IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the Offering Circular following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Offering Circular), Citigroup Global Markets Singapore Pte Ltd., Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Standard Chartered Bank (Singapore) Limited as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE ATTACHED DOCUMENT.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any distributor (as defined above) should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the United Kingdom has been prepared and, therefore, offering or selling the Securities or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are classified as prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Confirmation of your representation: In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities being offered, prospective investors must be non-U.S. persons (as defined in Regulation S) located outside the United States. This Offering Circular is being sent to you at your request, and by accessing this Offering Circular you shall be deemed to have represented to the Issuer, Citigroup Global Markets Singapore Pte Ltd., Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Standard Chartered Bank (Singapore) Limited that (1) you are purchasing the securities being offered in an offshore transaction (within the meaning of Regulation S) and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia and (2) you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and Citigroup Global Markets Singapore Pte Ltd., Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Standard Chartered Bank (Singapore) Limited or any affiliate of Citigroup Global Markets Singapore Pte Ltd., Credit Suisse (Singapore) Limited , DBS Bank Ltd. and Standard Chartered Bank (Singapore) Limited is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by Citigroup Global Markets Singapore Pte Ltd., Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Standard Chartered Bank (Singapore) Limited or such affiliate on behalf of the Issuer in such jurisdiction.

In the United Kingdom, this Offering Circular is only being distributed to and is only directed at (i) (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons in (i) and (ii) above together being referred to as "**relevant persons**"). This Offering Circular is only available to and is only directed at relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The attached Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, Citigroup Global Markets Singapore Pte Ltd., Credit Suisse (Singapore) Limited, DBS Bank Ltd. or Standard Chartered Bank (Singapore) Limited, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from Citigroup Global Markets Singapore Pte Ltd., Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Standard Chartered Bank (Singapore) Limited.

Offering Circular dated 22 September 2021

TRAFIGURA GROUP PTE. LTD.

(incorporated with limited liability in Singapore)

USD 400,000,000
Perpetual Resettable Step-up Subordinated Securities

The Perpetual Resettable Step-up Subordinated Securities (the "**Securities**") will be issued in an initial aggregate principal amount of USD 400,000,000 by Trafigura Group Pte. Ltd., a limited liability company incorporated and existing under the laws of Singapore (the "**Issuer**" or "**Trafigura**") on 24 September 2021 (the "**Issue Date**"). The Securities bear interest from, and including, the Issue Date payable, subject to the provisions relating to interest deferral, semi-annually in arrear on 24 March and 24 September in each year commencing on 24 March 2022 (each, an "**Interest Payment Date**"), as provided in "*Terms and Conditions of the Securities – Interest*". The period commencing on, and including, the Issue Date to, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date to, but excluding, the next succeeding Interest Payment Date is called an "**Interest Period**".

The rate of interest per annum ("**Interest Rate**") applicable to the Securities shall be: (i) in respect of the period from, and including the Issue Date to, but excluding, the Interest Payment Date falling on 24 September 2027 (the "**Initial Reset Date**"), the Initial Interest Rate (as defined in "*Terms and Conditions of the Securities – Interest* "), being 5.875 per cent. per annum; and (ii) in respect of each Interest Period from, and including, the Initial Reset Date, unless previously redeemed, the aggregate of the Relevant Reset Interest Rate and the Step-Up Margin (each as defined in "*Terms and Conditions of the Securities – Interest*").

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any interest which is otherwise due to be paid on an Interest Payment Date by providing holders of the Securities ("**Securityholders**") with not more than 30 nor less than five Business Days' (as defined in "*Terms and Conditions of the Securities – Interest*") notice prior to the relevant Interest Payment Date, unless, during the relevant Observation Period (as defined in "*Terms and Conditions of the Securities – Interest*") a "**Compulsory Interest Payment Event**" has occurred. A Compulsory Interest Payment Event means the occurrence of any of the following events: (a) a dividend, distribution or other payment has been paid, made or declared by the Issuer on or in respect of any Pari Passu Obligations or Subordinated Obligations; (each as defined in *Terms and Conditions of the Securities*); or (b) the Issuer or any Subsidiary (as defined in "*Terms and Conditions of the Securities – Interest* ") of the Issuer has purchased, redeemed or otherwise acquired any Securities, Pari Passu Obligations or Subordinated Obligations; save, in each case, for certain exceptions as described in "*Terms and Conditions of the Securities – Interest* ". Any interest so deferred shall remain outstanding in full and constitute "**Arrears of Interest**" and shall be subject to the restrictions and provisions as described in "*Terms and Conditions of the Securities – Interest* ". Each amount of Arrears of Interest shall bear interest from and including the date on which (but for such deferral) it would have been due to be paid as if it constituted the principal of the Securities at the prevailing Interest Rate and the amount of such interest (the "**Additional Interest Amount**") with respect to Arrears of Interest shall be due and payable pursuant to "*Terms and Conditions of the Securities – Interest*" and shall be calculated by applying, in respect of each Interest Period, the applicable Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis*. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, for the purpose of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become and constitute Arrears of Interest. See "*Terms and Conditions of the Securities – Interest* ".

The Securities are perpetual securities and have no fixed redemption date. The Issuer may, upon not more than 60 and not less than 30 days' notice, redeem all, but not some only, of the Securities (a) at any time at the Make-whole Redemption Amount (as defined in "*Terms and Conditions of the Securities – Redemption* *and Purchase*) or (b) at any time during the Relevant Period (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*) by providing notice to the Securityholders specifying the date in the Relevant Period on which redemption shall occur, or on any Interest Payment Date falling after the Initial Reset Date at the relevant Early Redemption Amount (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*"), as further set out in "*Terms and Conditions of the Securities*". The Securities may also be redeemed in whole, but not in part, at the option of the Issuer upon the occurrence of a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Redemption Event or a Sweep-up Redemption Event (each as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*") in each case at the relevant Early Redemption Amount (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*") which shall include any Arrears of Interest, Additional Interest Amounts and interest accrued to the date fixed for redemption.

The Securities will constitute direct, unsecured and subordinated obligations of the Issuer as described in "*Terms and Conditions of the Securities – Status, Subordination and Winding-up* ".

There is currently no public market for the Securities. Application has been made for the listing of the Securities on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST or quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its Subsidiaries, or the Securities. This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**"). See "*Subscription and Sale*".

The denominations of the Securities shall be USD 200,000 and integral multiples of USD 1,000 in excess thereof.

The Securities will initially be represented by a Temporary Global Security, without interest coupons, which will be deposited with a common depositary on behalf of Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") on or about the Issue Date. The Temporary Global Security will be exchangeable for interests in a Permanent Global Security, without interest coupons, on or after a date which is expected to be 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Permanent Global Security will be exchangeable for definitive Securities in bearer form with coupons attached not less than 30 days following the request of the Issuer or the Securityholder in the limited circumstances set out therein. See "*Summary of Provisions relating to the Securities while in Global Form*". The Securities have not been, and are not intended to be, rated.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular.

GLOBAL COORDINATOR

CREDIT SUISSE

JOINT LEAD MANAGERS

CITIGROUP **CREDIT SUISSE**
DBS BANK LTD. **STANDARD CHARTERED BANK**

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IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to the Joint Lead Managers named under "*Subscription and Sale*" below (together, the "**Joint Lead Managers**") that this Offering Circular contains all information regarding the Issuer and its consolidated subsidiaries (together the "**Group**") and the Securities which is (in the context of the issue of the Securities) material; such information is true and accurate in all material respects and is not misleading; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Issuer are honestly held or made and are not misleading; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Securities other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the Joint Lead Managers, the Agents, Citicorp Trustee Company Limited (the "**Trustee**") nor any of their respective affiliates have independently verified the information contained herein or authorised the whole or any part of this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy, completeness or sufficiency of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Securities.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Agents or the Trustee accepts any responsibility for the contents of this Offering Circular or any other information provided by the Issuer in connection with the offering of the Securities or their distribution. Each of the Joint Lead Managers, the Agents and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Agents or the Trustee undertakes to review the financial condition or affairs of the Issuer or the Group for so long as the Securities remain outstanding or to advise any investor or potential investor in the Securities of any information coming to the attention of the Joint Lead Managers.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Lead Managers, the Agents or the Trustee. Neither the delivery of this Offering Circular nor any sale or exchange made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial condition of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Joint Lead Managers, the Agents or the Trustee that any recipient of this Offering Circular should purchase the Securities. Each potential purchaser of the Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering of the Securities, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Securities in any jurisdiction or to any person to whom it is unlawful to make an offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offering, sale and delivery of Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint

Lead Managers to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer and sale of the Securities in the United States, the United Kingdom, the European Economic Area, Singapore, Hong Kong, Japan, the People's Republic of China, France and Switzerland.

The Securities have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) other than pursuant to an exemption from the registration requirements of the Securities Act. Accordingly, the Securities are being offered and sold only to non-US persons outside the United States in reliance upon Regulation S under the Securities Act.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS - The Securities not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any distributor (as defined above) should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are as prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with (i) the Annual Reports of the Issuer for the years ended 30 September 2020 (the "**2020 Annual Report**") and 30 September 2019 (the "**2019 Annual Reports**") (which include the audited consolidated financial statements of the Group (including the notes thereto) as at and for the years ended 30 September 2020 and 2019, respectively and the audit reports thereon, and (ii) the interim report of the Issuer for the six month period ended 31 March 2020 (the "**Group Interim Report**") (which includes the unaudited consolidated financial statements of the Group for the six month period end 31 March 2020 (the "**Group Interim Financial Statements**")) each of which has been incorporated by reference herein.

Such documents which are incorporated by reference in this Offering Circular may also be obtained at the SGX-ST's website at www.sgx.com. Website addresses in this Offering Circular are included for reference only, and (unless otherwise specified herein) the contents of such websites are not incorporated by reference into, and do not form part of, this Offering Circular.

Copies of documents deemed to be incorporated by reference in this Offering Circular may be inspected, free of charge, during normal business hours at the offices of the Issuer at 10 Collyer Quay, #29-00 Ocean Financial Centre, Singapore 049315 or viewed via the Issuer's website (www.trafigura.com). Save as stated above, the information on the Issuer's website or any website directly or indirectly linked to such websites is not incorporated by reference in this Offering Circular and should not be relied on in connection with an investment in the Securities.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains statements that are, or may be deemed to be, "forward looking statements".

All statements other than statements of historical facts included in this Offering Circular may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "project", "plan", "schedule", "intend", "estimate", "anticipate", "believe", "continue", "could", "should", "would" or similar words or expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance or achievements of the Issuer and the Group to differ materially from those expressed or implied by such forward-looking statements. These factors include those set forth in the section of this Offering Circular entitled "*Risk Factors*". Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. The risks described in this Offering Circular are not the only risks investors should consider. New risk factors emerge from time to time and it is not possible for the Issuer to predict the effect of all such risk factors on its business and that of the Group or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements. Given these risks and uncertainties, investors should not place any undue reliance on forward looking statements as a prediction of actual results, performance or achievements. The Issuer undertakes no obligation to update the forward looking statements contained in this Offering Circular or any other forward looking statements it may make. All subsequent written and forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by such cautionary statements.

INFORMATION REGARDING THE GROUP'S MARKETS AND INDUSTRY

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research and publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Issuer nor the Joint Lead Managers make any representation as to the accuracy of that information.

