits of enhanced transparency

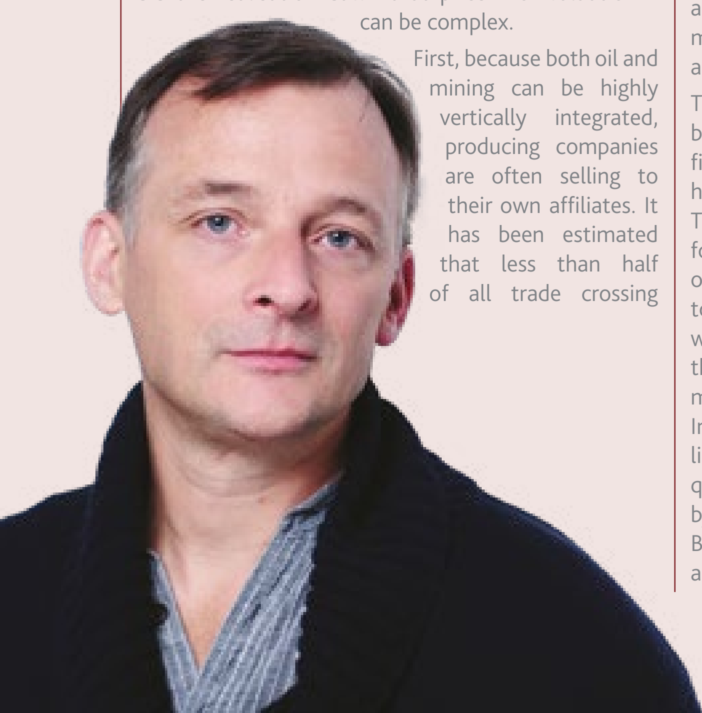
Johnny West, Founder and Director of financial and commercial advisory on natural resource assets for public policy, OpenOil; member of the Association of International Petroleum Negotiators and member of the advisory board of the FAST Standard Organisation.

Commodity trading – a promising start

Commodity trading has made it on to the transparency agenda. This in itself is a considerable achievement, with the adoption of trading into the Extractive Industries Transparency Initiative over the past couple of years. But if it is to contribute to public understanding of the oil and mining industries, which is the ultimate goal of transparency, there is a long way to go.

Trading information is vital because the valuation of commodities is an essential part of figuring out the project economics of natural resources. In order to ascertain whether a government is securing a fair share of profits from the resources it owns, we need to calculate production, revenues, profits before and after taxes, an investor's rate of return and the 'government take'.

For a long time, it was assumed among activists that price was the most straightforward component of the picture, and so a lot of attention was focused on the pure upstream – the actual sums paid to government by producers and the licences and contracts that governed them. The general thinking was: if you need the price of gold, why not just look it up on the London Metal Exchange? Or Brent crude on the London market? Only over time, thanks largely to the EITI move into the area, did the realisation dawn that price – or valuation – can be complex.



First, because both oil and mining can be highly vertically integrated, producing companies are often selling to their own affiliates. It has been estimated that less than half of all trade crossing international borders every day is between pure third parties with arms-length pricing. Second, even in markets which are extensively traded, such as crude oil, the role of benchmarks is often misunderstood. Of the roughly 1,200 grades of crude oil that are sold around the world, only a dozen or so are themselves benchmarks with prices easily available. The others are all priced at premium or discount to them, with those differentials varying day by day as demand for the underlying slate of finished products shifts. Third, not all commodities have thick spot markets with benchmark prices. Mineral sands and rare earths, coal, and arguably even natural gas lack a single global market which provides a like-for-like comparison. Bulk commodities such as iron ore or copper are also hard to evaluate if, as in many producing countries, some form of intermediate commodity is exported for further processing rather than a finished sellable product.

Finally, because the economics of mining and oil are dominated by high fixed investment up front, and the need to strike deals to recover those costs early in the life of the project, relatively small differences in valuation can have an outsized impact on both investor return and government take. In one case in Chad, for example, an uncertainty over whether a particular grade of crude should be valued at a five percent or a nine percent discount to Brent created a USD200 million gap in estimates of revenues to government, and impacted the investor return considerably.

The EITI work on commodity trading has served to bring all these factors into public awareness. In the first report from Indonesia, for example, activists were highly sceptical when data from the LNG terminal in Tanguhh revealed shipments leaving, on the same day, for three different destinations with price differentials of 150 percent. But in fact this served as an opportunity to educate the public about the way LNG markets work, with most sales agreed up front through term contracts that can last for decades, and highly regionalised markets. This then started a discussion about Indonesia's own internal gas market, where, unlike liquid products which are highly standardised by a quasi-state monopoly, prices for piped gas can also vary by over 100 percent from one part of Jakarta to another. But there again, it turned out that other factors were at work than 'skulduggery': the gas market had been

"Transparency creates a 'new normal' where competitive businesses thrive"

chaotically liberalised, leading to many intermediaries owning or controlling pieces of the infrastructure, and transit fees which varied drastically from each other. What started as a discussion about corruption evolved into a policy debate about regulation of the market.

EITI has begun with the so-called 'First Trades' of state-owned companies – those cases where parastatals are entrusted with selling the share of commodities produced in partnership with upstream international companies. This has brought some sprawling state-run business empires, such as the Nigerian National Petroleum Corporation (NNPC) or Pertamina in Indonesia, under some form of public scrutiny for the first time. But to accomplish the mission – to provide data which enables investment-grade analysis in the public space – the initiative needs to be expanded in a number of ways.

- Beyond state-owned companies to international companies. State ownership is insignificant in the production of many minerals and even where it is considerable, such as crude oil, it is only part of the picture. Research reveals all kinds of complex relationships between state companies and international trading partners over selling the state share.
- Beyond pure sales transactions into valuation. Because of the complexities of trading, many projects have valuation mechanisms defined in upstream contracts which may be linked to, but exist independently of, open markets. It is these mechanisms that are used for assessment of royalties, revenues for the corporate income tax base, and so on. The business logic of this is clear: it allows the private sector partner maximum flexibility in operations and marketing which, under normal circumstances, is in everyone's interest. But so long as these arrangements are not public, it leaves the fiscal base of taxation unclear.
- Beyond direct sales transactions to any associated resource-based loans. If commodities are changing hands as part of overall business relations which include large loans, it is clear that the valuation of those commodities in the narrow upstream deal may be influenced in a way which takes them "off market".
- Trading companies like Trafigura should take in some of the experience of the upstream companies in EITI and the transparency movement over the last decade. It might seem like these demands encroach on operations in a way which makes many executives uncomfortable, because it is not business as usual. But in case after case transparency creates a new normal where the sky does not fall in, and well-run, competitive businesses continue to thrive.

In trading specifically, there will be the strong instinct that revealing prices and valuations wholesale is commercially sensitive. There are two answers to this. The first is a technical one: the time scales needed for commercial edge, and public accountability, are different and compatible. Markets move so dynamically that information on trades that are 12 months old is rarely going to be sensitive today – certainly not in some way which is unique and goes beyond the competitor analysis all major players already run.

But the second answer is perhaps the more important one: although the best actors in the private sector realise that transparency is part of business, the full logic in the natural resource area is often buried beneath the detail. The simple fact is that all over the world sub-soil resources are public goods, legally. This therefore means that the government is the manager for a public who in a very real sense are themselves investors. The agenda of providing enough data – and the economic analysis to run on top of it – is therefore about nothing more (or less) revolutionary than providing full disclosure to the largest group of shareholders.

OpenOil is a consultancy based in Berlin providing financial analysis of natural resources for public policy. It hosts the largest library of investment-grade financial modelling for oil, gas and mining projects on the Internet. Clients include governments, international development banks, the UN, bilateral development agencies, and think tanks.

"Sub-soil resources are public goods… this is about providing full disclosure to the largest group of shareholders"

openoil.net

www.trafigura.com/responsibility/external-voices

Health and safety

Performing our operations safely is of fundamental importance. We are committed to minimising risk wherever it occurs.

2019 Performance	Status	2020 Targets
To achieve zero fatalities	Not achieved	To achieve zero fatalities
20 percent improvement in Group lost-time incident rates (LTIR) on 2018 data	Achieved	A further 20 percent improvement in Group lost-time incident rates (LTIR) on 2019 data
To achieve an improvement in the number of near misses reported and lessons to be learnt (L2BLs) shared Group-wide	Achieved	To achieve an improvement in the number of near misses reported and lessons to be learnt (L2BLs) shared Group-wide
To deliver further enhancements to our contractor due diligence and Group-wide assurance programme	Improving	To reduce the average time taken to complete Level 3 incident investigations to 28 days

Not achieved Improving Achieved

60
Lost-time incidents (LTI)
(2018: 64)

1.76
Lost-time incident rate (LTIR)
(2018: 2.40)

258
Lessons to be learnt (L2BLs) shared
(2018: 167)

Health and safety

Protecting the wellbeing of our employees, suppliers, contractors, collaborators and the communities within which we operate is of the utmost importance to the Trafigura Group.

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.

We seek to embed health and safety objectives into the operational ethos of the Group. We aim to promote a culture where all colleagues regard health and safety objectives as indivisible from our commercial objectives.

Integrating health and safety into operations

Adopting practices that support a healthy and safe working environment for employees and contractors should not be seen as a distinct task for managers, but as integral to their overall working methodology.

An active international network of Group Health, Safety, Environment and Communities practitioners is taking the lead in embedding a safety-conscious culture throughout the organisation. Our 450-person strong HSEC network includes full-time HSEC practitioners and those that combine HSEC responsibility with other duties. 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.

We are improving health and safety performance on multiple fronts, but we are acutely conscious that there is always more to do. This was underlined by the death of a crew member on one of our controlled vessels in 2019. An enquiry followed and we continue to draw lessons to eliminate the risk of a recurrence.

Our strategy aims to improve safety overall. One aspect of our approach is informed by the Frank E. Bird safety model, which suggests that the number of serious accidents is curtailed when actions to prevent repeat events are taken following minor accidents and near misses. We aim to ensure all minor incidents and near misses are recorded and reviewed so that we can learn lessons and disseminate these across the Group. Encouraging active reporting of near misses and minor incidents promotes shared responsibility and a problem-solving attitude, thus improving behavioural safety and reducing the likelihood of repeat incidents.

Statistical analysis to date indicates that this has delivered concrete safety improvements. Our actions and initiatives contributed to a 27 percent reduction in the lost-time incident rate (LTIR)[1] in 2019.

27%

Reduction in overall Group-wide lost-time incident rate[1]

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.

▼ Our Head of Health, Safety, Environment and Communities, giving a presentation on the importance of safety performance at a meeting of the Global Trading Operations team in Montevideo.

Vigilance and preparedness

The LTIR is a key safety metric for Trafigura. But we also recognise that, on its own, it is an incomplete measure of safety performance. Not all accidents follow the linear structure put forward by Bird, where minor incidents precede larger ones. There are numerous examples of companies with excellent LTIR performance that still experienced unexpected, catastrophic events.

It is vital that we continue to invest in maintenance and technical and organisational safety improvements, even where existing arrangements appear satisfactory.

We develop emergency plans to manage accidents from high-risk activities. We also rehearse our responses to worst-case outcomes by conducting realistic simulations.

Tailings storage facilities (TSFs) have come under increased scrutiny. The Mining Group has close oversight of all TSFs and they participate in the Trafigura Group HSEC Assurance programme as well as being subject to close monitoring and regular inspections. The Church of England Pension Fund launched its own review of TSF management and the Mining Group provided them with a full submission, which is available for review online.

www.trafigura.com/brochure/tailing-storage-facilities-under-the-direct-and-indirect-management-of-trafigura

Health and safety governance

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.

Senior managers and facility managers are incentivised to achieve HSEC goals within their specific areas of responsibility. Both quantitative and qualitative targets form part of their performance assessments. These are tailored to their individual responsibilities but may include, for instance, getting LTIR below a target level, ensuring a minimum number of lessons to be learnt (L2BLs) are developed and shared, and delivering tangible improvements in contractor risk management.

Whilst we endeavour to conduct our operations within national and international laws and regulatory frameworks, unfortunately incidents can still occur. In 2019, a total of USD20,875 (2018: USD55,781) was paid to governmental authorities in relation to health and safety fines and penalties.

1

Fatality[1] associated with Trafigura operations

1 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.

Reported fatality

In May 2019, a crew member on a Trafigura-controlled vessel, died from a malaria infection contracted while operating off the coast of West Africa.

Trafigura has re-enforced Technical Managers who crew our owned fleet of the importance of fully implementing industry guidelines when dealing with potential cases of malaria. We are advising all contractors in malaria-endemic areas to issue their employees with self-diagnosis kits. We are also distributing kits for employees travelling to these areas. We have been reviewing our medical emergency plans, including due diligence for pre-approved hospitals in countries where there are similar risks. Group-wide, we are raising awareness by recirculating advice on avoiding mosquito-borne diseases.

Health and safety summary report

KPI	Group (aggregate) 2019	Group (aggregate) 2018	Oil & Petroleum Products Trading 2019	Oil & Petroleum Products Trading 2018	Metals & Minerals Trading 2019	Metals & Minerals Trading 2018	Shipping & Chartering Desk 2019	Shipping & Chartering Desk 2018	Trafigura Corporate 2019	Trafigura Corporate 2018	Impala Terminals 2019	Impala Terminals 2018	Mining Group 2019	Mining Group 2018
Number of fatalities: employees and contractors	**1**	4	**0**	0	**0**	0	**1**	0	**0**	0	**0**	0	**0**	4
Value of HSE related fines and penalties (USD)	**20,875**	55,781	**0**	0	**0**	0	**17,125**	0	**0**	0	**750**	0	**3,000**	55,781
LTIs[2]	**60**	64	**1**	0	**0**	0	**0**	1	**0**	0	**27**	34	**32**	29
LTIR	**1.76**	2.40	**0.34**	0.00	**0.00**	0.00	**1.59**	1.92	**0.00**	0.00	**1.87**	2.70	**2.32**	3.08

2 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.

"Near miss reporting is an important tool for improving safety performance and is enshrined in Trafigura's HSEC Golden Rules."

Reducing injuries

In order to reduce the incidence of injury, we use an evidence-based approach, managing operational risks by analysing data and making appropriate decisions. We have standardised reporting on the Safeguard platform, Trafigura's online HSEC data reporting system. Improvements in data collection have strengthened the quality of our data, enhancing our ability to spot patterns and trends. Incidents and near misses are recorded according to both actual and potential severity based on a five-level system, with relatively minor incidents being level 1 incidents, to level 4 and 5 events where there may be serious injuries or death.