Substantially all the information contained in this Offering Circular concerning the Group's position vis-à-vis its competitors is based on internal analyses derived from publicly available information. The Issuer believes that these sources and estimates are reliable, but the Issuer and the Joint Lead Managers have not independently verified them. Any discussion of matters relating to the Group's competitive position in this Offering Circular is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

CURRENCY INFORMATION, ROUNDING AND OTHER FINANCIAL INFORMATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**Singapore**" are references to the Republic of Singapore, all references to the "**U.S.**", "**U.S.A.**" and "**United States**" are references to the United States of America and all references to the "**UK**" are references to the United Kingdom. All references to "**U.S. dollars**" or "**USD**" are to the lawful currency of the United States of America and all references to "**Euro**" or "**EUR**" are to the currency introduced at the start of the third stage of European economic and monetary union as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

References herein to "**billions**" are to thousands of millions.

OVERVIEW OF OFFERING

The following overview is qualified in its entirety by the remainder of this Offering Circular.

Issuer:	Trafigura Group Pte. Ltd.
Securities:	USD Perpetual Resettable Step-up Subordinated Securities.
Maturity:	The Securities are perpetual securities in respect of which there is no fixed redemption date.
Global Coordinator and Joint Lead Manager:	Credit Suisse (Singapore) Limited
Joint Lead Managers:	Citigroup Global Markets Singapore Pte Ltd. DBS Bank Ltd. Standard Chartered Bank (Singapore) Limited
Principal Paying Agent and Calculation Agent:	Citibank N.A., London Branch
Trustee:	Citicorp Trustee Company Limited
Issue Date:	24 September 2021
Issue Price:	100 per cent.
Form of Securities, Initial Delivery of Securities and Clearing Systems:	The Securities will initially be represented by a Temporary Global Security, without interest coupons, which will be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear on or about the Issue Date. The Temporary Global Security will be exchangeable for interests in a Permanent Global Security, without interest coupons, on or after a date which is expected to be forty days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Permanent Global Security will be exchangeable for definitive Securities in bearer form in certain limited circumstances. See also "*Summary of Provisions relating to the Securities while in Global Form*".
Denominations:	USD 200,000 and integral multiples of USD 1,000 in excess thereof.
Status of the Securities:	The Securities will constitute direct, unsecured and subordinated obligations of the Issuer as described in "*Terms and Conditions of the Securities – Status, Subordination and Winding-up*".
Interest:	The Securities bear interest from, and including, the Issue Date payable, subject to the provisions relating to interest deferral, semi-annually in arrear on 24 March and 24 September in each year commencing on 24 March 2022, (each, an "**Interest Payment Date**") provided that if any Interest Payment Date is not a Business Day, payment shall be made on the next subsequent Business Day. The period commencing on, and including, the Issue Date to, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date to, but excluding, the next succeeding Interest Payment Date is called an "**Interest Period**". See "*Terms and Conditions of the Securities – Interest*".
Interest Rate:	The rate of interest per annum ("**Interest Rate**") applicable to the Securities shall be: (i) in respect of the period from, and including, the Issue Date to, but excluding, the Interest Payment Date falling

on 24 September 2027 (the "**Initial Reset Date**"), the Initial Interest Rate (as defined in "*Terms and Conditions of the Securities – Interest*") being 5.875 per cent. per annum; (ii) in respect of each Interest Period from, and including, the Initial Reset Date, unless previously redeemed, the aggregate of the Relevant Reset Interest Rate and the Step-Up Margin (each as defined in "*Terms and Conditions of the Securities – Interest*").

See "*Terms and Conditions of the Securities – Interest* ".

Interest Deferral and payment of Arrears of Interest:

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any interest which is otherwise due to be paid on an Interest Payment Date by providing holders of the Securities ("**Securityholders**") with not more than 30 nor less than five Business Days' (as defined in "*Terms and Conditions of the Securities*") notice prior to the relevant Interest Payment Date, unless during the relevant Observation Period (as defined in "*Terms and Conditions of the Securities – Interest*") a "*Compulsory Interest Payment Event*" has occurred. A Compulsory Interest Payment Event means the occurrence of any of the following events: (a) a dividend, distribution or other payment has been paid, made or declared by the Issuer on or in respect of any Pari Passu Obligations or Subordinated Obligations (each as defined in "*Terms and Conditions of the Securities – Status, Subordination and Winding-up*"); or (b) the Issuer or any Subsidiary has purchased, redeemed or otherwise acquired any Securities, Pari Passu Obligations or Subordinated Obligations; save, in each case, for certain exceptions as described in "*Terms and Conditions of the Securities – Interest* ".

Any interest so deferred shall remain outstanding in full and constitute "**Arrears of Interest**" and shall be subject to the restrictions and provisions as described in "*Terms and Conditions of the Securities – Interest*".

Each amount of Arrears of Interest shall bear interest from and including the date on which (but for such deferral) it would have been due to be paid as if it constituted the principal of the Securities at the prevailing Interest Rate and the amount of such interest (the "**Additional Interest Amount**") with respect to Arrears of Interest shall be due and payable pursuant to "*Terms and Conditions of the Securities – Interest* " and shall be calculated by applying, in respect of each Interest Period, the applicable Interest Rate to the amount of the Arrears of Interest and otherwise mutatis mutandis. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, for the purpose of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become and constitute Arrears of Interest. See "*Terms and Conditions of the Securities – Interest* ".

Redemption:

The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities.

Early Redemption:

The Issuer may redeem all, but not some only, of the Securities (a) at any time upon not more than 60 and not less than 30 days' notice at the Make-whole Redemption Amount (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*") as further set out in "*Terms and Conditions of the Securities*") or (b) at any time during the Relevant Period, meaning a period starting 90 calendar days before and ending on the Initial Reset Date by providing notice to the Securityholders specifying the date in the Relevant Period on which redemption shall occur, or on any Interest

Payment Date falling after the Initial Reset Date, in each case, at the relevant Early Redemption Amount (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*") as further set out in "*Terms and Conditions of the Securities*"). The Securities may also be redeemed in whole, but not in part, at the option of the Issuer upon the occurrence of a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Redemption Event or a Sweep-up Redemption Event (each as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*") in each case at the relevant Early Redemption Amount (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*") which shall include any Arrears of Interest, Additional Interest Amounts and interest accrued to the date fixed for redemption.

See "*Terms and Conditions of the Securities – Redemption and Purchase*".

Exchange or Variation

If at any time after the Issue Date the Issuer determines that a Withholding Tax Event, an Income Tax Deduction Event or an Accounting Redemption Event has occurred, the Issuer may, as an alternative to an early redemption of the relevant Securities, at any time, without the consent of the Securityholders and the Couponholders,(a) exchange the relevant Securities for new securities (the "**Exchanged Securities**"), or (b) vary the terms of the relevant Securities (the "**Varied Securities**"), so that in either case (i) in the case of a Withholding Tax Event, payments of the full amount then due and payable in respect of the Exchanged Notes or Varied Notes (as the case maybe) are not prevented by, or subject to withholding or deduction in the Relevant Jurisdiction, (ii) in the case of an Income Tax Deduction Event, payments of interest payable by the Issuer in respect of the Exchanged Notes or Varied Notes (as the case may be) are deductible to the extent permitted by the Relevant Jurisdiction or (iii) in the case of an Accounting Redemption Event, the aggregate nominal amount of the Exchanged Notes or Varied Notes (as the case may be) is recorded as “equity” to the maximum extent possible in the consolidated financial statements of the Issuer pursuant to the application of IFRS (or any subsequent/alternative accounting standard that the Issuer may use for the purpose of preparing its annual consolidated financial statements).

Any such exchange or variation shall be subject to certain conditions, including that the terms of the Exchanged Securities or Varied Securities not be prejudicial to the interests of the Securityholders and the Couponholders.

This right of the Issuer is in addition to its right to substitute any Subsidiary or Affiliate of the Issuer in place of the Issuer as principal debtor under the Securities pursuant to Condition 10(c) (*Substitution*).

See "*Terms and Conditions of the Securities – Redemption and Purchase*".

Taxation:

All payments of principal and interest in respect of the Securities will be made free and clear of withholding taxes of Singapore and, if applicable, the jurisdiction of any Substitute appointed pursuant to the "*Terms and Conditions of the Securities – Meetings of Securityholders, Modification, Waiver and Substitution* " subject to applicable law and customary exceptions, all as described in "*Terms and Conditions of the Securities – Taxation* ".

Substitution:

The Issuer shall be entitled, subject to certain conditions, to substitute itself as obligor under the Securities with another entity,

	see "*Terms and Conditions of the Securities – Meetings of Securityholders, Modification, Waiver and Substitution* ".
Governing Law:	English law, other than the status, subordination and winding up provisions in Condition 2(a) of the terms and conditions of the Securities (the "**Conditions**") which will be governed by the law of Singapore.
No Ratings:	The Securities have not been and are not intended to be rated.
Listing and Admission to Trading:	There is currently no public market for the Securities. Application has been made for the listing of the Securities on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Such permission will be granted when the Securities have been admitted to the Official List of the SGX-ST. The Securities will be traded on the SGX-ST in a minimum board lot size of SGD 200,000 (or its equivalent in foreign currencies) for so long as such Securities are listed on the SGX-ST (and the rules of the SGX-ST so require). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST or quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its Subsidiaries, or the Securities.
Selling Restrictions:	The United States, the United Kingdom, the European Economic Area, Singapore, Australia, Belgium, Denmark, France, Germany, Hong Kong, Republic of Italy, Japan, Jersey, The Netherlands, Norway, Grand Duchy of Luxembourg, Korea, the People's Republic of China, the Republic of China (Taiwan), Spain, Switzerland, United Arab Emirates (excluding the Dubai International Financial Centre) and the Dubai International Financial Centre. See "*Subscription and Sale*".
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities. These include various risks relating to the Issuer's and the Group's business. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities. These include the fact that the Securities may not be a suitable investment for all investors and certain market risks. See "*Risk Factors*".
Use of Proceeds:	The net proceeds of the issue of the Securities, expected to amount to approximately USD 398,000,000 will be applied by the Issuer for general corporate purposes of the Group, including repayment of other subordinated indebtedness.
ISIN:	XS2385642041
Common Code:	238564204
FISN:	TRAFIGURA GROUP/EUR NT 22001231 SU
CFI Code:	DBFXFB
Issuer LEI Code:	549300HJ8VS88NIO3006

RISK FACTORS

Any investment in the Securities is subject to a number of risks. Prior to investing in the Securities, prospective investors should carefully consider risk factors associated with any investment in the Securities, the business of the Issuer and the industry or industries in which it operates together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Securities" below or elsewhere in this Offering Circular have the same meanings in this section.

Prospective investors should note that the risks relating to the Issuer, the industries in which it operates and the Securities summarised in the section of this Offering Circular headed "Overview of the Offering" are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Securities. However, as the risks which the Issuer face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Securities and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Securities may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Securities is suitable for them in light of the information in this Offering Circular and their personal circumstances.

Financial Market and Economic Risks

Trafigura is exposed to declines in the current and expected volumes of supply or demand for commodities, to commodity prices and to deterioration in economic and financial conditions.

The current and expected volumes of supply and demand for the commodities in which Trafigura is active vary over time based on changes in resource availability, government policies and regulation, costs of production, global, regional and national economic conditions, demand in end markets for products in which the commodities are used, technological developments, including commodity substitutions, fluctuations in global production capacity, global and regional weather conditions and natural disasters including, earthquake, tsunami, hurricanes, wildfire, drought, and flooding, all of which impact global markets and demand for commodities. Furthermore, changes in current and expected supply and demand conditions impact the current and expected future prices (and thus the price curve) of each commodity.