We exceeded our 2019 Group-wide target of a 20 percent reduction in the lost-time incident rate. LTIR fell by 27 percent to 1.76 per million hours worked (2018: 2.40). LTIR has fallen by 62 percent in the last three years (2016 LTIR: 4.58). In addition, total recordable case frequency (TRCF) fell by 15 percent to 2.60 cases in 2019, compared to 3.07 cases in 2018.

Although there is no room for complacency, these are tangible improvements that statistically translate into fewer serious injuries and safer working conditions for our people. They indicate that our strategy, which combines encouraging active reporting, developing and disseminating lessons to be learnt, investing in health and safety training and resources, incentivising local management with HSEC KPIs and improving the quality of HSEC leadership across our workforce, is helping to embed a safety-conscious culture.

258%

Increase in near miss reporting frequency

Near miss reporting

Our health and safety strategy puts considerable emphasis on near miss reporting. This important tool for improving safety performance is enshrined in Trafigura's HSEC Golden Rules.

We monitor and manage incident and near miss reporting on Safeguard. Near misses, like actual incidents, are logged and assessed for their potential severity. We pay particular attention to high-potential near misses. These are defined as near misses that in different circumstances might have resulted in serious injury, death or extensive environmental damage (level 4 and 5 incidents).

Recorded near misses more than quadrupled in 2019. Over the last two years, there has been more than a twelvefold increase in the number of near misses reported. This exponential growth is indicative of a wider cultural transformation that is improving safety performance and delivering operational benefits for the Group.

Near misses, by definition, come close to being actual incidents. In almost every case, their causes and potential consequences suggest opportunities to avert accidents in future. They are, in effect, consequence free lessons. The more near misses that are reported, the more we are able to learn and develop our HSE policies and practices.

Stressing the importance of reporting near misses strengthens our safety-conscious culture. Trafigura employees and contractors have come to understand that they will not be blamed for mistakes but are instead credited with being ready to share valuable learning experiences. This is promoting transparency within the organisation, which is improving not only safety but operational efficiency.

With more frequent reporting, we are also extending our understanding of what qualifies as a near miss event. As the recognition of near misses improves, we are able to identify new types of risks and reinforce risk-averse behaviours.

A paradigm shift in reporting provides firm evidence that contractors now recognise that data sharing is in their interest. In Colombia, contractors working for Impala Terminals transport hydrocarbons over long distances by road. Even though this is an inherently high-risk activity, only one near miss was reported for the whole of 2016 and just 36 in 2017. There has since been a sea change in attitudes. HSEC staff in Colombia have led training initiatives to sensitise managers and drivers to the importance of near miss reporting and extend their understanding of what constitutes a near miss. In February 2019, Colombia's trucking operations enhanced the checks they do of trucks and began reporting all near misses through our Safeguard system. These actions have contributed to a striking increase in the number of near misses reported. Colombia's trucking contractors reported 3,259 near misses in 2019, 90 times as many as in the previous year. This huge discrepancy underlines the importance of high-quality data. Equipped with better quality information, Impala Terminals has been able to put targeted safety measures in place, including checkpoints along main routes and random testing for fatigue and alcohol consumption.

In other locations, we see a correlation between improved near miss reporting and reduced injury incidents. For example, in 2019 fluvial operations in Colombia have reduced LTIR by 21 percent while improving near miss reporting frequency by 267 percent. Similarly our Catalina Huanca mine in Peru has reduced LTIR rate by 46 percent to 1.47 compared to the rate of 2.72 in 2018 while improving near miss reporting frequency by 45 percent to 133.67 compared to 92.37 in 2018.

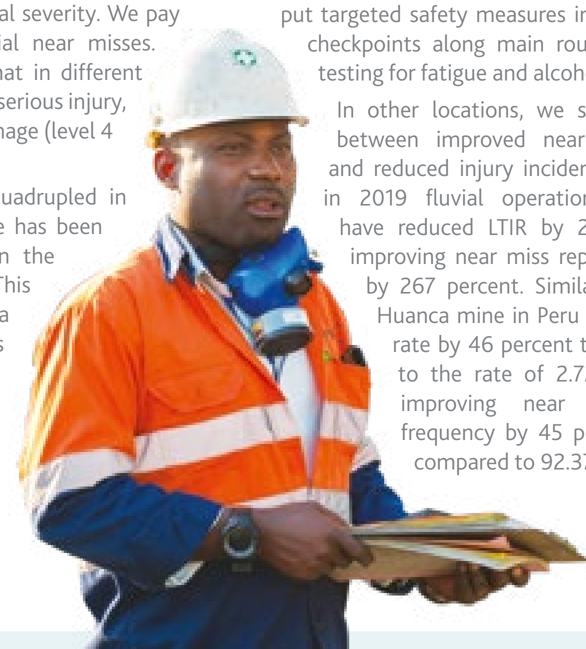

FOLLOW SAFETY PROCEDURES — OBEY LAWS AND REGULATIONS. COMPLY WITH OUR STANDARDS AND PROCEDURES
LOOK OUT FOR EACH OTHER — HELP EACH OTHER STAY PROTECTED
EQUIP YOURSELF CORRECTLY — WEAR PROTECTIVE GEAR. ENSURE EQUIPMENT AND TOOLS ARE FIT FOR PURPOSE
CHALLENGE UNSAFE ACTS — SPEAK OUT IF SAFETY PROCEDURES ARE NOT BEING FOLLOWED. INTERVENE WHERE SITUATIONS MAY CAUSE HARM
STOP WORK IF UNSAFE — IF IN DOUBT, STOP YOUR WORK OR THE WORK OF OTHERS
SHARE GOOD PRACTICES — MAKE SURE SAFETY IS A PRIORITY FOR THOSE AROUND YOU. SHARE SAFE PRACTICES AMONGST YOUR PEERS
REPORT ALL INCIDENTS — ALERT YOUR TEAM LEADER OR HSEC MANAGER IMMEDIATELY. REPORT ALL INCIDENTS ON SAFEGUARD

The following 'golden rules' apply across all those operations and activities controlled by Trafigura. Rules are non-negotiable and are central to our strategy to apply and embed safe working practices deep into the daily work of our organisation.

BE VIGILANT THINK SAFETY
OUR EMPLOYEES AND PARTNERS DESERVE THE BEST IN SAFETY STANDARDS
TRAFIGURA

Trafigura's HSEC Golden Rules

www.trafigura.com/resource-centre/



258

Lessons to be learnt shared in 2019 across the Group (2018: 167)

450

HSEC practitioners across the Group


TRAFIGURA

GUIDANCE FOR CONDUCTING QUALITY INCIDENT INVESTIGATIONS

Guidance for Conducting Quality Incident Investigations

www.trafigura.com/resource-centre/

"The measures we are pursuing are delivering concrete road traffic safety benefits."

Lessons to be learnt (L2BL)

The L2BL programme encourages everyone to share lessons learnt from near misses and incidents. Root causes have to be identified and lessons learnt. We call the process 'lessons to be learnt' to emphasise that the lesson is only learnt when action is taken.

In 2018, we shared 167 L2BLs; this rose to 258 in 2019, an increase of 54 percent. The process has been extended to cover not only HSEC incidents but also operational loss occurrences.

We have refined the L2BL process by improving our follow-up and targeting the lessons we share more precisely so that managers and HSEC practitioners only receive L2BLs with specific relevance to their operations.

Road Traffic Accidents (RTAs)

Road-based transportation continues to be one of the most hazardous areas of our international activities. Many Trafigura drivers operate in areas with poor infrastructure, where other road users do not always observe the rules of the road. Truck drivers in the DRC and Tanzania, for instance, are transporting commodities on the world's fifth and sixth most dangerous road networks.

This makes it all the more important that we do everything possible to minimise and mitigate the risks. Making road transportation ever safer, both for our own people and for other road users, is a key area of focus.

We approach this task systematically. Our starting point is to understand the nature and extent of the risks. We have been improving our ability to quantify risks by collecting increasingly accurate data. Road traffic accident frequency (RTAF), defined as the number of RTAs per million kilometres, is a key metric. Group-wide, RTAF fell by 22 percent in 2019 to 0.76, compared to 0.98 in 2018. Some of this reduction can be attributed to improved reporting of kilometres driven. However, this also suggests that the measures we are pursuing are delivering concrete road traffic safety benefits.

We also monitor RTAFs regionally and by individual contractor. Different locations carry different levels of risk and we adjust accordingly. This allows us to target resources and measure the relative success of local road safety campaigns.

Accelerating incident investigations

We have a 450-person strong HSEC practitioners network across the business which includes full-time HSEC employees and those that combine HSEC responsibility with other duties. We have enhanced our internal competency to conduct incident investigations, including issuing guidance and delivering training courses on conducting quality incident investigations.

Each investigation presents a different challenge or set of challenges. In some cases, we may need to deploy international teams of specialists and bring in independent expert assessors.

At the same time, we want to learn any lessons quickly so that we can apply them swiftly elsewhere. We are working on reducing the time it takes to investigate incidents.

Health protection for travelling employees

Trafigura employees travel all over the world. They often visit remote locations where medical services are hard to access. We aim to equip business travellers with the resources they need to protect themselves in unfamiliar surroundings and stay healthy and safe. This includes ensuring they have access to the latest advice. All travellers have access to the latest data on disease incidence and recommended precautions in the regions they are visiting.

In 2019, there was a dramatic increase in dengue fever worldwide. Many cases were reported in Bangladesh, India, Malaysia and Vietnam. The Philippines suffered a national epidemic, with 146,000 cases and over 600 deaths. We updated and circulated our advice on prevention, symptoms and treatment and incorporated prevention advice into the visitor briefings in affected locations.

Since August, all employees travelling to malaria -affected regions have been provided with malaria Rapid Diagnostic Test kits to allow for early self-diagnosis. An instructional video is also available to all staff on our company intranet. The only way to prevent malaria is to avoid being bitten, but as this is difficult to achieve, we also recommend that employees take anti-malarial tablets.

Case study:

Road safety initiatives

We are addressing the causes of RTAs by identifying and eliminating unsafe practices. Our 'Staying Alive' road safety campaign launched in 2019 seeks to prevent road traffic accidents.

We have distributed risk management guidance documentation to all locations that use Trafigura-owned, operated and contracted vehicles on public roads. This includes both mandatory and recommended actions that reduce road transport risk. Among the requirements is that all drivers of the company's vehicles must undergo defensive driving training before being allowed to drive on public roads. Trafigura also conducts due diligence to check that its contractors observe its road safety risk management guidelines.

Wearing seatbelts is one of the most cost-effective health and safety measures available. A recent WHO report concluded that wearing a seatbelt reduces the risk of a fatality among front seat passengers by 40-50 percent and by 25-75 percent for rear seat passengers. Yet this is only a legal requirement in just over a third of low-income countries.

We launched the "Staying Alive" road safety campaign in May to coincide with the United Nations Road Safety Week. This stressed the importance of wearing seatbelts. The campaign supported our global policy that makes seatbelt wearing mandatory in all Trafigura-owned and operated vehicles as well as for all employees travelling on business. It has been made clear to employees that not wearing seatbelts puts them in breach of company policy.

We have also introduced in-vehicle monitoring systems (IVMS) in all Trafigura-owned and operated road vehicles. The IVMS units monitor, as a minimum, the time spent over preset speed limits, number of rapid acceleration and deceleration events and the kilometres driven by each driver. Data on driver behaviour is downloaded in real time and vehicles are tracked online.

Our approved system allocates a key to each assigned driver and immobilises the vehicle unless this key is used. This allows us to monitor every individual's driving style. In each location, driver behaviour can be quantified, scored and ranked. By looking at average versus individual performance, we are able to reward safe drivers and support underperforming drivers with additional training in defensive driving techniques.

We have developed *Guidance on Reward, Recognition and Consequences* to support this approach to behavioural safety. This aims to ensure that reward and consequences programmes are fair, just and more or less consistent across the company. The guidance helps managers recognise why the deviation from expected performance occurred. Then understanding whether what went wrong was due to a mistake or to recklessness helps determine the type of consequences to be applied.

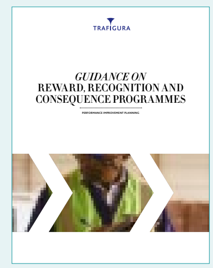
Most RTAs involve contractor trucks carrying our commodities. We have been improving data capture to gain a clearer picture of the risks they face. In 2018, 125 RTAs were reported, while in 2019, 138 RTAs were reported, with the majority occurring in Africa (90) and Colombia (28). RTAF declined, however, as there was a 41 percent increase in kilometres driven. This was partly attributable to more accurate reporting, but also the result of increased volumes being transported.

Find out more about our road safety initiatives here:

www.trafigura.com/responsibility/case-studies

Road Transport Management Guidance

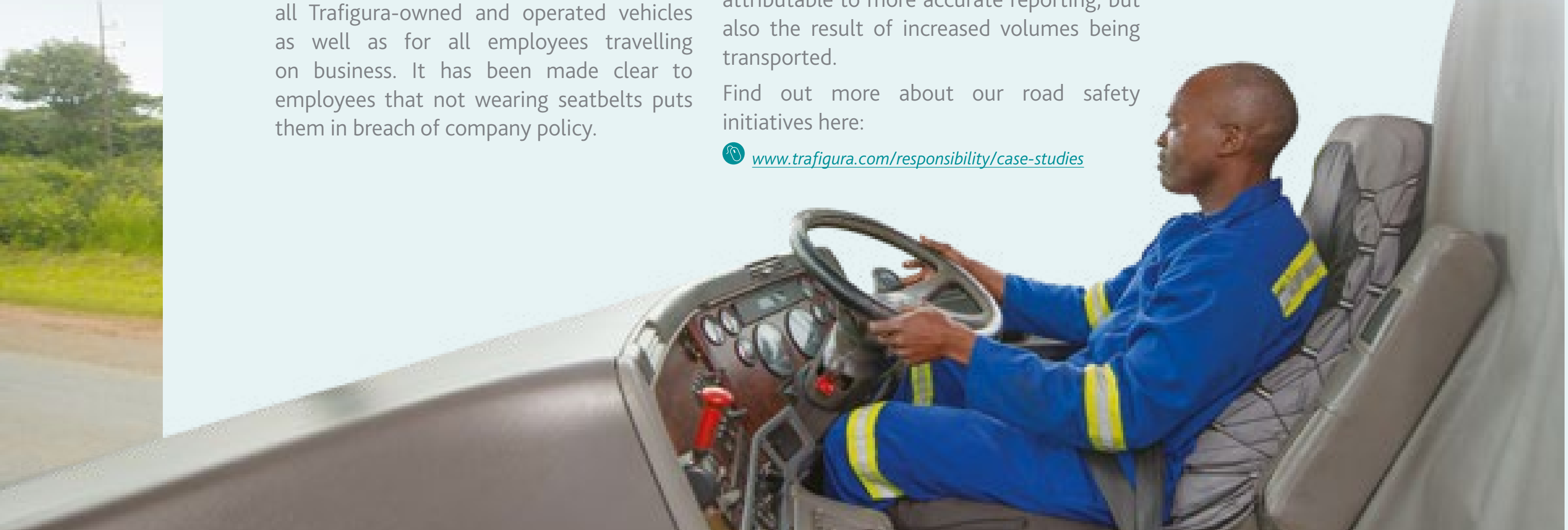
www.trafigura.com/resource-centre/



Guidance on Reward, Recognition and Consequence Programmes

www.trafigura.com/resource-centre/

View our video on our road safety campaign
www.trafigura.com/2019RR



HSEC assurance

In 2017, we introduced an assessment process that ranks all of our installations and facilities from low risk to high risk.

The risk rating is based on three components. We look first at the inherent risk associated with the environmental, social and economic setting of the asset. Secondly, we rate the operations being conducted at the facility, with more hazardous activities ranked higher. The third component of the risk assessment is its operational performance.

We also incorporate a tiered approach to asset ownership and control. This allows us to make a distinction between assets we control directly and those under joint venture or similar structures in which our influence is achieved through applicable corporate governance rules.

Our assessment process takes account of all of these factors to categorise every fixed location facility low risk to high risk. This informs our contractor management and HSEC assurance processes.

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 counterparties.

HSEC assurance categories

Four Category 1 assurance reviews are conducted annually at high-risk locations.

Category 2 assurance reviews are far more frequent. These are 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 p16).

Category 5 is merger and acquisition assurance. This 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.

"Our assessment process takes account of all various factors to categorise every fixed location facility from high risk to low risk."

HSEC Assurance Processes

www.trafigura.com/resource-centre/

Category 1 reviews

Category 1 assurance is applied to locations or activities considered high-risk from an HSE or social perspective. Category 1 sites benefit from periodic, on-site assessments from a Group-led specialist team, supervised by the Head of HSEC. The team's findings and recommendations are shared with local managers. The managers agree an action plan in response to the review. These actions are tracked at Group level, with overdue actions reported to the HSEC Steering Committee. Category 1 audits are supplemented by more frequent Category 2 reviews at all locations and Category 3 reviews of specific contractors.

The Head of HSEC led assurance teams with expertise from across the Group in four Category 1 assessments in 2019. The teams reviewed the Callao warehouse in Lima, Peru, which handles copper and lead-concentrate. The subsequent recommendations included the installation of fire detection equipment on its conveyor belt and clearer demarcation of human and machine-based activity so as to reduce the risks associated with roving heavy lifting equipment.

We conducted a joint review of the MATSA mines in Seville, Spain along with our joint-venturer Mubadala. This identified improvement opportunities in relation of the control of work systems and in hazard recognition.

We also completed a desk-based review of our vessels that are controlled from our office in Athens. Improvement opportunities here included better mechanisms for aligning HSE targets and objectives between the company and Technical Managers who operate our vessels.

The fourth review was of our fluvial activities in Colombia. This looked at occupational safety issues associated with working on the river.

Contractor HSEC management

Trafigura conducts a formal, two-phase due diligence process which includes minimum HSEC expectations for the following high-risk activities:

- 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 underperforming contractors as they are more likely to have an incident.

When a new contractor is under consideration, Trafigura conducts a KYC check and performs a Phase 1 HSEC assessment, comprising an initial desk-based review. The contractor is asked 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 by meeting minimum expectations receive an on-site inspection within a set timeframe. This Phase 2 inspection is designed to verify the Phase 1 assessment.

Contractors that fail the due diligence but are willing and able to work with Trafigura to upgrade their processes can gain temporary approval for an interim period. Those that fail due diligence and are unable or unwilling to improve, are rejected.

In 2019, our worldwide due diligence activities resulted in:

- 683 contractor HSEC assessments considered;
- 454 approved providers worldwide;
- 183 contractors rejected (27 percent of those considered);
- 435 new contractors being actively assessed at year-end 2019.

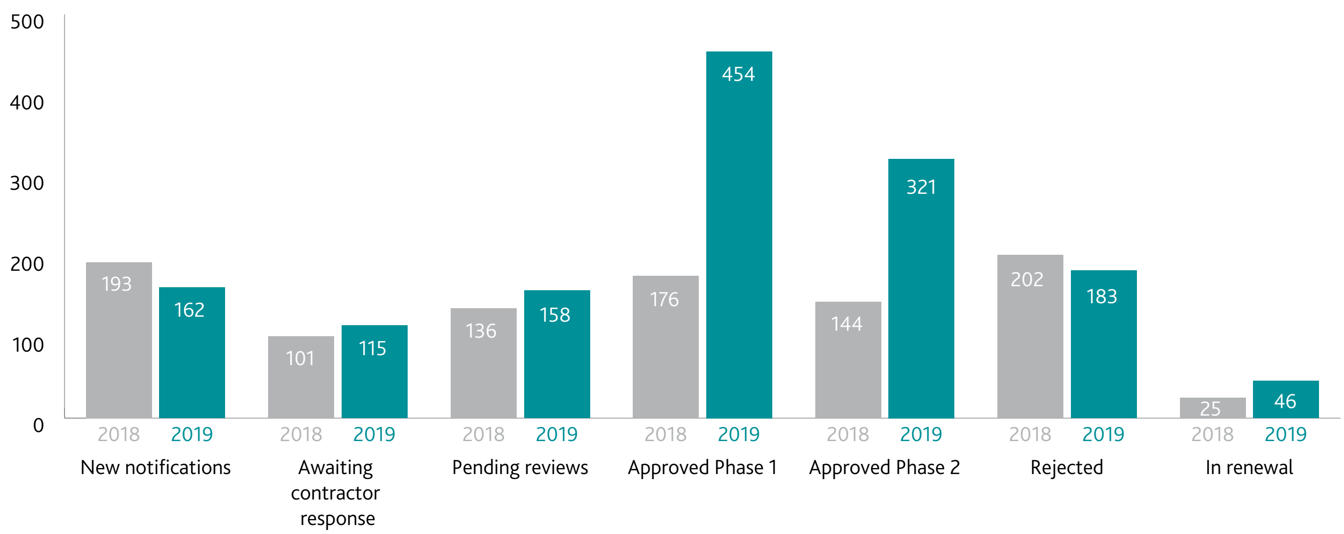
683

Contractor HSEC assessments considered (2018: 403)

183

Contractors rejected (2018: 176)

Contractor workflow status (as at 30 September 2019)



Environment and Climate change

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.

2019 Performance

To achieve zero Level 4 and Level 5 environmental incidents	Achieved
To implement the Group climate change strategy	Achieved
To benchmark and improve greenhouse gas (GHG) performance	Improving
To monitor and seek to reduce GHG emissions	Improving
To report on carbon intensity in kilogrammes per tonne of commodity moved per kilometre by 2020	Improving

2020 Targets

- To achieve zero Level 4 and Level 5 environmental incidents
- To set a GHG reduction target
- To report on carbon intensity in kilogrammes per tonne of commodity moved per kilometre
- Expanded environmental performance reporting

Not achieved   Improving   Achieved

1,035,690 tCO_2e
Scope 1 and Scope 2 GHG emissions (2018: 472,161 tCO_2e)

6,959,378 tCO_2e
Scope 3 GHG emissions (2018: 5,894,037 tCO_2e)

6
Total number of oil spills (2018: 10)

3,823l
Volume of oil spills (2018: 4,725l)

Managing environmental risk

We recognise our duty to prevent, minimise or remediate negative impacts to the natural environment that occur as a result of our operations. We are committed to setting indicators and targets and strengthening our management of environmental impacts.

Our approach

Trafigura divisions and operating companies handle significant volumes of commodities, including oil and petroleum products, ores, concentrates and refined metals. We see it as our duty to manage our operations safely and eliminate or mitigate any adverse environmental impacts. We are committed to setting targets and strengthening performance.

We strive to respond effectively to climate change. We are working to reduce both our own emissions and those across our supply chain. We aim to take a leading role on greenhouse gas (GHG) transparency by reporting on our GHG performance and adopting and advocating for internationally recognised standards.

Environmental management

Environmental performance is increasingly inseparable from commercial decision-making. Many of our banking counterparts have integrated environmental, social, and corporate governance (ESG) metrics into their policies and these are often included in their lending criteria.

We extended our environmental reporting in 2019, which is helping us meet more detailed data requests from banks and other stakeholders. Since August 2019, all divisions and industrial assets have been required to record their environmental performance in greater depth in Safeguard, our HSEC data management application.

All divisions and operating companies are required to maintain environmental management systems appropriate to their activities. Our operating centres and facilities now report monthly on the production and disposal of hazardous and non-hazardous waste, water usage and its discharge, and five different categories of emissions. They report quarterly on any grievances, complaints and environmental penalties and on any projects seeking to improve our environmental performance. Tracking this data centrally raises the visibility of good performance, highlights areas of potential concern and allows us to benchmark and improve our performance. See the 'Avoided emissions' section on page 57.

Many of our offices, industrial assets and operational activities are certified 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.

"We extended our environmental reporting in 2019, which is helping us meet more detailed data requests from banks and other stakeholders."

Management certification scheme	Impala Terminals	Mining Group	Oil & Petroleum Products Trading
ISO 9001 – Quality Management	10	1	2
ISO 14001 – Environmental Management	6	1	1
ISO 14064-2 – Greenhouse Gas Monitoring	6	–	–
ISO 31000 – Risk Management	–	–	1
OHSAS 18001 / ISO 45001 –Occupational Health and Safety Management	4	1	2

Pollution prevention

We trade commodities that are essential to the smooth running of the global economy. We are acutely aware that these can 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. Preventing and minimising such risks are key priorities.

We focus on preventive measures and ensuring that the appropriate systems and tools are available locally. For instance, the Category-1 assurance audit we conducted in 2018 of the Impala Terminals-operated fluvial operations connecting Argentina, Bolivia and Paraguay identified sections of the 5,000km Paraná River whose remoteness made it desirable to improve our capacity to act robustly in the event of an accident. Oil-spill response equipment has now been placed at strategic locations along the river to help mitigate the environmental consequences of any such event.

Also, in Argentina, we strengthened the investment and maintenance programme at the Bahia Blanca refinery, following a review of its environmental and safety systems. As a consequence, measures have been put in place reducing the refinery's voluntary organic compound (VOC) emissions. As part of this, we conducted an infra-red camera survey, which identified 104 unwanted VOC emissions. These have now been remedied, improving safety, enhancing efficiency and reducing the refinery's VOC emissions.

We are reviewing our emergency preparedness across our operations to ensure that plans are fit for purpose and up to date. We held an oil spill response exercise in Singapore in 2019 to test the preparedness of Trafigura's Oil Operations team there. The actions taken following the exercise are being applied not only in Singapore, but across all our Oil Operations Trading teams.

As our bunkering operations are growing, we have now joined the International Bunker Industry Association. This is helping us to contribute to the development of new standards and network with other industry players.

116

Environmental incidents reported in 2019

Key Performance Indicators

	Group (aggregate)		Oil & Petroleum Products Trading		Metals & Minerals Trading		Shipping & Chartering Desk		Trafigura Corporate		Impala Terminals		Mining Group	
KPI	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Number of environmental incidents reported	**116**	155	**14**	28	**6**	1	**3**	5	**0**	0	**62**	94	**31**	27
Number of oil spills	**6**	10	**3**	6	**0**	0	**1**	2	**0**	0	**2**	2	**0**	0
Associated spill volume in litres	**3,823**	4,725	**2,972**	1,763	**0**	0	**200**	1,213	**0**	0	**651**	1,749	**0**	0
Value of HSE related fines and penalties (USD)	**20,875**	55,781	**0**	0	**0**	0	**17,125**	0	**0**	0	**750**	0	**3,000**	55,781
ISO 14001 certified facilities	**8**	7	**1**	0	**0**	0	**0**	0	**0**	0	**6**	6	**1**	1
Scope 1 and Scope 2 CO_2e emissions (tCO_2e)	**1,035,690**	472,161	**42,172**	0	**0**	0	**742,633**	251,717	**6,441**	7,973	**87,680**	89,116	**156,764**	123,355
Scope 3 CO_2e emissions (tCO_2e)	**6,959,378**	5,894,037	**94,314**	64,784	**228,141**	148,279	**6,395,539**	5,527,994	**13,777**	12,573	**160,299**	93,232	**67,309**	47,175

Responding to climate change

Man-made greenhouse gas emissions are causing climate change. It is going to take a range of efforts by governments, companies and civil society to transition to lower carbon economies.

Trafigura seeks to reduce its emissions and is exploring ways in which we can improve supply chain efficiencies. Where we manage industrial assets, we aim to mitigate adverse environmental impacts.

We are committed to setting targets, improving, tracking and reporting on our performance.

We recognise that governments and regulators have an important role in setting increasingly stringent standards. Trafigura supports efforts to implement new policies that will result in robust actions to address climate change.

Trafigura's climate change strategy is underpinned by our conviction that policies and procedures that support sustainability are in our own economic interest. It is cognisant of the priorities and principles set out 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 2019, we focused on defining specific commitments and actions and identifying areas for improvement.

In December 2018, we established The Climate Change Group to guide our strategic approach to climate-related risks and opportunities. Its main priorities in 2019 were initiating investigations into new opportunities, reviewing existing proposals, examining and challenging our quarterly climate change reports and ensuring Trafigura is positioned to adapt as the world transitions to a low carbon economy.

"Trafigura supports efforts to implement new policies that will result in robust actions to address climate change."

www.pashglobal.com

Transitioning to a low-carbon economy

The world is shifting to cleaner forms of energy and as such the commodities industry faces a period of dramatic change. Traders have a key enabling role and Trafigura intends to play its part.

We supply many of the commodities the world needs for the transition. Copper is a critical metal for electrification. The latest batteries require lithium, lead, nickel and cobalt. Aluminium allows for lighter vehicles that use less energy. LNG is a low carbon fossil fuel required during the transition. As traders, our aim is to supply these commodities as efficiently as possible, reducing the carbon footprint associated with their delivery.