Declines in the volume of each commodity produced or traded by Trafigura, as well as declines in the price of commodities, could materially adversely impact Trafigura's business, results of operations and earnings. These declines could result in a reduction in the average trading unit margin achieved in respect of the volumes handled by Trafigura's trading activities, or a reduction in the volume and/or margin in respect of commodities produced by Trafigura's industrial assets.

Sustained increases in the price of commodities may require higher levels of working capital to be put in place in order to finance Trafigura's trading activities. Although Trafigura expects the continued support of financial institutions, there can be no assurance that additional credit or funding will be made available to Trafigura in the abovementioned circumstances or that the cost of such funding will not have a negative impact on the profitability of its trading activities. See "*Liquidity risk and a failure to obtain funds could limit Trafigura's ability to engage in desired activities and grow its business*."

In addition, a decline in economic and financial conditions globally or in a specific country, region or sector may have a material adverse effect on Trafigura's business, results of operations or earnings. For example, although most commodities' fixed pricing periods are relatively short, a significant rapid reduction or increase in commodity prices could result in customers or suppliers, as the case may be, being unwilling or unable to honour their contractual commitments to purchase or sell commodities on pre-agreed pricing terms. In addition, a tightening of available credit may make it more difficult for Trafigura to obtain, or may increase the cost of obtaining, financing for its trading activities and capital expenditures at its industrial assets.

Liquidity risk and a failure to obtain funds could limit Trafigura's ability to engage in desired activities and grow its business.

Liquidity, or ready access to funds, is essential to Trafigura's business. Liquidity risk is the risk that Trafigura is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. A lack of liquidity may mean that Trafigura will not have funds available to maintain or increase its trading activities, meet margin requirements, grow its industrial activities as planned or take advantage of other opportunities that may arise in its trading or industrial activities.

Trafigura's trading activities employ significant amounts of working capital to fund purchases of commodities for future delivery to Trafigura's end customers, to meet margin requirements under derivative contracts and to fund the acquisition and maintenance of certain transport and storage assets which complement its trading activities. Continued funding of and access to working capital is critical for Trafigura to maintain its historic levels of trading activity and increase such levels in the future. Trafigura's industrial activities are also capital intensive and the continued funding of such activities is critical for Trafigura to maintain its ownership interests in its industrial assets, to maintain production levels in periods when net operating cash flow is negative or insufficient to cover capital expenditures, to develop its activities or increase production levels in the future in accordance with its business plan and to grow its industrial activities through the acquisition of new assets. Prudent liquidity risk management requires Trafigura to maintain sufficient cash and cash equivalents through the accumulation of retained earnings and to have ready sources of committed funding available to meet anticipated and unanticipated funding needs. While Trafigura adjusts its minimum internal liquidity targets in response to changes in market conditions, its liquidity may be impaired due to circumstances it is unable to control, such as general market disruptions, increases in the prices of commodities or an operational problem that affects its suppliers or customers or Trafigura itself.

In addition to maintaining a cash position, Trafigura relies on two other principal sources of liquidity: (i) borrowings under various short-term and long-term bank and asset-backed facilities and (ii) issuance of notes in the debt capital markets. An inability to raise money in the long-term and short-term debt markets could have a material adverse effect on Trafigura's liquidity. Trafigura's access to debt in amounts adequate to finance its activities could be impaired by factors that affect Trafigura in particular or the industries or geographies in which it operates. For example, lenders could develop a negative perception of Trafigura's short-term or long-term financial prospects if Trafigura incurred large losses, if the level of its trading activities were to materially decrease due to a market downturn in the demand for commodities, or if its business was otherwise materially adversely affected. Lenders could also develop a negative perception of the commodities trading industry if, for example, a competitor suffers from financial difficulties. Although Trafigura expects the continued support of financial institutions, there can be no assurance that additional credit or funding will be made available in the future.

Future debt financing, if accessible, may result in increased borrowing costs, increased financial leverage, decreased income available to fund further acquisitions and expansions and the imposition of restrictive covenants on Trafigura's businesses and operations. In addition, future debt financing may limit Trafigura's ability to withstand competitive pressures and render its businesses more vulnerable to economic downturns by exposing it to volatile interest rates, tighter credit markets and potentially reduced access to funding that may be needed to take advantage of future business opportunities.

Trafigura is exposed to geopolitical risk.

Trafigura operates and owns assets in a large number of geographic regions and countries and, as a result, is exposed to a wide range of political, regulatory and tax environments. These environments are subject to change in a manner that may be materially adverse for Trafigura, including changes to government policies and regulations governing industrial production, foreign investments, price controls, export controls, tariffs, income and other forms of taxation (including policies relating to the granting of advance rulings on taxation matters), nationalisation or expropriation of property, repatriation of income, royalties, the environment and health and safety.

Many of the commodities that Trafigura sources and markets are considered strategic resources for particular countries. Governments in these countries may decide not to recognise previous arrangements if they regard them as no longer being in the national interest. Governments may also implement export controls on commodities regarded by them as strategic (such as oil) or place restrictions on foreign ownership of industrial assets or other assets considered strategic resources. Renegotiation or nullification of existing agreements, leases, permits or tax rulings, changes in fiscal policies (including new or increased taxes or royalty rates or the implementation of a windfall tax) and currency restrictions imposed by the governments of countries in which Trafigura operates could have a material adverse effect on Trafigura.

Trafigura's operations may also be affected by political and economic instability in some of the countries in which it operates. Such instability could be caused by, among other things, terrorism, civil war, guerrilla activities, military repression, civil disorder, crime, workforce instability, change in government policy or the ruling party, economic or other sanctions imposed by other countries, extreme fluctuations in currency exchange rates or high inflation.

International trade disputes could result in tariffs and other protectionist measures that could adversely affect Trafigura's business. Tariffs could increase the cost of the commodities that Trafigura trades. Tariffs could also make commodities more expensive for customers, which could reduce demand from customers and consumers. In the United States, the current administration has publicly supported, and in some instances has already proposed or taken action with respect to, significant changes to certain trade policies, including import tariffs and quotas, modifications to international trade policy, the withdrawal from or renegotiation of certain trade agreements and other changes that may affect international trade relations, any of which may require Trafigura to significantly modify Trafigura's current business practices or may otherwise materially and adversely affect Trafigura's business. Such changes could also result in retaliatory actions by United States' trade partners. For example, in 2018, the United States imposed tariffs and proposed quotas on aluminum imports to the United States. These actions and the possibility of trade conflicts stemming from these actions could negatively impact global trade and economic conditions in many of the regions where Trafigura does business. Countries may also adopt other protectionist measures that could limit Trafigura's ability to trade or reduce the viability of Trafigura's mining operations, which could have a material adverse effect on Trafigura's business.

The geopolitical risks associated with operating in a large number of regions and countries, if realised, could affect Trafigura's ability to manage or retain interests in its industrial activities and could have a material adverse effect on the profitability, ability to finance or, in extreme cases, viability of one or more of its industrial assets.

Trafigura has significant outstanding indebtedness.

Trafigura has a significant amount of indebtedness, which could potentially impair its operating and financial flexibility and could adversely affect its business and financial position. A high level of indebtedness could potentially require Trafigura to use a substantial portion of cash flow from operations to service its debt, which could reduce the funds available for capital expenditure, acquisitions and other general corporate purposes. This could also potentially limit Trafigura's ability to borrow additional funds and increase its vulnerability to adverse economic conditions.

Trafigura's financial performance is exposed to the level of treatment charges.

Due to the acquisition of Nyrstar and the subsequent integration of Nyrstar into the Group, Trafigura is exposed to additional risks related to commodity prices. Nyrstar's profitability, and consequently Trafigura’s profitability, is highly sensitive to the market price of zinc and lead (which determines the amount of value available to be shared between the miner and the smelter) and treatment charges ("**TCs**") (which determine how that value is shared between the miner and the smelter). The market price of zinc and lead impacts both (i) the TC contribution and (ii) the contribution of refined metals produced and sold over and above the metal content paid for in concentrates purchased from the miner ("**free metal**"), in each case, impacting Nyrstar's revenues. TC levels and the amount of free metal available each has a significant impact on Nyrstar's financial performance given that Nyrstar's revenues are mainly generated from smelting activities. In addition, Nyrstar's results are impacted by the prices of copper, silver, gold and other metals.

The prices of zinc, lead, copper, silver, gold and other metals have historically been subject to fluctuations in response to market forces. Factors largely beyond Nyrstar's control, such as the cyclicality of consumption, actual or perceived changes in levels of supply and demand, the availability and cost of substitute materials, inventory levels maintained by producers, trading on the metals market and exchange rates, all influence metal prices. In addition, Nyrstar's results remain closely linked to the levels of TCs that it charges zinc miners to refine their zinc concentrates and lead miners to refine their lead concentrates. TCs are, in effect, paid by the miner to the smelter in the form of a concession (or deduction) on the price of the zinc or lead concentrates that the miner sells to the smelter. A decrease in TCs can be expected to have a material adverse effect on Nyrstar's business, results of operations and financial condition.

TCs are subject to fluctuations based on the supply and demand dynamics of the global zinc, lead or copper concentrate market. TCs are typically negotiated annually between individual miners and smelters in view of the anticipated supply and demand of concentrates and the likely metal price; a "benchmark" level of TCs is typically set in the first or the second quarter of each year. When supplies of concentrates (i.e., the mines' output) exceed available smelting capacity utilisation, there typically is a positive impact on the TCs realised by the smelters, and the smelters are able to obtain a larger portion of the value of the contained metal. Conversely, when supplies of concentrates are less than available smelting capacity utilisation, there usually is a negative impact on the TCs for smelters, and a greater share of the metal value is retained by miners. Depending on timing and overall circumstances, an increase in smelting capacity utilisation, particularly in regions like China where production costs are lower compared to operations in more mature regions, could therefore significantly and adversely affect TCs. The impact of TC levels on Nyrstar's revenues is expected to further decrease in the future in line with the completion of the Port Pirie Redevelopment.

Trafigura is exposed to fluctuations in currency exchange and interest rates.

The significant majority of transactions undertaken by both Trafigura's trading and industrial activities are denominated in U.S. dollars. However, Trafigura is exposed to fluctuations in currency exchange rates:

- through its industrial activities, because a large proportion of the operating costs of these assets are denominated in the currency of the country in which each asset is located;
- through the costs of Trafigura's global office network, which are denominated largely in the currency of the country in which each office is located, the largest of such currency exposures being to the Swiss Franc, the Pound Sterling, the Singapore Dollar and the Euro; and
- through its trading activities, although only a small minority of purchase or sale transactions are denominated in currencies other than U.S. dollars.

The reporting currency and the functional currency of the majority of Trafigura's operations is the U.S. dollar, as this is assessed to be the principal currency of the economic environment in which Trafigura operates. The exchange rates between relevant local currencies and the U.S. dollar have historically fluctuated, and the translation effect of such fluctuations may have a material adverse effect on Trafigura's consolidated results of operations or financial condition.