We are positioning ourselves to take advantage of the opportunities which will arise during the transition to a low-carbon economy. We are supporting countries in meeting their Nationally Determined Contribution targets, which is revealing new business opportunities. In late 2019, we established a new Power and Renewables Trading Division and have acquired a strategic stake in PASH Global, an investor in clean energy projects. We expect a number of projects to be announced throughout 2020.

International collaboration

Climate change poses complex challenges and demands effective action. Rapid progress is needed to achieve climate goals. Delivering this transformation will have widespread repercussions, especially in emerging economies. Ensuring a just transition is a competing imperative.

Individual governments are pursuing a range of policy measures to help achieve their emission reduction objectives. We aim to respond to government policies in a coordinated way. We advocate a clear and consistent international approach on carbon pricing and have introduced our own internal carbon pricing mechanisms. detailed more on page 49.

We collaborate with industry groups and others so that we can influence the debate and remain informed on climate change. We are active participants on key industry bodies, including the Global Maritime Forum, the Global Logistics Emissions Council and the Global Battery Alliance.

"We are leading the way in our peer group by understanding our emissions intensity and intend to set GHG emission reduction targets in 2022."

Improving efficiency

We support the development of new technologies and processes that improve the way Trafigura manages its GHG emissions. Within our own operations, we focus on reducing emission intensity by using fuel more efficiently in all our operations.

Ship-based transportation accounts for the majority of Trafigura's CO_2 emissions. Various operational initiatives, including route optimisation, are improving the fuel efficiency for our controlled and chartered vessels. We are also building new vessels, specified to exceed Energy Efficiency Design Index (EEDI) efficiency requirements.

Inland, where feasible, we are investing to accelerate a shift from road-based transportation to more efficient modes of transportation. In Colombia, we have replaced trucks with barges. In Africa, we are shifting more loads to rail as it is more efficient than trucking.

Transparency

In this report, we measure and publicly report our emissions with increasing accuracy, including Scope 3, and what we are doing to manage them.

We are leading the way in our peer group by understanding our emissions intensity (defined as emissions associated with moving one tonne of commodity one kilometre or nautical mile) and intend to set GHG emission reduction targets in 2020.

Coal

The shift away from coal as an energy source to, for example, gas and renewables will continue, but we must acknowledge that for a period of time coal will continue to be required to provide baseload energy, particularly in some developing countries. Coal accounts for less than three percent of Trafigura's global turnover. Most of this is exported to developing countries. We aim to ensure that all of the coal we handle is transported as efficiently as possible. We expect to maintain our current coal customer footprint but given the long-term challenges facing this resource, we have no current plans to invest in increasing our exposure in this market.

Managing operational risks

Both the effect of climate change and the policies that seek to address them are potential threats to a number of our activities and operations. We seek to understand how and where these might occur and take steps to mitigate them.

The Special Report on Global Warming of 1.5 °C (SR15) published by the Intergovernmental Panel on Climate Change (IPCC) in 2018 stated that there is high confidence that global warming has resulted in an increase in the frequency, intensity and volume of heavy precipitation events globally.

We are at risk of such events affecting our operations. Therefore we have looked into how we need to adapt to climate change. We have screened our portfolio to identify which assets are most at risk from a range of climate-related events, including extreme precipitation. We searched the Global Precipitation Climatology Project (GPCP) data set to identify which of our locations globally have experienced intense precipitation events in the past. The extracted data was combined with the latest predictive climate change modelling, based on the Coupled Model Inter-Comparison Project framework (CMIP5), to assess projected changes in precipitation. The assessment calculated the potential effects out to 2030 using Representative Concentration Pathway (RCP) 8.5, a worst-case scenario which assumes GHG emissions growth continues unabated at current levels.

This assessment identified our barging operations on the Magdalena River in Colombia as being exposed to climate change risk as they are sensitive to river depth, which is influenced by rainfall in the river's catchment area and the rate of siltation. High intensity precipitation can increase siltation, which reduces river depth.

These factors could impact our barging operations and impose additional operating costs. We are working with the Colombian government to mitigate the risk which will require dredging the river to maintain the required depth.

Similar forecasts apply to our barging activities from the Campana Terminal in Argentina via the Paraguay and Paraná Rivers to Paraguay and Bolivia, which are likely to be increasingly affected by low flow events. Climate models predict an increased frequency of droughts and considerable decreases in water run-off along the Middle Paraná River that will reduce water depths and increase sedimentation, both of which will increase the likelihood for grounding. New double hulled barges with grounding protection are being ordered.

Impala Terminals' storage facilities in Mexico and the US were also considered. Our Manzanillo warehouse on the west coast of Mexico was impacted by Hurricane Patricia in 2015. Projections from the National Oceanic and Atmospheric Administration (NOAA) suggest an increase in tropical storm intensity and the possibility of an increase in frequency in the Northeast Pacific basin, where Manzanillo is situated. The American Meteorological Society recently predicted that under a 2°C rise scenario hurricane intensity will increase by 3.5 percent, the frequency of category 4 and 5 hurricanes (the most intense) will increase by approximately 29 percent and precipitation associated with these events will increase by approximately 18.5 percent. This location is clearly at risk of both high wind speeds and extreme precipitation and flooding events associated with higher category hurricanes. Measures are being taken to improve the resilience of the warehouse and its recovery time.

Impala Terminals' US coal export facility at Burnside, Louisiana was another location identified as exposed to climate change risk. The terminal is located within the North Atlantic hurricane basin and within the last 40 years has been within 100 km of seven hurricane tracks.

The NOAA's research laboratory assesses that climate change will likely cause Atlantic hurricanes in the future to "have higher rainfall rates than present-day hurricanes, and medium confidence that they will be more intense." Data suggests that the intensity of hurricanes in the region could increase by four percent by 2030. The predicted additional lost revenue from increased hurricane intensity is considered manageable. However, based upon an assumption that a single hurricane may cause up to 14 days of lost output, it is estimated a major hurricane has the potential of causing a loss of up to USD12.5 million. We are reviewing our Hurricane Preparedness Plan and considering how we can make our Burnside terminal even more resilient to hurricanes.

Road transportation from Katanga, in southern Africa's Copperbelt region, was another activity assessed for impacts from a changing climate. Climate change models estimate a 5.7 percent increase in rainfall in the DRC and southern Africa. We currently predominantly use roads, some of which are poor quality, to export copper and cobalt out of the Katanga Copperbelt region. These are particularly susceptible to disruption during the rainy season. The implied increased costs of additional rainfall are unwelcome, but manageable. Our strategic decision to shift from road to rail transportation reduces this risk as railway systems typically have a lower exposure to increased rainfall.

Offsetting emissions from business flights

In August 2019, we introduced an internal carbon emissions offsetting scheme designed both to make our commitment to reducing GHG emissions visible to employees and to generate funds for carbon reduction initiatives. The Carbon Emissions Reduction Incentive (CERI) applies a fixed charge of USD15 per tonne of CO_2 emitted on business flights taken by employees. The extra cost is charged to each department. This currently raises about USD17,000 per month and is expected to generate more than USD200,000 annually. The amount raised is held in a centrally managed fund overseen by the Head of HSEC, which will be used to provide financial support for internal, carbon-reduction projects that may otherwise not be cost-effective, with employees encouraged to submit qualifying proposals. While it is a relatively small effort in comparison to the company's total operations, it is one of hopefully many in years to come aimed at reducing our carbon emissions, generating awareness and spuring future leadership.

"Carbon efficiency improvements can enhance the financial viability of a project."

Factoring carbon pricing into strategy

The economic advantages of lower carbon projects are recognised and integrated into our business model. In 2019 we have quantified our exposure to future carbon pricing by incorporating a shadow carbon price into M&A and new project appraisals.

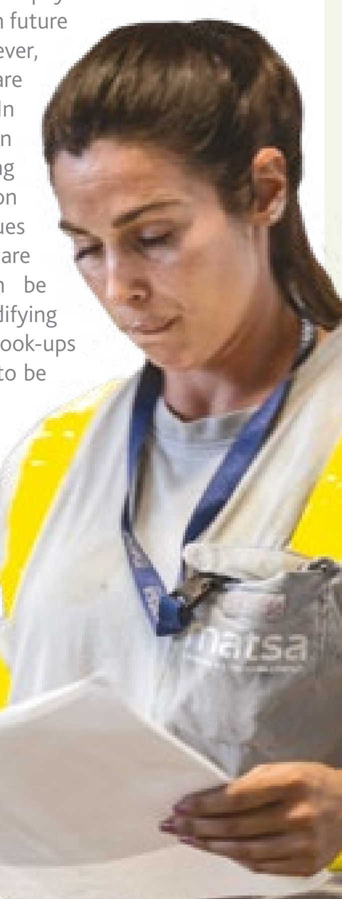
Some of our locations are already subject to carbon taxes, such as those in the EU and South America, and we pay almost USD700,000 per annum on our Scope 1 emissions. The total carbon tax paid on the products we handle (Scope 1, 2 and 3 emissions) is currently about USD3.5 million per annum.

The cost of carbon emissions is expected to rise significantly in future years as more countries seek to incentivise the transition to a low-carbon economy with more punitive carbon levies. We estimate that by 2025, our Scope 1 tax liability will have increased tenfold, to USD7 million per annum. The total carbon tax on Scope 1, 2 and 3 emissions could reach as much as USD100 million per annum.

Our sensitivity to different levels of carbon pricing is integrated into the cost-benefit analysis we undertake for M&A opportunities and investment projects. This approach identifies projects that are more sensitive to future carbon pricing. Such projects are reassessed to identify carbon reduction opportunities.

Carbon-efficiency improvements can often enhance the financial viability of a project, with efficiency improvements that have good paybacks and returns on investment when future carbon pricing is applied. However, carbon-efficiency measures are not all yet financially viable. In these situations, the project can still be future-proofed by planning for the installation of carbon emission reduction techniques when higher carbon prices are levied and the measure can be justified. This may involve modifying the original design to include hook-ups and leave space for equipment to be retrofitted at minimal cost.

View our video with Trafigura's Head of HSEC on our approach to climate change www.trafigura,com/2019RR



Case study:

Putting Copperbelt production on the line

The challenge

The African Copperbelt contains some of the world's richest copper reserves and is the source of two-thirds of the world's cobalt. These are essential raw materials for the transition to a low-carbon economy. But getting metals out of the ground in these land-locked producing areas is only the start of the story. To be of use, they have to be transported thousands of kilometres to ocean ports and onward to international consumers.

Our approach

Traditionally, inland transportation has relied heavily on trucking, but the roads in the region are in poor condition, notoriously congested and often dangerous, especially in the rainy season. With production increasing rapidly – it is expected to grow by more than 50 percent in the next few years – this is not sustainable.

Additionally, climate forecasts suggest precipitation will increase 5.7 percent, which will in turn increase the challenges of moving commodities by road.

Rail offers significant economies of scale over long distances; it is faster and more secure than trucking. Critically, the emissions linked to rail are far lower and there is considerably less impact on the environment and local communities.

Impala Terminals has been investing in rail-based logistics in Africa for over a decade. Our trans-continental rail network is the result of years of painstaking negotiation with regional rail companies and regulators, and significant investment in rolling stock and infrastructure.

We are now the largest rail freight-forwarder in Africa and the only company in the region to offer rail transport to the east, west and south coasts. We offer five logistics corridors which maximise strategic optionality for producers in the Copperbelt. Three are rail-based.

Rail links connect with strategically located warehouses at Dar es Salaam in Tanzania, Durban in South Africa and, now too, Lobito in Angola. A reopened rail line has cut costs and journey times significantly from the fast-growing production region in DRC to Angola's west coast. In September 2018, Impala Terminals delivered the first consignment of copper to make the 1,800 kilometre journey from Kolwezi to Lobito by rail in the 40 years since Angola's civil war shut down the line. We have been shipping increasing volumes ever since.

Bonded warehousing facilities in the main Copperbelt mining areas, at Ndola in Zambia and Kolwezi and Lubumbashi in the DRC, act as collection hubs for all materials and manage loading and onward despatch to trains and trucks. Over the last 12 months, the hubs have been developed to receive import cargoes such as chemicals, mining media and equipment. This additional service is improving the efficiency of our logistics assets and providing a round-trip solution for importers and exporters. In April, Impala Terminals opened a second warehouse in Lubumbashi, an 80-hectare mega-site, to cope with expected volume increases and to act as a staging ground for rail exports and imports.

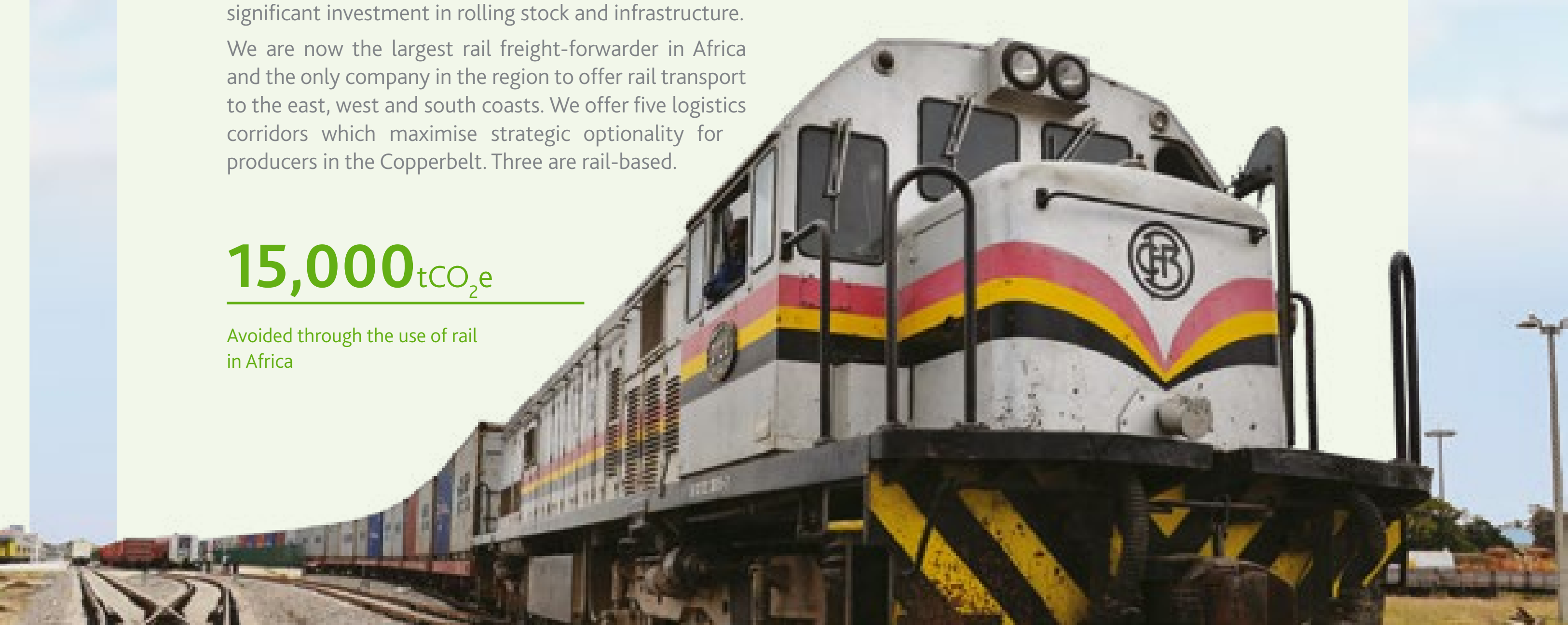
We currently transport over half a million metric tonnes of metal exports annually from the Copperbelt, including copper, cobalt and zinc in concentrate and refined forms, along five separate export corridors to the east and west coasts, as well as a growing number of imports. Around 20 percent of all freight goes by rail and this proportion is expected to grow rapidly. We are working with rail companies to refurbish wagons and locomotives to support this additional capacity.

We estimate that shipping commodities by rail instead of trucks avoided approximately 15,000 tCO_2e in 2019, a figure that we expect will increase in coming years.

www.trafigura.com/responsibility/case-studies

15,000 tCO_2e

Avoided through the use of rail in Africa



Reporting GHG emissions

We invest significant resources in our reporting of GHG emissions. Internally, we report our emissions quarterly. We report annually in this publication and benchmark performance via the CDP. It is only by understanding the composition of our portfolio at a granular level that we can prioritise the best emission reduction initiatives and measure their effectiveness.

We report direct emissions from owned or controlled sources as Scope 1 emissions. Under Scope 2, we report indirect emissions from the generation of purchased energy. We also report indirect emissions incurred across our value chain, where contractors and other counterparties are undertaking logistics operations on our behalf, as Scope 3 emissions.

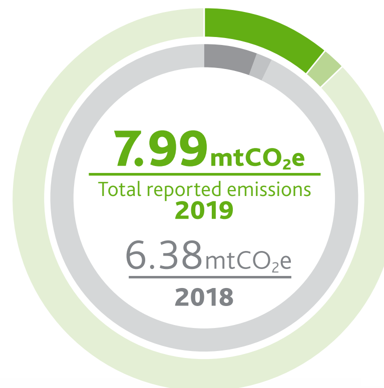
Our total reported emissions increased by 26 percent in 2019 to 7.99 million tCO_2e (2018: 6.38 million tCO_2e). The increase was due to increased volumes traded, changes in Trafigura's asset portfolio and more comprehensive reporting. Maritime emissions form the largest component of Trafigura's GHG inventory, 89 percent in 2019.

We introduced carbon intensity metrics in 2019 and will be applying these across the Group from 2020. This will allow us to benchmark and track improvements in the GHG efficiency of our operations.

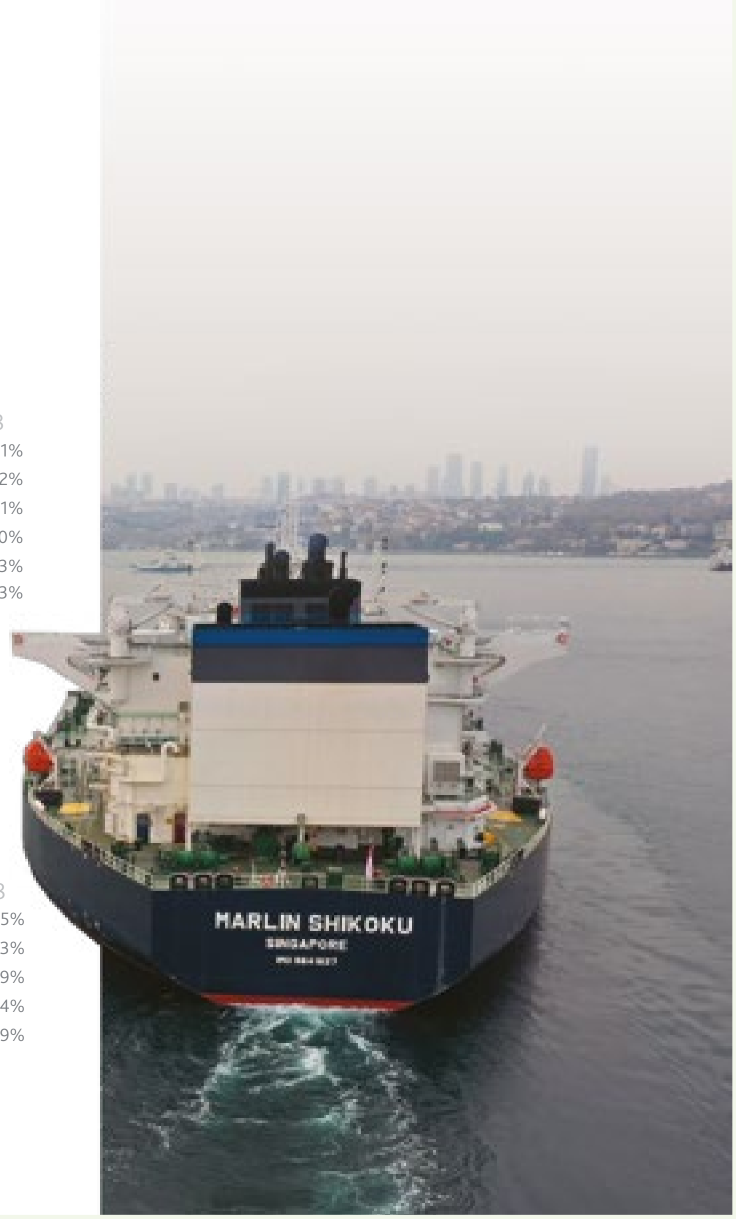
26%

Increase in reported emissions due to increased volumes traded and improved reporting

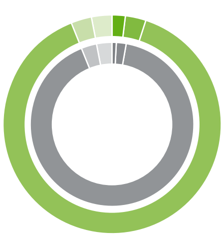
Scope 1 + Scope 2 + Scope 3 = Total emissions



2019		2018	
Scope 1	883,006	Scope 1	367,016
Scope 2	152,685	Scope 2	105,146
Scope 3	6,959,378	Scope 3	5,894,037

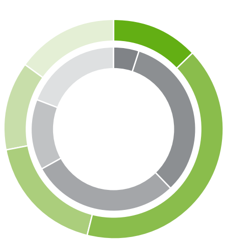


Trafigura GHG Inventory



	2019	2018
Oil & Petroleum Products Trading	2%	1%
Metals & MineralsTrading	3%	2%
Shipping & Chartering	89%	91%
Trafigura Corporate	0%	0%
Impala Terminals	3%	3%
Mining Group	3%	3%

Shipping and Chartering GHG Inventory



	2019	2018
Wet freight, owned vessels	13%	5%
Wet freight, time-chartered	41%	33%
Wet freight, spot-chartered	18%	29%
Dry freight, time-chartered	13%	14%
Dry freight, spot-chartered	15%	19%

Improving data collection

Our ability to manage our GHG performance successfully relies fundamentally on accurate and comprehensive assessment of the emissions we produce, both directly and indirectly. We are working across the company to ensure consistent and accurate reporting that fully captures the complexity and diversity of our operations.

We promote best practice reporting internally and aim to encourage continuous improvement across the Group. Emissions are reported quarterly to enable anomalies and mistakes to be identified and rectified rapidly. Where emissions are more than 20 percent above or below the previous quarter, this has to be explained.

Using an internal qualitative protocol, we rank the reporting quality of our submissions as gold, silver or bronze. Bronze-level reports rely on assumptions to arrive at a best-guess GHG emissions figure. Silver-level reporting is significantly more accurate, but also uses estimated data. Our ultimate objective is for all reporting to reach the gold standard, the actual figures for fuel consumption and other carbon-generative activities. It is challenging to achieve this reporting in some parts of our operations.

"We promote best practice reporting internally and encourage continuous improvement."

There were significant improvements in the depth and quality of reporting during 2019, with submissions now at gold and silver level in most areas of the business, with increasingly accurate estimates of emissions intensity being derived for many locations and activities. However, we sometimes find errors in reporting. This was the case with wet spot charters where we realised that the number of these, and hence their emissions, were under-reported in 2018. We are working to improve the accuracy of emissions reporting from wet spot charters. Wet charter reporting improved in 2019, though it remains bronze rated.

We work with an external consultancy, University Maritime Advisory Services (UMAS) to calculate the emissions resulting from wet spot charters of vessels. We provide UMAS with details of spot-chartered oil tankers, including the start and end date of each charter period.

In 2019, we improved the accuracy of the list of wet spot charters shared with UMAS, although we recognise we need to further improve our internal processes to track each wet spot charter journey. UMAS combines this data with the International Maritime Organization (IMO) Automatic Identification System (AIS) database on global shipping voyages to determine the route, tonnage, implied fuel use for each vessel and emissions associated with each voyage. We have used the UMAS calculations to estimate emissions from wet spot charters and these are included in our Scope 3 GHG figures.

For chartered vessels, we have further to go before we have the access required for the data we need. Where we purchase the fuel and have control of the route, we can calculate the resulting emissions. However, with spot-chartered vessels, the contractor is responsible for fuel consumption and route management. This makes it difficult for us to identify the related emissions.

To address this, we now request that vessel owners report bunker fuel use directly to us as we believe this is the best way to obtain reliable data. While it will take a year or so for this process to be fully implemented, ultimately it will enable us to report accurately on emissions from chartered vessels.

There were also improvements in the way we report emissions from the transportation of refined metals. The 2018 figure had been based on best-guess, realistic assumptions (bronze level). Reported data in the current financial year tracked both fuel use and distances travelled (silver level). This revealed a significant uplift in reported emissions. Although some of this is accounted for by increased volumes, much of the discrepancy was due to past under reporting.

Scope 1 and 2 emissions

On an aggregate Group level our Scope 1 and Scope 2 emissions, amounted to 1,035,690 tCO_2e in 2019 (2018: 472,161 tCO_2e), an increase of 119 percent. The increase reflects additional emissions from a larger controlled fleet of vessels, increased mining activity and changes in our portfolio such as the Bahía Blanca refinery in Argentina and Ipe Mine in Brazil, both of which were new additions to the Scope 1 inventory this year.

By far the most significant contributing factor to the increase in Scope 1 emissions was the fact that thirty nine vessels joined our controlled fleet in 2019 which resulted in a 195 percent rise in Scope 1 shipping emissions.

Emissions from Nyrstar facilities will be included next year. We expect this to significantly increase our Scope 2 and Scope 3 emissions.

Scope 3 emissions

The GHG Protocol lists 15 categories of Scope 3 emissions and we currently report on four of these. While some Scope 3 categories will never apply to us, it is likely that in the future we will extend our Scope 3 reporting. For instance, we do not currently report on the emissions from making the goods and services we purchase, from waste we dispose of, or from employee commuting.

Neither do we report on emissions caused by goods we supply being processed (for instance, copper) or consumed (for instance, coal); both of these figures are significant. We therefore expect our Scope 3 emissions to rise in the coming years. For the same reason, year-on-year comparisons of total Scope 3 emissions have little value.

Trafigura's currently reported Scope 3 emissions, which account for 87 percent of our total emissions (2018: 93 percent), amounted to 6.96 million tCO_2e in 2019 (2018: 5.89 million tCO_2e). The 18 percent increase year-on-year was largely due to emissions associated with additional volumes traded and improved accuracy, but the figures are not directly comparable as portfolio changes also contributed.

The majority of the increase, 1.07 million tCO_2e, is from shipping activities, although this is predominantly due to improved accuracy and reflects under reporting of emissions from wet spot charters in 2018.

Impala Terminals Scope 3 emissions rose 72 percent in 2019. This was mainly due to more throughput of tonnage in Colombia and Africa and the addition of emissions associated with the shipment of containers.

In 2019, we have included, for the first time, emissions associated with commodities transported in containers and emissions associated with material moved by train in Africa. There were 30,211 tonnes of emissions associated with container transportation. This figure was derived through our membership of the Clean Cargo Working Group. Trains in Africa accounted for 7,688 tonnes of emissions in 2019. This was derived by multiplying the average diesel consumption for African trains by recognised emission coefficients.

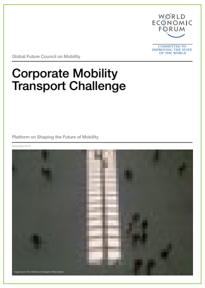
Mining Group Scope 3 emissions increased by 16 percent with the now fully operational Mawson West mine generating more trucking activity, activity at MATSA mine increasing and the scope addition of Ipe mine.

Oil and petroleum operations Scope 3 emissions rose by 46 percent, mainly due to more trucking activity in North America. For metals and minerals, the move from estimated Scope 3 figures to actual figures contributed to a 54 percent increase.

119%

increase in Scope 1 and Scope 2 emissions

Carbon intensity



www3.weforum.org/docs/WEF_Corporate_Mobility_Transport_Challenge_Report.pdf

We need to understand the intensity of all our emissions in order to manage them effectively. In 2019, we began to track GHG emissions in kilogrammes per tonne of commodity moved per kilometre or nautical mile.

This requires us to bring together three sets of data for each voyage or trip: the tonnage moved, the distance, and the emissions associated with each movement (usually derived from an accurate estimate of fuel use). We are initially applying this to emissions from owned ships and mining and plan to expand this approach across our activities in 2020.

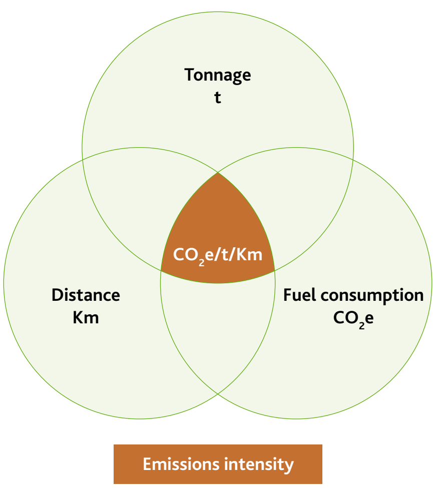
Having a standard metric across all operations makes it possible to measure our performance internally and against our peers, monitor GHG emissions across the supply chain and, crucially, drive performance improvements.