Trafigura's exposure to changes in interest rates results from investing and borrowing activities undertaken to manage its liquidity and capital requirements. Substantially all of Trafigura's borrowings, other than its fixed-rate bonds, bear interest at floating rates. An increase in interest rates would therefore result in a relatively immediate increase in the cost of servicing Trafigura's indebtedness and could adversely affect Trafigura's financial results. Although borrowing costs are taken into account when setting transaction terms, there is no assurance that increased financing costs can be passed on to customers and/or suppliers. Trafigura may elect in the future to enter into interest rate swaps to convert some or all of its floating-rate debt to fixed-rate debt or enter into fixed-rate to floating-rate swaps. There can be no assurance that Trafigura will not be materially adversely affected by interest rate changes in the future.

COVID-19 Pandemic and Possible Similar Future Outbreaks.

Different regions in the world have from time to time experienced outbreaks of various viruses and other transmissible diseases. A wide-spread global pandemic of severe acute respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2) and the infectious disease COVID-19, caused by the virus, has been taking place for many months and was declared a pandemic by the World Health Organisation on 11 March 2020. While several vaccines have been developed and have been delivered on a limited basis, the vaccines are unlikely to be generally available in many jurisdictions in the near future. In the meantime, the pandemic has caused various emergency measures being applied by various countries around the world and brought along substantial volatility in financial markets globally.

While COVID-19 is still spreading and the final implications of the pandemic are difficult to estimate, it is clear that it has affected and will continue to affect the lives of a large portion of the global population and cause significant disruption. At this time, the pandemic has caused states of emergency being declared in various countries, travel restrictions being imposed, quarantines being established and various institutions and companies being closed. Over the last few months, restrictions have been lifted and put back in place in many places around the world where the Group operates. Social distancing is expected to continue for months, though the Group also faces continued lockdown in a number of countries. Although progress is being made, until an effective vaccine is widely available and in use, significant disruption is likely to continue. Should COVID-19 cases continue to rise, governments may introduce further and/or longer restrictions to protect public health, such as new lockdowns, and the impact on the economy could deepen and result in further volatility and declines in global financial markets.

The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Group. Firstly, a spread of such diseases amongst the employees of the Group, as well any quarantines affecting the employees of the Group or the Group's facilities, may reduce the possibility of the Group's personnel to carry out their work and thereby affect the Group's operations. Secondly, the current pandemic and any possible future outbreaks of viruses may have an adverse effect on the Group's suppliers or other counterparties, interfering with the ability of Trafigura's suppliers to manufacture the products it buys and the ability to transport commodities across borders. Thirdly, any quarantines or spread of viruses may affect the possibility of the customers of the Group to carry out their work, which may adversely affect the possibility to sell the Group's products to end-consumers. The Group has and continues to actively assess and respond, where possible, to the effects of the COVID-19 pandemic on employees, customers, suppliers and service providers, and evaluating governmental actions being taken to curtail its spread.

The impact of COVID-19 in emerging market countries where Trafigura operates may also be greater due to generally less established healthcare systems. Further, public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally.

Further to the above, the Group may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks. While the final effects of the COVID-19 pandemic are at this stage difficult to assess, it is likely that it will have substantial negative effect on the economies where the Group operates. Any negative effect on the economy may decrease incomes of the end-customers of the Group and the demand for the Group's products. Further, the demand for the Group's products may be decreased as a result of continued travel restrictions and national and local lockdowns. Such effects may also result in the insolvency of the Group's business partners, which could affect the operations of the Group, as well as its financial standing. While to date, the Group has successfully navigated any significant negative impact from the COVID-19 pandemic, depending on its duration and severity, the pandemic may also have the effect of heightening many of the other risks described in this document, such as risks relating to the successful completion of expansion projects, the Group's ability to maintain adequate internal controls in the event that employees are restricted from accessing offices for a significant period of time; restricted access to capital and increased borrowing costs; and complying with the covenants contained in the agreements that govern its existing indebtedness.

Even after the COVID-19 outbreak has subsided, the Group may continue to experience material adverse impact to its businesses as a result of its global economic impact, including any related recession, as well as lingering effects on demand for or oversupply of its products, suppliers, third-party service providers and/or customers. Further, the market disruption and volatility caused by the COVID-19 pandemic has increased the complexity of determining the value of the Group's assets. The adverse impact caused by the COVID-19 pandemic, including without limitation, plant closures, supply chain disruptions, consumption reduction and travel and import/export restrictions, has led to the impairment of the Group's industrial assets in its Financial Statements for the year ending 30 September 2020 by the amount of USD 1,568 million. Lastly, the price of the Group's securities and the possibility of the Group to acquire further financing may be adversely affected. Any of the factors above could have an adverse effect on the Group's profits and financial position, and thereby affect the Group's ability to make the payments under the Notes.

Industry and Business Risks

The success of Trafigura's trading activities depends in part on its ability to identify and take advantage of arbitrage opportunities.

Many of the commodity markets in which Trafigura operates are fragmented and periodically volatile. As a result, discrepancies generally arise in respect of the prices at which the commodities can be bought or sold in different forms, geographic locations or time periods, taking into account the numerous relevant pricing factors, including freight and product quality. These pricing discrepancies can present Trafigura with arbitrage opportunities whereby Trafigura is able to generate profit by sourcing, transporting, blending, storing or processing the relevant commodities.

Trafigura's profitability is, in large part, dependent on its ability to identify and exploit such arbitrage opportunities. A lack of such opportunities, for example due to a prolonged period of pricing stability in a particular market, or an inability to take advantage of such opportunities when they present themselves, because of, for example, a shortage of liquidity or an inability to access required logistics assets or other operational constraints, could adversely impact Trafigura's business, results of operations and financial condition.

The commodities industry is competitive and Trafigura may have difficulty effectively competing with other commodity trading and industrial companies.

Trafigura faces strong competition in each of its business segments. In addition, some of these competitors or existing producers may, in the future, use their resources to broaden into all of the markets in which Trafigura operates and therefore compete further against Trafigura. These competitors may also expand and diversify their commodity sourcing, processing or trading operations, or engage in pricing or other financial or operational practices that could increase competitive pressure on Trafigura across each of its business segments. Increased competition may result in losses of market share for Trafigura and could materially adversely affect Trafigura's business, results of operations and financial condition.

Trafigura is exposed to counterparty risk in its trading activities.

Trafigura's trading and industrial activities are subject to non-performance risk by its suppliers, customers and hedging counterparties. For example:

- a significant rapid increase in commodity prices could result in suppliers being unwilling to honour their contractual commitments to sell commodities to Trafigura at pre-agreed prices;
- a significant rapid reduction in commodity prices could result in customers being unwilling or unable to honour their contractual commitments to purchase commodities from Trafigura at pre-agreed prices;
- customers may take delivery of commodities from Trafigura and then find themselves unable to honour their payment obligations due to financial distress or any other reasons; and
- hedging counterparties may find themselves unable to honour their contractual commitment due to financial distress or other reason.

Trafigura seeks to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions, where appropriate, and by imposing limits on open accounts extended. In addition, mark-to-market exposures in relation to hedging contracts are regularly and substantially collateralised (primarily with cash) pursuant to margining arrangements in place with such hedge counterparts. However, no assurance can be given that Trafigura's attempts to reduce the risk of customer non-performance will be successful in every instance or that its financial results will not be adversely affected by the failure of a counterparty or counterparties to fulfil their contractual obligations in the future. Such failure could have an adverse impact on Trafigura's business, results of operations and financial condition, including by creating an unintended, unmatched commodity price exposure.

Trafigura's risk management policies and procedures may not be fully effective.

Trafigura has devoted significant resources to developing and implementing policies and procedures to manage commodity price, foreign exchange, interest rate, counterparty (include credit), operational and regulatory risks, and expects to continue to do so in the future. Nonetheless, Trafigura's policies and procedures to identify, monitor and manage risks may not be fully effective.

Some of Trafigura's methods of monitoring and managing risk are based on historical market behaviour that may not be an accurate predictor of future market behaviour. Other risk management methods depend on evaluation of information relating to markets, suppliers, customers and other matters that are publicly available or otherwise accessible by Trafigura. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective in doing so. Trafigura uses, among other techniques, value-at-risk ("**VaR**") as a key risk measurement technique for its trading activities. VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by Trafigura, nor does Trafigura expect that VaR results are indicative of future market movements or representative of any actual impact on its future results. Failure to mitigate all risks associated with Trafigura's business could have a material adverse effect on Trafigura's business, results of operations and financial condition.

Trafigura's hedging strategy may not always be effective.

Trafigura's trading activities involve a significant number of purchase and sale transactions across multiple commodities. In order for Trafigura to mitigate the risks in its trading activities related to commodity price fluctuations and potential losses, Trafigura has a policy, at any given time, of hedging all index price exposure of its trading inventory not already contracted for sale at pre-determined prices through futures and swap commodity derivative contracts, either on commodities' exchanges or in the over the counter ("**OTC**") market. In the event of disruptions in the commodity exchanges or markets on which Trafigura engages in these hedging transactions, Trafigura's ability to manage commodity price risk may be adversely affected and this could in turn materially adversely affect its business, financial condition and results of operations.

In addition, Nyrstar continues to be exposed to the shape of the forward price curve for underlying metal prices. The volatility in the London Metal Exchange price creates differences between the average price Nyrstar pays for the contained metal and the price Nyrstar receives for it. Nyrstar engages in transactional hedging which means that it undertakes short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.

Trafigura's trading and industrial activities involve operating risks and hazards, many of which are outside Trafigura's control.

Trafigura's business is subject to numerous operating risks and hazards normally associated with the development and operation of natural resource or other industrial projects, many of which are beyond Trafigura's control. These operating risks and hazards include unanticipated variations in grade and other geological problems, seismic activity, climatic conditions such as flooding or drought, metallurgical and other processing problems, technical failures, unavailability of materials and equipment, industrial actions or disputes, industrial accidents, labour force disruptions, unanticipated transportation constraints, tribal action or political protests, environmental hazards, fire, explosions, vandalism and crime and other force majeure factors. These risks and hazards could result in damage to, or destruction of, properties, ships, storage facilities or production facilities, may cause production to be reduced or to cease at properties or production facilities, may result in personal injury or death, environmental damage, business interruption and legal liability, may result in actual production differing from estimates of production or may impede Trafigura's ability to deliver products on time to customers.

Smelters, an important part of Nyrstar's operations, are especially vulnerable to interruptions, particularly where events cause a stoppage which necessitates a shutdown in operations. Stoppages in smelting, even if lasting only a few hours, can cause the contents of furnaces to solidify, resulting in a plant closure for a significant period and necessitating expensive repairs, any of which could adversely affect Nyrstar's business, results of operations or financial condition.

The realisation of such operating risks and hazards and the costs associated with them could materially adversely affect Trafigura's business, results of operations and financial condition, including by requiring significant capital and operating expenditures to abate the risk or hazard, restore Trafigura or third party property, compensate third parties for any loss and/or pay fines or damages.

Risks relating to the integration of Nyrstar within Trafigura.

Following completion of the Nyrstar debt restructuring (the "**Nyrstar Debt Restructuring**") on 31 July 2019, the Group owns and controls substantially all of Nyrstar's operating business (the "**Nyrstar Operating Business**").

Following the Nyrstar Debt Restructuring, the Group's increased control of the Nyrstar Operating Business involves risks that the acquired business will not operate in accordance with expectations and that business judgments concerning the value, strengths and weaknesses of the Nyrstar Operating Business acquired will prove to be incorrect. If the Group's increased interest in the Nyrstar Operating Business does not perform to expectations, the Group's results of operations and financial condition may be adversely affected. Furthermore, the Group may incur a number of significant unforeseen costs, including integration costs, in order to consolidate the Nyrstar Operating Business with its own business and operations. The successful integration of new businesses depends on the Group's ability to manage these new businesses, including cutting excess overheads and other costs. The successful integration of Nyrstar's operating business may also require substantial attention from the Group's senior management and the management of the Nyrstar Operating Business, which could disrupt the Group's operations by decreasing the time available that senior management dedicates to the management of the Group and on other acquisition opportunities.