The initial data indicates that, for wet freight, our new-build vessels are more carbon efficient than chartered vessels.

For inland logistics, the data confirms that barges and trains are significantly more efficient than trucks. This was the rationale for introducing fluvial operations on the Magdalena River in Colombia and switching to rail in Africa.

We are pleased that the World Economic Forums (WEF) selected our Colombia barging operation as one of 18 case studies featured in their Corporate Mobility Transport Challenge to spotlight sustainable product distribution efforts. The compendium can be seen on the WEF website.

Calculating emissions intensity



Evolution of our GHG Inventory						
KPI	**Material emission sources**	**Scope**	**2019**	2018	2017	2016
Shipping & Chartering Desk	Wet, owned/controlled vessel	1	✓	✓	Partial	Partial
	Wet and Dry time charters	3	✓	✓	Partial	Partial
	Wet spot charters	3	Partial	Partial	✕	✕
	Dry spot charters	3	✓	✓	✕	✕
	Wet and Dry vessels in port	1 and 3	✓	✓	✕	✕
	Containers on container vessels	3	✓	✕	✕	✕
Mining Group	Power generation	1	✓	✓	✓	✓
	Purchased electricity	2	✓	✓	✓	✓
	Trucking	3	✓	✓	✕	✕
Impala Terminals	Power generation	1	✓	✓	✓	✓
	Barges	1	✓	✓	✓	✓
	Purchased electricity	2	✓	✓	✓	✓
	Trucking	3	✓	✓	✓	✓
	Rail	3	✓	✕	✕	✕
Oil & Petroleum Products Trading	Trucking	3	✓	✓	Partial	Partial
	Barges	3	✓	✓	✕	✕
Metals & Minerals Trading	Trucking	3	✓	✓	Partial	Partial
	Barges	3	✓	✓	✕	✕
Trafigura Corporate	Offices	2	✓	✓	✓	✓
	Flights	3	✓	✓	✓	✓

87%

GHG emissions generated through chartered vessels

"We continue to enhance the range of optimisation techniques across the fleet that minimise bunker usage and improve operational efficiency."

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.

We actively participate in the Global Maritime Forum and in other initiatives that seek to reduce global shipping emissions. We advocate the introduction of a carbon pricing mechanism on marine emissions in order to ensure a level playing field to incentivise fuel efficiency, lower and no carbon emitting fuels. We support the mandatory introduction of slow steaming, which will reduce the emissions intensity of the global fleet. We consider both initiatives would be significant steps towards achieving the IMO GHG reduction targets, but we also acknowledge the difficulties in introducing and enforcing global initiatives on marine shipping.

We are also taking our own independent action to reduce emissions and improve emissions intensity reporting from the fleet we own and charter. Chartered vessels account for 87 percent of Trafigura's GHG emissions. It follows that improving the fuel-efficiency of our chartered fleet will have a significant impact on our overall emissions. We have begun a six-month trial with dry freight chartering using the RightShip A to G GHG rating system to exclude the least efficient F and G rated dry freight vessels from our fleet. This approach is anticipated to reduce emissions from the dry chartered fleet by 11 percent, although this will be verified during the trial period.

We continue to enhance the range of optimisation techniques across the fleet that minimise bunker usage and improve operational efficiency. Vessels at anchor are required to minimise bunker usage while maintaining safe operations. Recommended measures include switching off vent fans, halting certain pumping operations and addressing airflow and temperature regulation.

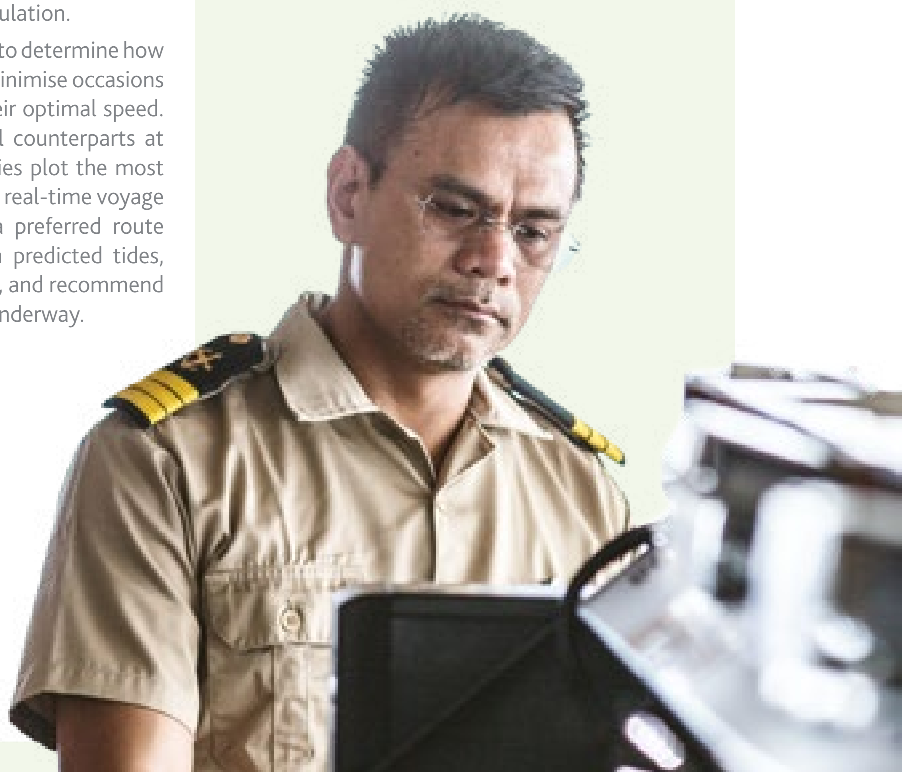
We are reviewing our internal processes to determine how we can encourage slow steaming and minimise occasions when vessels are speeded up above their optimal speed. For vessel route optimisation, external counterparts at weather-related navigation consultancies plot the most bunker-efficient routes. Our ships share real-time voyage and vessel data. Their analysts plot a preferred route ahead of each journey that factors in predicted tides, currents and meteorological conditions, and recommend course adjustments once the vessel is underway.

New-build vessels

During 2019 we took delivery of 39 new-build tankers – all built with the latest environmental technology, including sulphur scrubbers to meet the IMO's 2020 regulations on sulphur-oxide emissions. In August and September, we concluded agreements with ship-owners Frontline Ltd. and Scorpio Tankers Inc. to transfer long-term leasing obligations on 29 of these vessels for equity in Scorpio and Frontline.

The vessels we launched in 2019 are designed to meet or exceed the current Phase 1 EEDI efficiency expectations. We launched 35 vessels of which 27 (77 percent) exceeded Phase 1 EEDI expectations to meet Phase 2 EEDI efficiency expectations that come into effect on 1st January 2020. Indeed, 11 of those vessels met EEDI Phase 3 expectations which come into force in 1st January 2025. In 2019, we also commissioned 2 LNG tankers which will be launched during the Phase 2 period. These tankers will be designed to meet EEDI Phase 3.

Emissions from these vessels are Scope 1 and contributed to a 109 percent increase in Scope 1 and Scope 2 emissions. However, with more new wet freight vessels operational in our controlled fleet, our emissions intensity is lower and we are less reliant on spot- and time-chartered wet freight vessels.



The Getting to Zero Coalition

International shipping carries around 80 percent of global trade and accounts for 2-3 percent of global greenhouse gas emissions annually. Emissions are projected to grow between 50 and 250 percent by 2050 if no action is taken.

In April 2018, the UN International Maritime Organization (IMO) adopted a global climate change strategy to lower GHG emissions for shipping. The IMO GHG Strategy aims to reduce the total annual GHG emissions from international shipping by at least 50 percent by 2050 compared to 2008.

September saw the launch of The Getting to Zero Coalition, a partnership between the Global Maritime Forum, the Friends of Ocean Action, and the World Economic Forum. Trafigura is a Coalition member, along with leading public and private companies operating within the maritime, energy, infrastructure and finance sectors.

The Coalition aims to help the IMO realise its strategy with an ambitious plan to accelerate maritime shipping's decarbonisation. We are calling for the development and deployment of commercially viable deep-sea zero-emission vessels by 2030. We strongly support this initiative.

Avoided emissions

We have begun recording where we have taken action that results in emissions being avoided. In total, we identified more than 80,000tCO$_2$e of avoided emissions.

Our ongoing barging activity in Colombia accounts for 55,000tCO$_2$e of this, while moving commodities by rail instead of truck in Africa contributed 15,000tCO$_2$e. Optimisation of vessels and routes avoided more than 10,000tCO$_2$e. Optimisation of processes in our Impala Terminals and mining operations contributed the balance.

In the coming year, we will bring increased rigour and assurance to the determination of avoided emissions.

www.cdp.net

Global Logistics Emissions Council (GLEC)

The GLEC has led the international effort to bring consistency to emissions reporting. It was formed by Smart Freight Centre (SFC) along with freight and logistics industry leaders. A grant from the Trafigura Foundation supports the work of GLEC. In 2019, it published the GLEC Framework version 2, which provides a consistent methodology for calculating logistics emissions across transport modes and regions.

The GLEC Framework aims to standardise the reporting of emissions across the logistics industry. The Framework is consistent with the GHG Protocol that most companies already follow. It is also included in the CDP's reporting guidance. Its accounting approach has been adopted by many companies, including Trafigura, and it is emerging as the industry standard.

Carbon Disclosure Project (CDP)

In line with our conviction that transparency and disclosure promote long-term sustainability, we submit annual Climate Change reports to the CDP. This is our second year of reporting which builds on last year's annual report by extending disclosure on GHG emissions and providing new data on carbon intensity. In 2018, we received a D rating and the 2019 rating was not available at the time of going to press. Our commitment to CDP aligns the business with best practice reporting and reflects our determination to monitor and manage our environmental performance more effectively.

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 2019 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.

www.erm.com

External voice:

Climate change mitigation in the logistics sector

Professor Alan McKinnon
Kuehne Logistics University, Hamburg.

"Emissions from the movement of freight could more than double by 2050 unless radical new policies are adopted."

Climate change is receiving extensive news coverage these days. Scarcely a day passes without news of a major new discovery by climate scientists, an extreme weather event, an environmental protest or a new initiative to cut greenhouse gas (GHG) emissions. Some industries are regularly accused in the media of being climate-unfriendly; the fossil fuel industry obviously, but also livestock farming, aviation, fast fashion, etc. Logistics has so far avoided coming under this climate scrutiny. This is surprising as it represents around 10-11 percent of global CO_2 emissions, around 90 percent of which come from freight transport. According to the International Transport Forum/OECD, global CO_2 emissions from the movement of freight could more than double by 2050 unless radical new policies and practices are adopted. So the decarbonisation of logistics really merits a bit more attention.

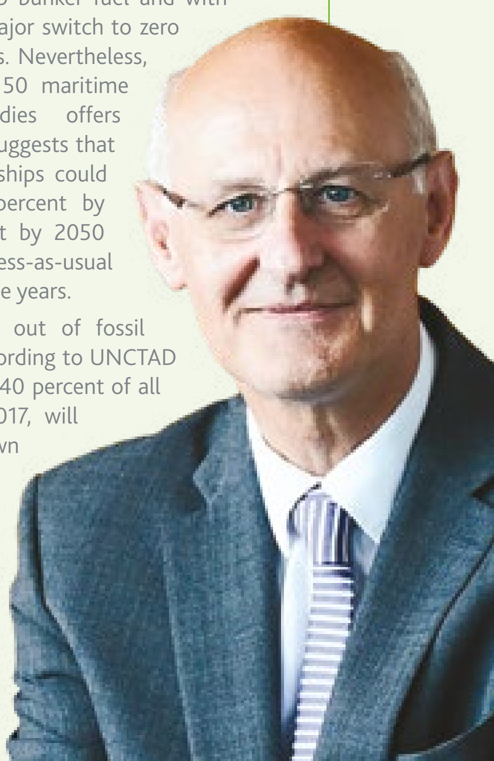
There may be several reasons for logistical activities not featuring more prominently in climate change discussions. In the first place, logistics, by which I mean the movement, storage and handling of materials, is highly diffuse and often not seen as an industry in its own right. For the vast majority of companies, though clearly not Trafigura, logistics is an ancillary activity that represents a relatively small share of their total carbon footprint. Their natural inclination is to concentrate decarbonisation efforts on the core activities from which most of their GHG emissions emanate.

A second reason may be that logistics emissions are perceived as being relatively difficult and expensive to mitigate. Logistics is, after all, very heavily dependent on fossil fuels, particularly liquid fuels that will be hard to replace with low-carbon electricity and sustainable biofuels. Logistics facilities like warehouses, ports and freight terminals drawing power from national electricity grids indirectly benefit from the decarbonisation of these grids and can supplement this with 'micro-generated' zero-carbon electricity from on-site wind turbines and solar panels. But collectively these fixed assets account for only around 10 percent of logistics' carbon footprint. The real challenge lies in decarbonising the movement of freight, particularly by sea, air and long distance road haulage.

Another possible reason for logistics not yet coming under the climate change spotlight is the fundamental contribution that it makes to economic development and social wellbeing. There has traditionally been a very close relationship, at a national level, between economic growth and the growth of freight tonne-kms. Governments are therefore afraid that any attempts to curb freight traffic growth might have an adverse effect on the economy. Research has shown, however, that it is possible to decouple both GDP from freight tonne-kms and tonne-kms from carbon emissions in ways that are cost-effective, at least in the short to medium term. So it would be wrong to take the current and forecast amounts of freight traffic, and the related emissions, as a given and seek to exempt logistical activities from climate change mitigation efforts. In terms of decarbonisation, logistics as a sector must 'pull its weight'.

This has already been recognised by, for example, the International Maritime Organization. In April 2018, this United Nations body committed to cutting CO_2 emissions from international shipping by 50 percent by 2050 against a 2008 baseline. It is estimated that this will require a daunting 70 percent reduction in the carbon intensity of shipping by then. This presents a formidable challenge for a sector with assets that are typically replaced on a 25-30 year cycle, with an addiction to cheap bunker fuel and with limited scope for a major switch to zero carbon energy sources. Nevertheless, a recent review of 150 maritime decarbonisation studies offers grounds for hope. It suggests that CO_2 emissions from ships could be reduced by 39 percent by 2030 and 73 percent by 2050 relative to business-as-usual emission levels in those years.

The gradual phasing out of fossil fuel traffic, which according to UNCTAD represented just over 40 percent of all maritime trade in 2017, will also help to bring down these emissions.