There is no assurance that Trafigura will successfully or cost effectively integrate the Nyrstar Operating Business. If Trafigura is unable to successfully integrate the Nyrstar Operating Business or the acquisition otherwise does not perform to Trafigura's expectations, results of operations and financial condition may be adversely affected. It is also possible that the substantial management attention required by, and the indebtedness to be incurred in connection with, the Nyrstar Debt Restructuring could cause Trafigura to forgo other acquisition opportunities, particularly if the acquisition does not perform to Trafigura's expectations.

Trafigura has paid, and expects to continue to pay, significant costs in connection with the Nyrstar Debt Restructuring and other transactions related thereto. As a result of the Nyrstar Debt Restructuring, Trafigura may also incur costs associated with integrating the Nyrstar Operating Business, and these costs may be significant and may have an adverse effect on Trafigura's future operating results if the anticipated returns from the Nyrstar Operating Business are not achieved. Although Trafigura expects that the elimination of duplicative costs and the realisation of other efficiencies related to the integration of the Nyrstar Operating Business should allow Trafigura to offset these incremental expenses over time, the net benefit may not be achieved in the near term, or at all. Furthermore, Trafigura may also be liable for the past acts, omissions or liabilities (including environmental liabilities) of Nyrstar, which may be unforeseen or greater than anticipated at the time of the completion of the Nyrstar Debt Restructuring.

Accidents at Trafigura's trading and industrial activities, logistics and storage facilities could result in injuries and fatalities.

Any accidents or hazardous incidents causing personal injury, death or property or environmental damage at or to Trafigura's logistics and storage facilities, mines, concentrators, refineries or related facilities or surrounding areas may result in significant losses, interruptions in production, expensive litigation, imposition of penalties and sanctions or suspension or revocation of permits and licences. Risks associated with Trafigura's logistics and storage operations may include the risk of ruptures and spills from crude oil and other product carriers; spillage, leakage or seepage of solid materials or process water remaining after the extraction of metals and minerals from mined ore (tailings) or other hazardous substances found in storage or disposal facilities; and failure of tailings dams during the operating life of the mines or after closure.

Risks associated with Trafigura's mining operations include, but are not limited to, flooding, underground fires and explosions (including those caused by flammable gas), cave-ins or ground falls, discharges of gases or toxic chemicals, sinkhole formation and ground subsidence.

If accidents occur in the future, Trafigura's business and results of operations may be adversely impacted.

Trafigura's assets are subject to environmental hazards through their shipping, transportation and storage activities, and through their mining and smelting activities.

Where Trafigura holds or has interests in industrial activities, these assets are generally subject to environmental hazards as they involve the storage, disposal and transportation of hazardous materials. For example, Trafigura is the largest investor in Puma Energy Holdings Pte. Ltd. (together with its subsidiaries, the "**Puma Energy Group**", "**Puma**" and "**Puma Energy**"). Puma Energy's focus is in the oil storage and distribution business and, in particular, it is responsible for the storage, transport and retail distribution of large quantities of oil products which by their nature present such potential environmental risks. Through IWL Holding BV (Netherlands) (together with its subsidiaries, the "**Impala Terminals Group**"), Trafigura's bulk commodity terminals and warehousing business is responsible for extensive terminals, warehousing facilities and blending operations as well as the operation of a major deep water terminal, which similarly poses potential environmental hazards, as does DT Group, an indirect subsidiary of the Company, which has interests in shipping, trucking and recycling and among its other activities is involved in the transport of bitumen.

In addition, its mining activities are subject to environmental hazards through the processes and chemicals used in traditional extraction and production methods, environmental hazards may exist on Trafigura's owned or leased properties or at those of the industrial activities in which it holds an interest, or may be encountered while its products are in transit. Nyrstar faces additional environmental risks both through its mining operations as discussed below, but also in its smelting operations where the economics of such operations are reliant in part on the prices achievable for the marketable by-products of smelting. Nyrstar generates large quantities of by-products such as sulfur dioxide gas in its zinc and lead production process, as well as solid residues with zinc, lead, copper, silver, gold and other minor metal values. In order to maximise recovery of resource components, minimise emissions and comply with its environmental commitments, it processes these by-products into forms that facilitate further metals recovery or render them suitable for sale to external parties.

Damage to refineries, bulk storage depots, offshore mooring systems or vessels carrying oil or to a facility where it is stored could lead to a spill, causing environmental damage with significant clean-up or remediation costs and legal costs.

Trafigura, including through its acquisition of the Nyrstar Operating Business, also owns mining assets. The processes and chemicals used in traditional extraction and production methods in respect of such mining assets as well as the engineering design of its mining infrastructure (e.g. tailing dams) are subject to environmental hazards. In addition, the storage of tailings at Trafigura's industrial assets may present a risk to the environment, property and persons. There remains a risk of leakage from or failure of Trafigura's tailings dams, as well as theft and vandalism during the operating life of the assets or after closure. Trafigura may be liable for losses associated with environmental hazards, have its licences and permits withdrawn or suspended or may be forced to undertake extensive remedial clean-up action or to pay for government-ordered remedial clean-up actions, even in cases where such hazards have been caused by any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, by independent third party contractors providing services to Trafigura or by acts of vandalism by trespassers. Any such losses, withdrawals, suspensions, actions or payments may have a material adverse effect on Trafigura's business, results of operations and financial condition.

Estimates of ore reserves are based on certain assumptions, and changes in such assumptions could lead to reported ore reserves being restated at a lower level.

The value of Trafigura's mining activities is linked to its ore reserves. Trafigura's recoverable reserves decline as the commodities are extracted. These reserves represent the estimated quantities of minerals that the Group believes could be mined, processed, recovered and sold at prices sufficient to cover the estimated future total costs of production, remaining investment and anticipated additional capital expenditures. For as long as Trafigura continues to own its respective mining assets, its future profitability and operating margins depend partly upon its ability to access mineral reserves that have geological characteristics enabling mining at competitive costs either by conducting successful exploration and development activities or by acquiring properties containing economically recoverable reserves. Replacement reserves may not be available when required or, if available, may not be of a quality capable of being mined at costs comparable to existing mines. Trafigura's mining operations utilise the services of appropriately qualified experts to ascertain and verify the quantum of reserves and resources including ore grade and other geological characteristics under relevant global standards for measurement of mineral resources.

Resource and reserve information is based on engineering, economic and geological data assembled and analysed by third parties. Estimates as to both quantity and quality are periodically updated to reflect extraction of commodities and new drilling or other data received. There are numerous uncertainties inherent in estimating quantities and qualities of reserves and costs to mine, including many factors beyond Trafigura's and Nyrstar's control. Estimates of reserves necessarily depend upon a number of variable factors and assumptions, all of which may vary considerably from actual results.

Further, mineral resource estimates are based on concentrations or occurrences of minerals that are judged to have reasonable prospects for economic extraction, but for which the economics of extraction cannot be assessed, whether because of insufficiency of geological information or lack of feasibility analysis, or for which economic extraction cannot be justified at the time of reporting. Consequently, mineral resources are of a higher risk and are less likely to be accurately estimated or recovered than mineral reserves.

Assumptions that are valid at the time of estimation may change significantly when new information becomes available. This may, ultimately, result in the reserves or resources needing to be restated. Such changes in reserves or resources could also impact depreciation and amortisation rates, asset carrying values, deferred stripping calculations and provisions for close down, restoration and environmental clean-up costs. If the prices of the commodities produced by Trafigura and/or Nyrstar decrease, or if there are adverse changes in TCs, foreign exchange rates or other variables, certain of the Group's reserves which are currently classified as proved or probable may cease to be classified as recoverable as they become uneconomic to mine. In addition, changes in operating, capital or other costs may have the same effect by rendering certain mineral reserves or resources uneconomic to mine in the future. Should such reductions occur, further material write downs of its investment in mining properties or the discontinuation of development or production might be required, and there could be material delays in the development of new projects, increased net losses and reduced cash flow.

Trafigura is subject to risks relating to the processing, storage and transportation of its commodities.

Trafigura relies on a network of processing, transportation and storage facilities that are subject to numerous risks and hazards. If any of these risks materialise Trafigura's business, results of operations and financial condition could be materially adversely affected.

Trafigura's processing and storage facilities, which include oil terminals, refineries, tank farms and ore processing plants, are subject to risks and hazards, including accidental environmental damage, technical failure, vandalism and terrorism. In addition, Trafigura also depends upon seaborne freight, rail, trucking, pipeline, overland conveyor and other systems to deliver its commodities to market. Disruption of these transport services due to weather-related problems, key equipment or infrastructure failures, strikes, maritime disaster or other events could temporarily impair Trafigura's ability to supply its commodities to its customers and thus could adversely affect Trafigura's operations.

Transportation and storage of crude oil and oil products involves significant hazards that could result in fires, explosions, spills, maritime disaster and other unexpected or dangerous conditions. The occurrence of any of these events could result in a material adverse effect, either directly or indirectly, through resulting damages, claims and awards, remediation costs or negative publicity on Trafigura's business.

In addition, the vessels Trafigura uses to transport its products may be exposed to a variety of natural calamities during operations, including violent storms, tidal waves, rogue waves and tsunamis. Any of these natural calamities could result in Trafigura's vessels grounding, sinking, or colliding with other vessels or property, or the loss of life. If one of the vessels suffers damage, in addition to the potential loss of its cargo, it would need to be repaired, and the costs relating to such losses or repairs may not be covered (either in part or in full) by the insurance policies that are in place. The costs of such repairs are unpredictable and could be substantial. In addition, vessels will require general repair and maintenance from time to time. The loss of earnings while the vessels are being repaired and repositioned, the cost of arranging for alternative transport, as well as the actual cost of such repairs, could adversely affect Trafigura's business and results of operations. Furthermore, the vessels Trafigura uses to transport its products may be exposed to piracy, terrorist attacks and other events beyond its control. These events could result in adverse effects to Trafigura's business as a result of seizure of its cargoes and disruption to its customers' or suppliers' business. While Trafigura has procured insurance for its operations against these types of risks, no insurance can compensate for all potential losses and there can be no assurance that the insurance coverage Trafigura has will be adequate or that its insurers will pay a particular claim. As is the standard for policies of this type, Trafigura's insurance policies do not cover risks arising from damage caused by wear and tear to the vessels that it owns directly or through joint ventures. In the event of damage to, or the loss of, a vessel or vessels and/or their cargoes, lack of adequate insurance coverage may have a material adverse effect on Trafigura's business and results of operations.

Industrial activities are exposed to an increase in operating costs, including as a result of increased energy costs or shortages of equipment, spare parts and labour.

In relation to Trafigura's industrial activities, Trafigura's main production expenses include transportation costs, personnel expenses, maintenance and repairs, raw materials, energy and contractor expenses. Increased costs could arise from a number of factors which are beyond Trafigura's control, including: (i) increased fuel costs as well as the costs of other consumables, electricity, transport or site contractors; or (ii) increased processing or storage costs for such commodities.

In particular, electricity costs represent a very significant part of Nyrstar's production costs, especially in relation to the operation of smelters. Increases in energy, particularly electricity, prices would significantly increase Nyrstar's production costs and reduce its margins. Nyrstar attempts to limit its exposure to short term energy price fluctuations through forward purchases, long term contracts and participation in energy purchasing consortia. Further, Nyrstar is dependent on a limited number of suppliers for zinc and lead concentrates. Nyrstar is partially dependent on the supply of zinc and lead secondary feed materials. A disruption in supply could have a material adverse effect on Nyrstar's production levels and financial results. Unreliable energy supply at any of the mining and smelting operations requires appropriate emergency supply or will result in significant ramp up costs after a major power outage.

Further, shortages of certain equipment, spare parts or specialised labour may increase the costs of Trafigura's mining operations as a result of equipment, spare parts or labour becoming more expensive due to increased demand and tight supply. Such shortages may also cause delays to, and quality issues in respect of, Trafigura's operations either as a result of equipment used in Trafigura's operations being temporarily unavailable or not being available at all or there being insufficient resources to operate equipment or maintain production at the optimum capacity. Any resulting increase in costs or production delays could have a material adverse effect on Trafigura's business, results of operations and financial condition.

Trafigura is reliant on third parties and non-controlled entities to source the majority of the commodities purchased by its trading operations.

Trafigura purchases a minority portion of the physical commodities sold by its trading operations from its controlled industrial operations and associates. The remainder of the commodities sourced by its trading operations are purchased from third party suppliers or entities in which Trafigura may have a minority stake. Trafigura is exposed to both price and supply risks with respect to commodities sourced from third parties and entities in which it holds a minority stake, including joint ventures and non-controlled associated entities. The supply agreements between Trafigura and such third parties or non-controlled entities range from short-term spot contracts to multiple years in duration and have historically been renewed by Trafigura and the suppliers on commercially acceptable terms. However, in general, these companies have no obligation to renew their supply agreements. Trafigura may not be able to compel the relevant company to enter into or renew a supply agreement with it in cases where Trafigura does not own 100 per cent. of the company or where related party transaction minority shareholder approval requirements apply. Trafigura relies on these agreements to source some of its key commodities and any termination or failure to renew such agreements at the end of their terms could have an adverse effect on the Trafigura's business, results of operations and financial condition.

Any increases in Trafigura's purchase price relative to the price at which Trafigura trades a commodity could adversely affect Trafigura's margins. Trafigura's business, results of operations, financial condition and prospects could be materially adversely impacted if it is unable to continue to source required volumes of commodities from its suppliers on reasonable terms or at all.

Any disruptions in the supply of such products by factors such as weather and other natural disasters, insolvency or business failure of its third party suppliers, unexpected maintenance problems, damage to production sites, collapse of mines, labour disruptions and changes in laws and regulations could adversely affect Trafigura's margins. Trafigura's business, results of operations, financial condition and prospects could be materially adversely impacted if it is unable to continue to source the required volumes of commodities from its third party suppliers on reasonable terms, without interruption, or at all.

Trafigura's trading activities require access to significant amounts of freight, storage, infrastructure and logistics support and Trafigura is exposed to increases in the costs, and the availability, thereof.

Trafigura's trading activities entail shipments of commodities in large quantities, often by ocean-going transport. Trafigura often competes with other producers, purchasers or traders of commodities or other products for limited storage and berthing facilities at ports and freight terminals, which can result in delays in loading or unloading Trafigura's products and expose Trafigura to significant delivery interruptions. Limitations or interruptions in rail, shipping or port capacity could impede Trafigura's ability to deliver its products on time. In addition, increases in the costs of freight could adversely affect Trafigura's business, results of operations or financial condition.

Trafigura also requires significant storage capacity for its commodities, which it sources both through facilities in which Trafigura holds equity stakes and pursuant to rental agreements with, among others, oil terminals and tank farms and metal and other warehouses. Any decrease in Trafigura's ability to access its customary levels of capacity from these storage facilities or an increase in the price at which Trafigura can acquire storage capacity could have an adverse effect on Trafigura's business by forcing Trafigura to use storage facilities in less advantageous locations or at prices that make it less profitable for Trafigura to supply its customers.

Trafigura is exposed to the risk of delays in or failure to develop planned expansions or new projects.

Trafigura has some significant expansions planned for its existing operations and plans for certain new greenfield projects. Trafigura has undertaken certain expansion initiatives through the acquisition of various companies and the establishment of joint ventures, and as part of its strategy, Trafigura intends to continue pursuing a policy of measured expansion and development through asset acquisition.

Any future upward revisions in estimated project costs, delays in completing planned expansions, cost overruns, suspension of current projects or other operational difficulties after commissioning may have a material adverse effect on Trafigura's business, results of operations and financial condition, in turn requiring Trafigura to consider delaying discretionary expenditures, including capital expenditures, or suspending or altering the scope of one or more of its development projects.

In addition, there can be no assurance that Trafigura will be able to effectively manage the risks arising from expansion of its operations. Trafigura's expansion initiatives involve numerous risks, including but not limited to, the financial costs of investment in machinery and equipment, construction of new facilities and working capital requirements. As part of the acquisition process, Trafigura conducts business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in any particular transaction. Despite Trafigura's efforts, Trafigura may be unsuccessful in ascertaining or evaluating all such risks. As a result, the intended advantages of any given acquisition may not be realised. If Trafigura fails to identify certain material risks from one or more acquisitions, its business, results of operations and financial position could be adversely affected.

Trafigura's current systems, procedures and controls may need to be expanded and strengthened to support Trafigura's future operations. Any failure of Trafigura to effectively manage its expansion plans or expanded operations could have a material adverse effect on Trafigura's business and results of operations.

Once complete, the results of these projects could differ materially from those anticipated by Trafigura and Trafigura's significant capital expenditures related to these projects may not be offset by cash flows or other benefits from these projects in the timeframe anticipated by Trafigura or at all.

From time to time, Trafigura considers the acquisition of complementary and synergistic businesses or assets. Business combinations entail a number of risks, including the ability of Trafigura to integrate effectively the businesses acquired with their existing operations (including the realisation of synergies, significant one-time write-offs or restructuring charges, difficulties in achieving optimal tax structures and unanticipated costs), problems with the retention of select personnel and issues arising from the co-ordination of sales and marketing efforts All of these may be exacerbated by the diversion of the Directors' attention away from other ongoing business concerns. These risks are magnified in the case of a sizeable transaction. This is particularly the case if the target company operates in an area ancillary to the Group's core business or substantially expands the Group's presence in a particular geographic or product market. While Trafigura believes it has the required expertise to manage the integration of such large new businesses or is able to identify, hire and retain the necessary additional expertise required, no assurance can be given that any significant acquisition will realise the positive results originally envisioned or that such an acquisition will be successfully integrated within the Group.

In addition, although Trafigura does not currently have significant shares of the total market for commodities which it trades, further acquisitions to be made by Trafigura may be subject to certain approvals (for example, competition approvals) which may or may not be obtained. Trafigura may also be liable for the past acts, omissions or liabilities of companies or businesses it has acquired, which may be unforeseen or greater than anticipated at the time of the relevant acquisition. In addition, various factors could impact Trafigura's estimated synergies for potential acquisitions and have a material adverse impact on Trafigura's business, results of operations and financial condition.

Additionally, Nyrstar's growth strategy relies in part on the ramp-up of the Port Pirie Redevelopment and the restart and ramp-up of the Myra Falls and the Middle Tennessee Mines respectively. Delay, technical issues or cost overruns in these projects could adversely impact the original business cases which justified these projects and impact Nyrstar's financial position. These risks are being carefully managed by a dedicated technical/project team in smelting (including external resources where needed) and mining segments. All investments leverage internal know-how, "off the shelf" technology or a different application of an existing technology.

The success of Trafigura's acquisition and investment strategy depends on a number of factors, including: Trafigura's ability to identify suitable opportunities for investment or acquisition; whether Trafigura is able to complete an acquisition or investment agreement on terms that are satisfactory; the extent to which Trafigura is able to exercise control over the acquired company or business; the economic, business or other strategic objectives and goals of the acquired company or business compared to those of Trafigura; and Trafigura's ability to successfully integrate the acquired company or business with Trafigura's own business.

In addition, there is no assurance that the initiatives undertaken will result in increased revenues or cost cutting or other synergies commensurate with the investment costs. If Trafigura is unable to do so or cannot manage its costs, its business and profitability will be adversely affected as Trafigura will not able to recover the costs of its investment.

Trafigura holds some of its industrial assets through non-controlling stakes or joint ventures and strategic partnership arrangements.

Trafigura does not fully control some of its industrial investments. Although Trafigura has sought to take steps to protect its industrial activities where it does not exercise control, the boards of these companies may:

- have economic or business interests or goals that are inconsistent with or are opposed to those of Trafigura;
- exercise veto rights or take shareholders' decisions so as to block actions that Trafigura believes to be in its best interests and/or in the best interests of all shareholders;
- take action contrary to Trafigura's policies or objectives with respect to its investments or commercial arrangements; or
- as a result of financial or other difficulties, be unable or unwilling to fulfil their obligations under any joint venture or other agreement, such as contributing capital to expansion or maintenance projects.

Where projects and operations are controlled and managed by Trafigura's co-investors or where control is shared on an equal basis, Trafigura may provide expertise and advice, but it has limited or restricted ability to mandate compliance with Trafigura's policies and/or objectives. Trafigura may conduct business with these entities in which it has an economic interest; however, such business is conducted on an arm's length basis and in accordance with Trafigura's own policies and objectives. Nevertheless, such joint ventures may undertake business operations or make investment decisions which conflict with Trafigura's own businesses to Trafigura's detriment. Moreover, improper management or ineffective policies, procedures or controls of a non-controlled entity could adversely affect the business, results of operations and financial condition of the relevant investment and, therefore, of Trafigura.

Regulatory, Legal and Other Risks

Trafigura may be subject to the laws of various countries imposing sanctions for conducting business with certain persons.

Certain countries in which Trafigura currently does business, or may consider doing business in the future, are or may become subject to various trade sanctions including, but not limited to sanctions administered by the United States Treasury Department's Office of Foreign Assets Control, and European Union, United Kingdom and United Nations sanctions programmes. While Trafigura employs dedicated resources to ensure that it is in compliance, there can be no assurance that Trafigura will not in the future, unintentionally, enter into transactions that breach these sanctions. In the event of any non-compliance with applicable sanctions, Trafigura may be subject to the imposition of significant fines, as well as negative publicity and reputational damage. Any of the foregoing could result in a material adverse effect on Trafigura's business, results of operations and/or financial condition.

Due to the nature of its business and operations, Trafigura is exposed to the risks of fraud and corruption.

As a diversified sourcing, trading and distribution company conducting complex transactions globally, Trafigura is exposed to the risks of fraud and corruption.

Trafigura's trading operations are large in scale, which may make fraudulent or accidental transactions difficult to detect. In addition, some of Trafigura's trading and industrial activities take place in countries where corruption is generally understood to exist.

Trafigura seeks to comply fully with all applicable legislation such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and any applicable sanctions and has put in place internal control policies and external diligence and compliance policies. However, there can be no assurance that such procedures and established internal controls will adequately protect it against fraudulent and/or corrupt activity and such activity could have an adverse effect on Trafigura's business, reputation, results of operations, financial condition and/or prospects.Trafigura could also be affected indirectly by the fraudulent actions of its competitors which affect the commodities industry as a whole, which may lead to reduced liquidity. See "*Liquidity risk and a failure to obtain funds could limit Trafigura's ability to engage in desired activities and grow its business*."