1 Bouman, E. A., Lindstad, E., Rialland, A. I., & Strømman, A. H. (2017). State-of-the-art technologies, measures, and potential for reducing GHG emissions from shipping – A review. Transportation Research Part D: Transport and Environment, 52 (Part A), 408–421.

The prospects of achieving low, or even zero, carbon freight movement by road and rail over the next few decades look much more promising. In some countries, the electrification of local delivery operations is already well underway and taking advantage of the diminishing carbon content of grid electricity. It used to be thought that battery power would be confined to small trucks and vans with a limited range and stop/start duty cycles. Now the powering of heavy, long haul trucks with low-carbon electricity is considered a viable proposition. This is partly because of quantum improvements in battery technology but also because the electrification of highways and development of a new generation of trolley trucks has been shown to be a relatively cost-effective option. Prototype fuel-cell trucks are also being trialled using electrolysed hydrogen as a low-carbon energy carrier. All three of these technologies will contribute to the decarbonisation of long-haul trucking though it is unclear in what proportions.

The railways are by far the most electrified freight transport mode with around half of all rail freight moved by electrically-hauled trains. This permits the direct transmission of low-carbon electricity into much of the rail network. The proportion of the network that is electrified has been steadily rising, except in North and South America where it is tiny and stable. In the US, locomotives powered by batteries and hydrogen fuel-cells are being trialled and may offer an alternative route to rail freight decarbonisation.

Worldwide, rail already has an average carbon intensity many times lower than that of trucking, which largely explains the strong desire of government policy-makers to shift as much freight as possible from road to rail. Analysis of the Nationally Determined Contribution (NDC) statements submitted by signatories to the 2015 Paris Climate Accord reveals that modal shift was by far the most frequently mentioned decarbonisation initiative for freight transport. In most countries, however, rail has actually been losing market share to road, despite government campaigns promoting a reversal of this trend. Historical experience suggests that using freight modal shift as a decarbonisation policy tool is going to prove much harder than many politicians think.

It is not only policy-makers that will have to change their mindsets on freight decarbonisation. Many logistics and supply chain managers will also need to alter their views on the subject. First, they need a greater sense of urgency. The Intergovernmental Panel on Climate Change in its highly influential report of October 2018 emphasised that global warming must be kept within a 1.5°C temperature rise between 1850 and 2100 and that this will entail a 50 percent reduction in CO_2 emissions by 2030. Failure to achieve deep CO_2 reductions by then will result in us exceeding the 'carbon budget' for 1.5°C and having to invest heavily in expensive and, in some cases, risky 'negative emission' schemes to remove much of the CO_2 already in the atmosphere. So great is the risk of crossing climatic tipping points that the current generation of managers cannot leave tough decarbonisation decisions to the next.

Corporate views also need to change on targets, economics and priorities. Almost all the carbon reduction targets currently being declared for logistics are expressed in terms of carbon intensity – i.e. emissions relative to the level of activity. This is understandable as businesses are naturally reluctant to set targets that might constrain their future growth. However, governments – and the planet – require absolute reductions, preferably leading to net zero emissions by 2050. This will require a fundamental change in the way targets are defined and delivered. Carbon intensity targets will need to be aligned with efforts to keep total emissions within particular limits by specified dates, something that the Science Based Targets initiative (SBTi) is currently promoting. On economics, it is now widely accepted that many carbon-reducing measures also save money and so fall into the virtuous category of 'low-hanging fruit'. Regrettably, harvesting all this fruit will not solve the problem. Keeping logistics-related emissions within 1.5°C, or even 2.0°C carbon budgets in the medium term and driving them down to net-zero by 2050 will require economic trade-offs and sacrifices. This in turn will demand a re-ordering of corporate priorities to make climate change mitigation one of the overriding goals of businesses in the coming decades.

"Worldwide, rail already has an average carbon intensity many times lower than that of trucking."

"Climate change mitigation (must become) one of the overriding goals in the coming decades."

www.trafigura.com/responsibility/external-voices

Our people

Long-term business success is built on a highly skilled and productive workforce. We invest in attracting, developing and retaining the best people.

2019 Performance

- 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.
- 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.

2020 Targets

- To build and implement 30 in-house modules, including e-learnings, that develop the core technical and interpersonal skills of our employees.
- To continue the roll-out of the existing people management and leadership modules and coaching across the business.
- 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.
- To achieve a 50:50 gender split on all interviewees for the graduate programme.
- To roll-out training to further develop employee's skills in accountability, communicating effectively, planning and aligning, and customer focus.

Not achieved Improving Achieved

Forging a responsibility culture

Our meritocratic and collaborative work environment promotes an atmosphere of integrity, ethical conduct, equal opportunity and mutual respect.

Our approach

We have a high-performance culture where people are encouraged to flourish and maximise their potential. We set high standards and place a premium on respect, diversity and communication. We require all our employees to act as team players. While individual success is welcome and rewarded, value stems from contribution to the long-term success of the entire Group.

Trafigura will succeed in the long term by trading commodities that meet the world's evolving needs reliably, efficiently and responsibly, while considering the impacts of its activities on local communities, national economies and the environment.

Responsibility is, for us, an important competitive differentiator. We have set ourselves the strategic ambition of becoming a corporate responsibility leader within the commodities trading sector. As one of the world's largest global commodity traders, it is essential that our stakeholders and all those who work with us have confidence that our employees can always be relied on to conduct themselves responsibly and act with integrity.

Our people are at the heart of our business. We have structured our organisation to devolve decision-making as much as possible. We believe our employees are more effective when they are given significant autonomy and are expected to take ownership of their decisions. We retain control centrally and ensure global accountability through robust systems, processes and operating principles.

Our people strategy aims to motivate staff, promote agility and allow close-knit teams to operate 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.

Developing our culture

Trafigura's non-hierarchical organisation emphasises the importance of teamwork. We encourage all employees to take responsibility for their decisions and consult widely with their colleagues. This promotes joined-up thinking and actions that are in the best interests of the company as a whole rather than any individual or group. 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.

Our employee handbook entitled 'The Way We Work' articulates the defining characteristics of Trafigura's culture and our expectations of all employees. It is provided to all members of staff and is available in English, Spanish and Chinese.

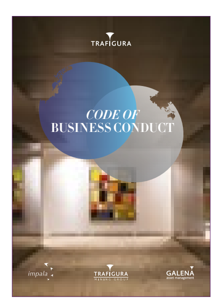
Read more about 'The Way We Work':

https://www.trafigura.com/brochure/the-way-we-work

www.trafigura.com/way-we-work

An accompanying video, aimed at new starters, can be found online. In this, senior managers recall their own early experiences at the company and offer insights into how Trafigura people can be most effective. There is strong emphasis throughout on teamwork within a non-hierarchical organisation.

All new starters receive the guide and video, together with Trafigura's Code of Conduct as part of their induction. They are also required to take the 'Responsible Trading' training course. 'The Way We Work' codifies our values and describes the behaviours we expect of our employees.



www.trafigura.com/brochure/trafigura-code-of-business-conduct

Responsible Trading e-learning

In July 2019, we launched Responsible Trading, an e-learning tool that aims to delineate and define why responsibility is a central concern for all employees. The course is introduced by an address from CEO Jeremy Weir, highlighting the importance of the topic. It goes on to emphasise the Group's strategic commitment to responsible trading, demonstrates why responsibility is a commercial differentiator and shows how it underpins our commercial relationships with banks, trading counterparts and stakeholders. The course also articulates what responsible trading means in practice and how it extends across the supply chain.

To complete the course successfully, participants must score 100 percent in a summary review testing their understanding of the concepts raised. Seventy three percent of the target audience, nearly 2,600 people, had successfully completed the course by the end of September 2019.

Encouraging teamwork

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

We achieve this by focusing on teamwork. Our teams need to coordinate their efforts to perform consistently across a complex supply chain. This calls for close international and multi-disciplinary collaboration. Embedding this across the organisation requires continual attention. We stress open channels of communication, emphasise career progression within the Group and invest consistently in learning and development programmes to broaden and deepen our skills.

Supporting our people

The Trafigura Group creates and manages world-class operations around the globe. Everywhere we operate, we recruit and invest in local employees.

Trafigura's average headcount increased in 2019 following the acquisition of the Bahía Blanca Refinery and other Pampa Energía downstream assets in Argentina in 2018. Our (average of) 6,469 employees in 2019 (2018: 5,591) perform a diverse range of tasks across the Group*. Fifty five percent are office-based and 45 percent operate in the field – working in terminals, in transportation and in mines. Further information of our employees can be found on page 66.

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 engage with employees and contractors, 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.

Our employees by region

Africa	737	North America	291
Europe	1,347	Asia & Australia	1,090
LATAM	2,966	Middle East	37

* Our 2019 employee data does not include Nyrstar employee numbers. All Nyrstar HSEC data will be reported in our 2020 Responsibility Report.

"We enter all negotiations in a spirit of cooperation, focusing on arriving at affordable, sustainable agreements that promote workforce stability."

1,774

Employees covered by collective bargaining agreements globally (2018: 1,588)

Extended responsibilities

In some of the communities where we operate, there are very few other major employers, sometimes none at all. In these places we have a particular responsibility. Our presence is helping to sustain the local economy as well as support employees and their families.

In addition to those we employ directly, we work on- and off-site with numerous contractors and suppliers. We encourage all our commercial counterparts to uphold terms of employment conditions.

Collective bargaining

Where our people have union representation, we aim to resolve concerns about working conditions with their representatives by maintaining open channels of communication.

For instance, in 2019 we held a two-day workshop with union representatives in the city of Huamanga in Peru. Fifteen union representatives of employees at the Catalina Huanca mine joined 15 company representatives to discuss how they could build better relationships and help promote stability at the mine.

The mineworkers' union there is affiliated with the National Federation of Miners, Metal and Steel Workers of Peru (FNTMMSP). This workshop came in the context of a call by the FNTMMSP for a national strike by all Peruvian miners in pursuit of better working conditions, increased salaries and improved employment contracts.

The company saw this as an opportunity to engage in detailed conversations with the union, set out its overall approach, address grievances and make the case for not taking industrial action. The parties found common ground. They agreed to continue to collaborate to promote better relations, strengthen collective bargaining and reduce the likelihood of future conflicts.

In September, the FNTMMSP announced an indefinite strike and mining industry workers from 102 unions across the country halted work and marched to protest about their working conditions. The union representatives at the Catalina Huanca chose not to take industrial action and the mine continued to operate.

As part of our daily business, we regularly renegotiate collective agreements with union representatives. We enter all such negotiations in a spirit of cooperation, focusing on arriving at affordable, sustainable agreements that promote workforce stability.

1,807

Employees joined the Trafigura Group in 2019 (2018: 2,150)

"Our people come from across the globe and many walks of life."

Attracting talent

We aim to attract the most talented people, irrespective of age, gender, sexual orientation or ethnicity. Experience, skills and attitude are our primary criteria.

Where the right people are available, we prefer to recruit locally so that our workforce reflects the community in which we operate. Cultural fit is another important factor. We look for candidates who will respond well in Trafigura's dynamic environment.

Our people come from across the globe and many walks of life. This breadth of experience enriches and informs our approach. People with diverse backgrounds contribute differing perspectives.

We are committed to gender equality and seek to encourage more women to take on senior roles within the Group. However, addressing gender disparity is a challenge in our industry where women have been significantly under-represented for many years. We need to help develop skills and experience for those in senior roles and, inevitably, this takes time. Trafigura will continue to develop and promote able female managers and seek to attract female lateral hire applications.

View our video with Wendy Moss, Head of Strategic Management and Development for our Oil Division. www.trafigura.com/careers/

Attracting female applicants is an important step towards achieving a more equitable gender balance at all levels within the Group. We have now instituted a policy that at least 50 percent of first-round interviewees for our International Graduate Programme should be female. We received many excellent applications in 2019, and focused on selecting the most qualified and motivated.

Although we sometimes make use of external recruitment firms, we source most candidates directly. We advertise positions online and in newspapers and industry publications. We received over 100,000 job applications in 2019, a 10 percent increase on the previous year, and hired 1,807 new employees (2018: 2,150).

We have an increasingly active social media presence where we advertise individual job positions and our regular recruitment drives. We occasionally recruit externally for specialist senior positions, but more often, we promote from within. Many of our top managers have worked their way up through the ranks. In the past financial year, 330 employees changed roles within the Group.

Our International Trader Opportunity initiative aims to recruit experienced external traders and identify promising internal candidates for trading desk roles. Any employee, with the support of their manager and a senior trader, can apply.

Our Future Talent programmes provide a pathway into the industry. The main pathway for new talent is our two-year graduate programme. This is built around structured placements in different parts of the business. In 2019, we received over 15,000 applications for the programme. We selected 35 people, four of whom were graduates from our apprentice programme. In addition, five recruits joined the Impala Terminals Graduate Programme.

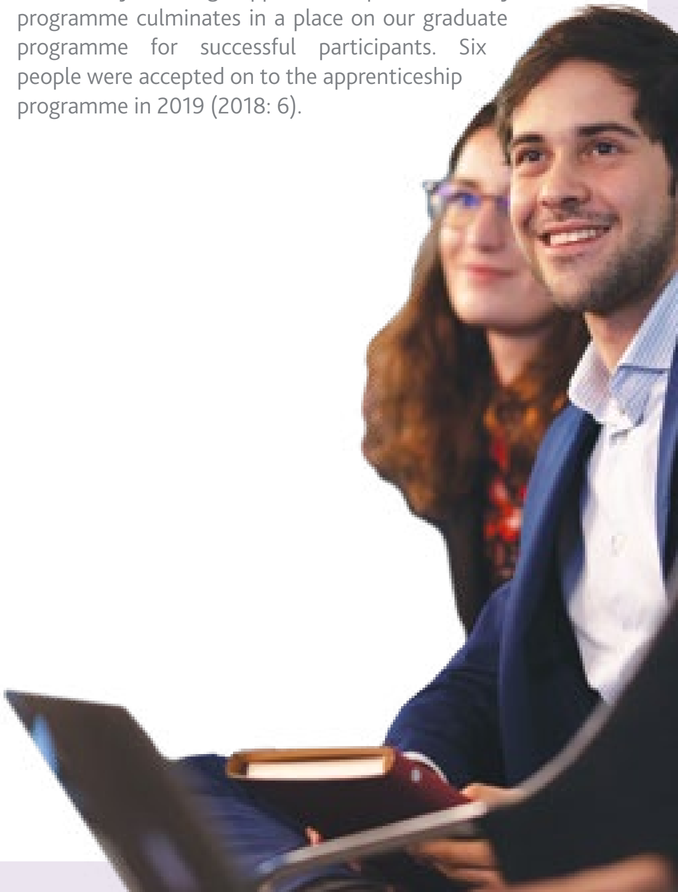
We also recruit recent school leavers who have chosen not to pursue degree level education through the Global Commodity Trading Apprenticeship. This one-year programme culminates in a place on our graduate programme for successful participants. Six people were accepted on to the apprenticeship programme in 2019 (2018: 6).