Trafigura's reputation, including in the communities in which it operates, could deteriorate.

If it is perceived that Trafigura is not respecting or advancing the economic and social progress and safety of the communities in which it operates, Trafigura's reputation and shareholder value could be damaged, which could have a negative impact on its "licences to operate", its ability to secure new resources and its financial performance.

Some of Trafigura's current and potential trading and industrial activities are located in or near communities that may regard such operations as having a detrimental effect on their safety or environmental, economic or social circumstances. The consequences of negative community reaction could also have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could lead to disputes with national or local governments or with local communities or any other stakeholders and give rise to material reputational damage. If Trafigura's operations are delayed or shut down as a result of political and community instability, its earnings may be constrained and the long-term value of its business could be adversely impacted. Even in cases where no action adverse to Trafigura is actually taken, the uncertainty associated with such political or community instability could negatively impact the perceived value of Trafigura's assets and industrial investments and, consequently, have a material adverse effect on Trafigura's financial condition.

There is an increasing level of public concern relating to the effect of mining and smelting on adjacent surroundings and the environment. Certain non-governmental organisations are vocal critics of the industries in which Trafigura operates. In particular, Nyrstar has in the past been subject to adverse publicity relating to, among other things, environmental issues and incidents relating to operating equipment failures. While the Group seeks to operate in a socially responsible manner, adverse publicity, including that generated by non-governmental organisations, related to extractive industries generally or the Group's operations specifically, could have an adverse effect on the Group's reputation or results of operations or its relationships with the communities in which it operates.

Any change to Trafigura's ability to attract, retain and compensate key employees may impact its business.

Trafigura operates within a private company structure and as an employee-owned company. Any significant organisational or cultural change could result in certain key employees, whether skilled traders, or otherwise, leaving the Group. There are a number of other reasons why such personnel may leave, for example, an employee may leave Trafigura to go to a competitor, to start their own business, to retire or for other reasons.

Trafigura seeks to provide competitive compensation arrangements to retain and attract highly skilled personnel that are important to its business, including salaries and bonus and shareholding arrangements. While the Directors believe that Trafigura's current compensation arrangements are competitive and adequate to allow Trafigura to retain and attract the necessary calibre of employees, developments in the market or changes in internal culture may mean that these compensation payments may not be as effective as had been the case before and, as a result, Trafigura may need to change its compensation arrangements to make them more attractive to such employees which could be at an increased cost to Trafigura. The loss of any senior manager or other key personnel, as well as the inability to retain and/or attract new highly skilled personnel, could have a material adverse effect on Trafigura's business.

Trafigura is subject to a significant number of laws and regulations including extensive health, safety and environmental regulations and legislation.

Trafigura's trading and industrial activities are subject to extensive laws and regulations governing various matters across multiple jurisdictions. These include laws and regulations relating to taxation, competition, environmental protection, management and use of hazardous substances and explosives, management of natural resources, licences over resources owned by various governments, exploration, development of projects, production and post-closure reclamation, the employment of expatriates, labour and occupational health and safety standards, and historic and cultural preservation. Additionally, in many of the developing countries where Trafigura operates, the legal systems may not be mature and legal practice may not be developed, such that, in certain cases, there may be significant uncertainty as to the correct legal position as well as the possibility of laws changing or new laws and regulations being enacted, which has the potential to increase risk and compliance costs.

These laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety and other impacts of Trafigura's past and current operations, and could lead to the imposition of substantial fines, penalties, other civil or criminal sanctions, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations. Moreover, the costs associated with compliance with these laws and regulations are substantial. More stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities or rulings or clearances obtained from such governmental authorities could cause additional expenditure (including capital expenditure) to be incurred or impose restrictions on or suspensions of Trafigura's operations and delays in the development of its properties.

Trafigura's subsidiaries and the companies in which Trafigura holds investments are generally required, under applicable laws and regulations, to seek governmental licences, permits, authorisations, concessions and other approvals in connection with their activities. Obtaining the necessary governmental permits can be a particularly complex and time-consuming process and may involve costly undertakings. The duration and success of permit applications are contingent on many factors, including those outside Trafigura's control. Failure to obtain or renew a necessary permit could mean that such companies would be unable to proceed with the development or continued operation of a storage facility, mine or project, which, in turn, may have a material adverse effect on Trafigura's business, results of operations, financial condition and prospects.

In addition, the enactment of new laws and regulations and changes to existing laws and regulations (including, but not restricted to, environmental laws, the imposition of higher licence fees, mining and hydrocarbon royalties or taxes, financial markets), compliance with which could be expensive or onerous, could also have a material adverse impact on Trafigura's ability to operate its business and/or the profitability of its industrial investments. For example, on 1 January 2020, the International Maritime Organisation ("**IMO**") will implement a new regulation under which ships will have to use marine fuels with a sulphur content of no more than 0.50 per cent. ("**IMO 2020**"). Compliance with IMO 2020, through sourcing new and alternative fuels for its ships, may increase the costs of Trafigura's trading operations and have a negative impact of Trafigura's results of operations.

The methods of transportation used by Trafigura's trading operations in order to deliver commodities to customers around the world depend heavily on fossil fuels. Increasing regulation of greenhouse gas emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets in numerous jurisdictions in which Trafigura operates is likely to raise energy costs and costs of production in the future. Regulation of greenhouse gas emissions in the jurisdictions of Trafigura's major customers and in relation to international shipping could also have a material adverse effect on the demand for Trafigura's products.

Moreover, numerous governmental permissions, approvals, licenses and leases are required for Trafigura's operations. These permissions, approvals, licenses and leases are subject, in certain circumstances or on the occurrence of certain events, to modification, renewal or revocation. Nyrstar is required to prepare and present to national, state or local authorities data pertaining to the anticipated effect or impact that any proposed exploration, mining or production activities may have upon the environment. Compliance with environmental, health and safety laws and regulations requires ongoing expenditure and considerable capital commitments. In addition, because many of Nyrstar's sites have been operating in their current capacity for relatively long periods of time, including during periods when environmental, health and safety laws and regulations were not as stringent as they are today, they may incur relatively high compliance costs. Furthermore, Nyrstar has operations in various jurisdictions, including the European Union and Australia, that may be subject to national, regional or local laws, regulations, taxes and policies aimed at limiting or reducing greenhouse gas emissions. The combined impact of direct and indirect greenhouse gas related costs across Nyrstar's business could have a material adverse effect on Nyrstar's business, results of operations or financial condition. Further, Nyrstar may be required to change operations, reduce production capacity or make additional investments or increase tax payments to adapt to new or amended environmental laws and regulations, which could also have a material adverse effect on Nyrstar's business, results of operations or financial condition.

Furthermore, the regulations to which Trafigura is subject differ from one jurisdiction to the other, as may the implementation or interpretation of seemingly similar regulations. Moreover, these regulations are often highly complex and are subject to changes in both substance and interpretation. In particular, areas such as taxes (and especially VAT), export and import duties and quotas and environmental compliance are characterised by a high degree of complexity. Changes in investment policies or shifts in the prevailing political climate in any of the countries in which Trafigura operates, buys from or sells to, including through Nyrstar, could result in the introduction of increased government regulations, including embargos with respect to, among other things:

- price controls;
- export, import and throughput controls, duties, tariffs and quotas;
- mining duties and royalties;
- income, withholding, VAT and other taxes;
- electricity and energy supply;
- environmental legislation;
- foreign ownership restrictions;
- foreign exchange and currency controls;
- financial, commercial or disclosure rules;
- labor and welfare benefit policies; and
- land and water use.

A number of countries, including Australia, Canada, Brazil, China, India, Mexico and Russia are considering or have recently introduced or increased the level of duties they impose on the mining industry. While the recent duties imposed in Canada and Mexico have not been material, it is possible that any future changes could have a material adverse impact on Nyrstar's, operations.

Trafigura is exposed to litigation risk.

Trafigura conducts its operations globally in a wide variety of jurisdictions and may potentially face litigation in any of them, including governmental or regulatory investigations or class actions. Damages or penalties claimed under any litigation are difficult to predict, and may be material. The legal infrastructure in certain of these jurisdictions may be less developed than in others and the legal process may be more uncertain or subject to extensive delay.

While Trafigura will assess the merits of each lawsuit and defend itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation and the conduct of such defence may be a distraction for senior management from the running of the business. In addition, adverse publicity surrounding such claims may have a material adverse effect on Trafigura's business, prospects, financial condition and results of operations. The outcome of such litigation if adversely determined may materially impact Trafigura's business, results of operations or financial condition.

Social, economic and other risks in the markets where Trafigura operates may cause disruptions to its business.

Through the geographic diversity of its operations, Trafigura is exposed to risks of political or other civil unrest, strikes, war and economic and other forms of instability, such as natural disasters, epidemics, widespread transmission or communicable or infectious diseases, terrorist attacks and other events beyond its control that may adversely affect local economies, infrastructure and livelihoods.

These events could result in disruption to Trafigura's, its customers' or suppliers' businesses and seizure of, or damage to, any of their cargoes or assets. Such events could also cause the destruction of key equipment and infrastructure (including infrastructure located at or serving Trafigura's industrial activities as well as the infrastructure that supports the freight and logistics required by Trafigura's trading operations). These events could also result in the partial or complete closure of particular ports or significant sea passages, such as the Suez or Panama canals or the Straits of Hormuz, potentially resulting in higher costs, congestions of ports or sea passages, vessel delays or cancellations on some trade routes. Any of these events could adversely impact Trafigura's business and results of operations.

Trafigura is subject to risks relating to product safety and dangerous goods regulations.

Products sold by Trafigura are in many cases covered by national and international product safety and dangerous goods regulations. In some instances, product safety regulations (for example, the European Union ("**EU**") chemicals legislation and EU regulation concerning the Registration, Evaluation, Authorisation & Restriction of Chemicals (REACH)) oblige manufacturers and importers to register their products and to regularly monitor and evaluate the risks and hazards of substances (chemicals, metals, etc.) to protect humans and the environment from harm during handling, storage and use. Any failure in complying with these obligations could result in a delay of Trafigura's product delivery, a loss of insurance coverage, business interruption on the customer side, administrative or criminal sanctions and, in the extreme, banning (temporarily) from a marketplace. Such events could have a material impact on the local or global demand, reducing Trafigura's trading opportunities for such a product, or at least increase the handling costs while shipping and placing the product in the market, all of which could have a material adverse effect on Trafigura's reputation, business, results of operations and financial condition.

Trafigura relies on its financial, accounting, trading and other data processing information systems to conduct its business.

Trafigura's software applications for areas such as traffic, accounting and finance are primarily based on integrated standard components. Trafigura's key business processes rely on in-house developed modules and are regularly adapted to suit its business needs. Trafigura has duplicated data centres on the outskirts of London, with further data centres providing local services in Asia and in North America. If any of these systems does not operate properly or is disabled, Trafigura could suffer, among other things, financial loss, a disruption of its business, liability to its counterparties, regulatory intervention or reputational damage.

The industries in which Trafigura operates are subject to a wide range of risks as described elsewhere in this section, not all of which can be covered, adequately or at all, by Trafigura's insurance programme.