35

Graduates recruited to our Future Talent programme in 2019 (2018: 32)

6

People recruited to our Global Apprenticeship programme in 2019 (2018: 6)



"Mentoring and on-the-job training have always been a core part of Trafigura's open and collaborative culture."

Managing our people

The breadth of the career opportunities that we are able to offer as a global company has encouraged many high-quality people to make a long-term commitment to the Group.

Those working at Trafigura can benefit from tremendous opportunities, but they also face high expectations. Our dynamic culture does not suit everyone.

In 2019, 1,026 employees left the Trafigura Group (2018: 961). Of this figure, 62 percent of staff were white-collar workers, while 38 percent were blue-collar workers. This level of attrition (circa. 16 percent of the average headcount excluding fixed-term contracts ending) is broadly in line with expectations.

Demographics play a part in this. Younger employees typically change their employer more frequently. Around 23 percent of our staff are under 30 years of age.

We have taken steps 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 invest in developing people management skills in team leaders.

90

Employees relocated internationally (2018: 102)

People summary report

	Group (aggregate)		Oil & Petroleum Products Trading		Metals & Minerals Trading		Shipping & Chartering Desk		Trafigura Corporate		Impala Terminals		Mining Group	
KPI	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Average no. of full time employees	**6,469**	5,591	**1,330**	886	**702**	596	**108**	95	**1,005**	909	**1,805**	1,755	**1,519**	1,115
Male (%)	**79**	79	**78**	78	**65**	60	**75**	78	**60**	61	**87**	87	**90**	89
Female (%)	**21**	21	**22**	22	**35**	40	**25**	22	**40**	39	**13**	13	**10**	11
Under 30 years (%)	**23**	26	**26**	34	**38**	38	**31**	34	**28**	26	**25**	28	**7**	10
30 – 50 years (%)	**67**	63	**63**	55	**59**	59	**67**	64	**64**	65	**65**	61	**76**	72
Over 50 years (%)	**10**	11	**11**	11	**3**	3	**2**	2	**8**	9	**10**	11	**17**	18
White collar (%)	**55**	58	**62**	80	**98**	100	**100**	100	**99**	98	**29**	29	**28**	31
Blue collar (%)	**45**	42	**38**	20	**2**	0	**0**	0	**1**	2	**71**	71	**72**	69
Full time (%)	**100**	99	**100**	100	**100**	100	**100**	100	**98**	98	**100**	99	**100**	100
Part time (%)	**0**	1	**0**	0	**0**	0	**0**	0	**2**	2	**0**	1	**0**	0
Permanent contract (%)	**91**	91	**98**	91	**90**	81	**100**	100	**96**	95	**85**	87	**90**	88
Temporary contract (%)	**9**	9	**2**	9	**10**	19	**0**	0	**4**	5	**15**	13	**10**	12
Covered by collective bargaining agreements	**1,774**	1,588	**505**	138	**0**	0	**0**	0	**0**	0	**623**	975	**646**	476

Managing skills

We use a variety of techniques to ensure that we have the right people in the right places and that they possess the requisite skills to be effective in their roles.

We undertake competency reviews every two years in our trading support departments to measure skills gaps and put corresponding action plans in place. Office-based employees also participate in a biannual performance assessment with their managers.

We share best practice internationally and regularly relocate employees and their dependents to broaden and deepen their skills. We supported 90 (2018: 102) international relocations in 2019.

Mentoring and on-the-job training have always been a core part of Trafigura's open and collaborative culture. Line managers devote significant time and energy to developing teams with strong specialist skills.

We have run a series of 'Audience With…' presentations over several years to share knowledge on different parts of the business. At these well-attended sessions, senior colleagues discuss how their departments operate and respond to questions on key topics. These events are open to all employees on a first-come first-served basis. In 2019, 1,564 employees attended 60 sessions in our hub offices (2018:1,266 at 43).

Developing leadership skills

Trafigura can only flourish by continuously improving productivity and efficiency. We are operating in increasingly competitive markets. We have to be agile. To do that, we need to be able to collaborate seamlessly across borders and disciplines. Teamwork is critical.

Team management is a core leadership skill, which our in-house training develops. The 'Managing High-Performing Teams' programme introduces key principles then puts them into practice.

An initial workshop introduces four key aspects for team managers to consider: building effective relationships, team processes, work organisation and team direction. This is followed up with a practical, two-hour case study session where the managers are asked to apply these four elements to turn around an underperforming business.

As our business grows, more of our managers are being promoted at an early age. They are highly skilled and motivated, but sometimes lack life experience. Our Global Training and Development Manager coaches up-and-coming managers Group-wide in workshops and on a one-to-one basis to help develop their team leadership and communication skills.

330

Employees changed roles within the Group in 2019 (2018: 484)

"Trafigura's business interests continue to grow. We want our people to grow with us."

Case study:

Improving working practices at Mawson West, DRC

The challenge

The Mawson West copper mine in Kapulo in the DRC, which Galena acquired in 2016, recommenced operations in April 2018 following an extended period of care and maintenance. When the mine became operational again, tensions arose in the workforce, which compromised safety and led to delays in production.

Our approach

The Mawson West mine is very remote, situated north of Lake Mweru over 500km from Lubumbashi. It employs 410 full-time employees and another 350 contractors. Three-quarters of them are based locally and had worked there in the past when it was operated by its previous owners. After the restart of operations, it was soon evident that legacy working practices were impeding productivity, compromising safety and damaging morale.

On further investigation, it was apparent that site supervisors and workers communications were not fluent on the ground.

The obvious lack of communication between the two groups was having tangible effects in each of Mawson West's four main departments. For example, in the maintenance department, which is responsible for managing plant equipment, daily production targets were being missed.

The company designed in-house a classroom training on people management and effective communications. External training facilitators from Kinshasa were engaged to deliver the training material. It sought to change the working culture and provide guidance for managers on leadership skills and strategies. Training courses were run for supervisors in all four departments to help them articulate their challenges and identify how they could lead their teams more effectively. These focused particularly on the importance of raising morale, developing skills and winning the support of team members.

The training programme has raised managers' awareness of their responsibilities in promoting a positive working environment. There has been a cultural shift towards more collaborative working with consequent improvements in productivity and health and safety with 60 percent reduction in the lost-time incident rate from that of the previous year.

Daily or weekly team meetings now take place in all four departments to explain procedures, provide health and safety briefings and take on board any feedback and suggestions on how operations could be improved.

Employees now feel more committed and engaged in the business. There is less absenteeism and punctuality is much improved. They are participating more actively and are increasingly willing to flag operational issues. The resulting better oversight has reduced avoidable delays and helped stabilise production.

https://www.trafigura.com/responsibility/case-studies

47,460

Learning and development-related activities completed across the Group (2018: 26,736)

Learning and development

The quality and range of formal training opportunities at Trafigura is continually improving. Over 47,460 learning and development-related activities were completed across the Group in 2019, including e-learnings, structured on-the-job training, classroom training and skills evaluations.

Our online Learning and Development system is enhancing the learning experience. Training activity and performance are now managed on the same online system. Employees and their managers can track progress and direct their own learning needs.

Our library of over 200 in-house e-training modules is available online. It includes a 12-module trade lifecycle e-learning pack, which presents an A-Z review of commodity trading processes, with a further 30+ under development. In all, over 1,400 e-training modules are available globally.

Workshops and live training sessions are held at all our hub offices. The Trading for Non-Traders programme helps colleagues in trading support roles understand Trafigura's core activity. We also hold responsibility workshops globally. These are building awareness of social and environmental risk across the Group.

Our global learning and development initiatives are complemented by specific programmes that meet local operational needs.

Trafigura Argentina was a particular focus in 2019. After the acquisition of the downstream oil assets of Pampa Energia in 2018, there followed an intense restructuring period. In 2019, attention turned to integrating these assets into Trafigura Argentina. A key element in this process has been aligning employees at the Bahía Blanca refinery, the Campana terminal and other business units with Trafigura's way of working.

700+

Company shareholders

A learning and development programme was designed for the region that included multiple training activities for the administrative, operational and management personnel at the different locations and business units.

There were introductory workshops and soft skills sessions for managers and office staff at the Buenos Aires regional head office. At the Bahía Blanca refinery, all employees were taken through the Corporate Overview to help contextualise their position within the global Group.

Other Trafigura courses, such as Communicating Effectively, Being Resilient and Ensuring Accountability, have helped inform employees about the responsible, performance-led processes and principles that distinguish Trafigura. These are delivered alongside programmes for managers, such as Leading for Results, that are helping to embed our flexible and highly collaborative working culture.

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 700 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 kind 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 2020.

Trafigura Foundation

TRAFIGURA FOUNDATION

We provide long-term funding and expertise to improve the socio-economic conditions of vulnerable communities around the world, driving positive and lasting transformational change for those who need it the most.

Our areas of action

The Foundation supports programmes in the fields of Fair and Sustainable Employment and Clean and Safe Supply Chains.

Fostering Fair and Sustainable Employment

We promote the creation of quality jobs and income-generating opportunities for the most marginalised groups, with the ultimate aim of helping them live worthy, autonomous lives. We consider 'fair and sustainable' those job opportunities that are underpinned by decent wages, safe working conditions, and are aligned with international ethical principles of employment.

Meet some of our collaborators

Perspektiva: In the Russian Federation, the Trafigura Foundation is supporting Perspektiva's unique disability employment programme. Its success is determined by the NGO's ability to work with the two sides of the job market. On one hand, Perspektiva helps job seekers with disabilities get the skills and confidence to find a job; on the other hand, it works with the business community to challenge negative stereotypes and improve employment opportunities for people with disabilities. Over the period April to September 2019, 694 job seekers with disabilities benefited from Perspektiva's training and 129 secured part-time or full-time job positions.

https://www.trafigurafoundation.org/programmes/perspektiva-russian-federation/

Youth Empowerment Project (YEP): YEP is a community-based organisation in New Orleans (USA) providing support for vulnerable youth through education, training and mentorships. YEP's collaboration with the Trafigura Foundation led to the creation of the Trafigura Work and Learn Center (W&L) in 2013, an employment readiness training programme aimed at 16 to 24 year-olds. The Greater New Orleans region continues to struggle with extremely high rates of youth unemployment which correlates to high crime rates. YEP's W&L programme focuses on reducing youth disconnection by providing young people with hard and soft skills that they gain through work experience in one of YEP's businesses. In the first semester of 2019, 73 youths participated in YEP's programme and 24 are now in externships or in employment.

https://www.trafigurafoundation.org/programmes/yep-usa/

Promoting Clean and Safe Supply Chains

The Foundation aims to support projects that mitigate the social and environmental issues related to the sourcing of commodities, transportation and waste disposal. By 'clean and safe' we understand those activities that reduce emissions and carbon footprint of supply chains; tackle the social and health issues affecting communities impacted by transport and industrial infrastructure, such as workers and communities living along main logistics roads and hubs.

Meet some of our collaborators

International Seafarers' Welfare and Assistance Network (ISWAN): ISWAN works to promote and support the welfare of seafarers all over the world. Its comprehensive set of services includes a 24-hour multilingual helpline, dedicated support to handle issues such as health and mental wellbeing, response to armed robbery, ship detention and the organisation of awareness-raising campaigns in the maritime sector. The support is also extended to seafarers' families. The Trafigura Foundation is backing ISWAN's operation across India, the Philippines and West Africa. Between 2018 and 2019, ISWAN has helped over 8,000 seafarers.

https://www.trafigurafoundation.org/programmes/iswan-worldwide/

International Council on Clean Transportation (ICCT): The ultimate objective of ICCT's project is to reduce fuel consumption and emissions from the logistics sector in Latin America through better truck eco-driving practices. The Trafigura Foundation is supporting ICCT's research and implementation plans across five countries. In 2019, ICCT designed a complete eco-driving curriculum adapted to the Latin American context and reached an agreement with the governments of Argentina, Chile, Costa Rica, Mexico and Peru to implement it at national level.

https://www.trafigurafoundation.org/programmes/the-international-council-on-clean-transportation-latin-america/

$8.5m

Disbursed in philanthropic actions

26

Countries of operation

Photo courtesy of LEM Peter Cornelissen for ISWAN.

What the Trafigura Foundation does

Fair and sustainable employment

Building people's employability and strengthening access to sustainable and dignified jobs

- Vocational, management and entrepreneurship training
- Job placement services
- Network and awareness-building with prospective employers

Supporting social enterprises in becoming levers of development and creating jobs for surrounding communities

- Incubation and acceleration services
- Seed funding and financial support
- Technical assistance
- Access to markets and networks
- Material capital

Target beneficiaries

Disenfranchised youth, smallholder farmers, micro-entrepreneurs, people living with disabilities, women in vulnerable situations, groups facing discrimination, exclusion and poverty.

Clean and safe supply chains

Mitigate the environmental issues caused by transportation and infrastructure at land and at sea

- Reduce emissions caused by the transport sector
- Improve industrial waste management

Tackle the social and health problems affecting populations impacted by logistics and supply chains

- Improve the health and social conditions of miners, truck drivers, seafarers
- Promote road safety in critical countries
- Eradicate child labour in artisanal mining
- Promote last-mile delivery and access to basic services (health, education, access to markets) for remote populations

Target beneficiaries

People working all along the supply chains, communities living along the main logistics roads and hubs, hard-to-reach communities lacking access to basic services.

The Trafigura Foundation partners with experienced organisations to offer

36
Programmes

34
collaborators

All Trafigura Foundation figures updated in November 2019.

Encouraging staff engagement

As a corporate foundation, an essential part of our mission is to promote philanthropy as a corporate value and practice among Trafigura employees around the world. The Foundation dedicates time and resources to help local staff gathered in 'Charity Committees' organise philanthropic initiatives and give back to the communities among which they live and work.

The Foundation supports employee fundraising efforts by matching the amount collected for each initiative and by providing grants to 'Charities of the Year' elected by local offices.

In 2019, the Foundation disbursed circa USD900,000 to match staff donations and support organisations selected by Trafigura employees.

www.trafigurafoundation.org/

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