Trafigura has a broad insurance programme in place which provides coverage for operations at a level believed by the Directors to be appropriate for the associated risks. Such insurance protection is maintained with leading international insurance providers and includes coverage for physical loss and damage to owned vessels and kidnap and ransom, as well as third party liability, including for pollution. However, although Trafigura's insurance is intended to cover the majority of the risks to which Trafigura is exposed, it cannot account for every potential risk associated with its operations. Adequate coverage at reasonable rates is not always commercially available to cover all potential risks and no assurance can be given that, where available, such coverage would be sufficient to cover all loss and liability to which Trafigura may be exposed. The occurrence of a significant adverse event not fully or partially covered by insurance could have a material adverse effect on Trafigura's business, results of operations and financial condition.

Trafigura's profitability may be affected by changes in tax regimes and certain special tax incentives.

Trafigura's operations in various countries are subject to different tax regimes. Changes in local tax regulations, or the interpretation thereof, might adversely affect Trafigura's business, results of operations and/or financial condition.

Trafigura is owned by its management and key senior employees.

Trafigura is exclusively owned by its management and key senior employees. As a private company with no equity listing Trafigura is not subject to the extensive laws and regulations relating to corporate governance and transparency applied to publicly owned companies or by companies with equity listings on major stock exchanges. While Trafigura applies a prudent corporate governance model and believes that it is transparent in its dealings with its investors and other stakeholders, such as its banking group, its obligations in this regard are potentially less transparent than those legal and regulatory regimes associated with public companies.

The United Kingdom's Withdrawal from the European Union.

On 31 January 2020 the United Kingdom ceased to be a member state of the European Union. Investors should be aware that United Kingdom law may diverge from European Union law. As at the date of this Offering Circular, it is not possible for Trafigura to predict (i) the extent or materiality of any such divergence; (ii) the precise impact of any such divergence on the regulatory environment in which the Group operates; (iii) the impact of any such divergence on the Terms and Conditions of the Securities; or (iv) the impact on the regulatory treatment of an investor holding any Securities. Investors are urged to make their own assessment, and seek independent advice, regarding the impact of the UK's exit from the European Union on their acquisition and/holding of any Securities.

Risks Relating to the Securities

Liquidity risk and a failure to obtain funds could affect the Group's ability to meet repayments to Securityholders.

Liquidity risk (as detailed in "*Liquidity risk and a failure to obtain funds could limit Trafigura's ability to engage in desired activities and grow its business*") could impact Trafigura's ability to make payments when due on the Securities. In the event that Trafigura does not have sufficient available liquidity or is unable to refinance the Securities in the long-term and short-term debt markets, the ability of Trafigura to make payments due on the Securities may be adversely impacted. As of 31 March 2021, Trafigura had USD 63.9 billion of credit facilities available to it, and USD 14.0 billion of these credit facilities had not been utilised and were available.

In addition, there can be no assurance that a material deterioration in Trafigura's operating results would not lead to violations of Trafigura's existing sources of liquidity, namely borrowings under various short-term and long-term bank and asset-backed facilities and the issuance of notes in the debt capital markets, which could have a material adverse effect on the financial position and prospects of Trafigura, and which could lead to Trafigura being unable to make the required payments to Securityholders pursuant to the Securities.

At the time of maturity of any other debt that Trafigura may incur, if Trafigura does not have sufficient cash flows from operations and other capital resources to pay its debt obligations, or to fund its other liquidity needs, it may be required to refinance its indebtedness. If Trafigura is unable to refinance its indebtedness or obtain such refinancing on terms acceptable to it, Trafigura may be forced to sell assets, or raise additional debt or equity financing in amounts which could be substantial. The type, timing and terms of any future financing will depend on Trafigura's cash needs and the prevailing conditions in the financial markets. Trafigura cannot guarantee that it would be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all and there can be no guarantee that the refinancing of such indebtedness, and the terms thereof, would not negatively impact Trafigura's ability to meet its obligations under the Securities.

The Securities may not be a suitable investment for all investors.

Each of the risks highlighted in the section of this offering circular headed "Risk Factors" could adversely affect the trading price of the Securities or the rights of investors under the Securities and, as a result, investors could lose some or all of their investment. Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are perpetual and investors have no right to require redemption.

The Securities are perpetual and have no fixed maturity date. The Issuer is under no obligation to redeem the Securities and accordingly there is uncertainty as to when (if ever) an investor in the Securities will receive payment of the principal amount of the Securities. Although the interest rate on the Securities is reset on each Reset Date (which includes a step-up margin of 2 per cent. being added to the Relevant Reset Interest Rate) which may induce the Issuer to call the Securities, there is no assurance that the Issuer will call the Securities at such time or at any later time. Securityholders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the secondary market for the Securities.

The Securities may be redeemed at the Issuer's option (i) at any time upon payment of the Make-whole Redemption Amount or (ii) at any time during the Relevant Period, or on any Interest Payment Date falling after the Initial Reset Date, at the relevant Early Redemption Amount or (iii) upon the occurrence of certain other events.

The Conditions provide that the Securities are redeemable at the Issuer's option, in whole but not in part: (i) at any time upon payment of the Make-whole Redemption Amount (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*"), (ii) at any time during the Relevant Period (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*") at the relevant Early Redemption Amount by providing notice to the Securityholders specifying the date in the Relevant

Period on which redemption shall occur; or (iii) on any Interest Payment Date falling after the Initial Reset Date (as defined in "*Terms and Conditions of the Securities – Redemption and Purchase*"). If the Issuer exercises its option to redeem the Securities in accordance with this provision, the Issuer will give not more than 60 days' nor less than 30 days' notice, to the Securityholders in accordance with Condition 13 and to the Trustee.

In the case of any such redemption, the Securities will be redeemed at their principal amount together with any Arrears of Interest, Additional Interest Amounts and interest accrued to the date fixed for redemption.

In addition, the Issuer has the right to redeem the Securities, in whole but not in part:

(a) if there are any amendments to the relevant accounting standards such that the Securities may not or may no longer be classified as "equity" pursuant to such relevant accounting standards;

(b) in the event that, as a result of a Change of Law (as referred to in "*Terms and Conditions of the Securities – Redemption and Purchase*"), the interest payments under the Securities are no longer tax-deductible by the Issuer for Singapore corporate income tax purposes or such deductibility is subject to additional conditions or requirements which render such tax deduction either impossible or materially more onerous to the Issuer;

(c) in the event that, as a result of any actual or proposed change in, or amendment to the laws or regulations of the jurisdiction of the Issuer, the Issuer would be required to pay additional amounts in respect of the Securities consequent upon any withholding or deduction for tax being required to be made on any payment under the Securities; and

(d) in the event that less than 25 per cent. of the aggregate principal amount of the Securities (including any further Securities issued pursuant to Condition 11) originally issued remain outstanding.

The redemption amount is par, in the case of (a), (c) and (d) above, or an amount equal to 101 per cent. of the principal amount of the Securities, in the case of (b) above, in each case together with any Arrears of Interest, Additional Interest Amounts and interest accrued to the date fixed for redemption.

The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Securityholders. This may be disadvantageous to Securityholders in light of market conditions or the individual circumstances of any Securityholder of Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

An optional redemption feature is likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Optional redemption, exchange or variation of the Securities for tax or accounting reasons

There is a risk that, after the issue of the Securities, a Withholding Tax Event, an Income Tax Deduction Event or an Accounting Redemption Event may occur which in accordance with Condition 4(i) (*Exchange or Variation*) would entitle the Issuer, without the consent or approval of the Securityholders or the Couponholders, to exchange or vary the Securities, subject to not being prejudicial to the interest of the Securityholders and the Couponholders, so that after such exchange or variation, (i) in the case of a Withholding Tax Event, payments of the full amounts of principal and interest in respect of the Securities are not prevented by, or subject to withholding or deduction, in the Relevant Jurisdiction, (ii) in the case of an Income Tax Deduction Event, payments of interest payable by the Issuer in respect of the Securities are deductible to the extent permitted by the Relevant Jurisdiction or (iii) in the case of an Accounting Redemption Event, they would be recorded as “equity” in full in the consolidated financial statements of the Issuer pursuant to the application of IFRS (or any subsequent/alternative accounting standard that the Issuer may use for the purpose of preparing its annual consolidated financial statements). Such exchange or variation is subject to compliance with certain conditions including not being materially prejudicial to the interests of the Securityholders or the Couponholders as described in Condition 4(i) (*Exchange or Variation*) of the Terms and Conditions of the Securities. Any such exchange or variation may have a negative impact on the price of, and/or the market for, the Securities.

This right of the Issuer is in addition to its right to substitute any Subsidiary or Affiliate of the Issuer in place of the Issuer as principal debtor under the Securities pursuant to Condition 10(c) *(Substitution*).

Alternatively, the Issuer reserves the right, under the same circumstances, to redeem all (but not some only) of the Securities early as further described in the previous risk factor and in Condition 4 (*Redemption and Purchase*) of the Terms and Conditions of the Securities.

In such a case, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed and may only be able to reinvest at a lower rate.

The accounting classification of the Securities may change

In June 2018, the International Accounting Standards Board (the "**IASB**") published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "**DP/2018/1 Paper**"). If the proposals set out in the DP/2018/1 Paper are implemented, the current IFRS equity classification of financial instruments such as the Securities may change. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Securities under the Terms and Conditions of the Securities (in accordance with Condition 4(d)). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future accounting classification of the Securities or whether any such change may result in the Issuer having the option to redeem the Securities pursuant to the Conditions.

The Issuer's obligations under the Securities are subordinated and unsecured.

The Issuer's obligations under the Securities will constitute direct, unsecured and subordinated obligations. In the event of a Winding-up (as defined in the Conditions of the Securities) of the Issuer, the rights of the Securityholders to receive payments in respect of the Securities will rank pari passu among themselves and with the Securityholders of its Pari Passu Claims or Pari Passu Obligations but junior to all other Senior Claims or Senior Obligations.

In the event of a shortfall of funds on a Winding-up, there is a real risk that an investor in the Securities will lose all or most of its investment and will not receive any return of the principal amount or any unpaid interest, Arrears of Interest or Additional Interest Amounts. By virtue of such subordination, payments to a Securityholder will, in the events described in the relevant Conditions, only be made after all obligations of the Issuer resulting from higher ranking claims have been satisfied. A Securityholder may therefore recover less than the Securityholders of unsubordinated or other subordinated liabilities of the Issuer that are senior to the Securities. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to or pari passu with the Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the Securities. Subject to applicable law, no Securityholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Securityholder shall, by virtue of being a Securityholder, be deemed to have waived all such rights of set-off.

The Issuer may raise other funds which affect the price of the Securities.

The Issuer may raise additional funds through the issue of other securities or other means. There is no restriction under the Conditions, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or pari passu with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders on a Winding-up or may increase the likelihood of a deferral of interest under the Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Securities and/or the ability of Securityholders to sell their Securities.

The Securityholders have no voting rights

The Securities are non-voting with respect to general meetings of the Issuer. Consequently, the Securityholders cannot influence any decisions by the Issuer to defer interest payments or to optionally settle such Arrears of Interest or any other decisions by the Issuer's shareholders concerning the capital structure or any other matters relating to the Issuer.

No obligation of subsidiaries or associated companies to pay amounts under the Securities.

The Issuer's principal business is to act as the holding company of the Group, and virtually all of the Issuer's assets are shareholdings in its subsidiaries and associated companies. Investors will not have any direct claims on the cash flows or the assets of the other entities of the Group, and such entities have no obligation, contingent or otherwise, to pay amounts due under the Securities or to make funds available to the Issuer for these payments.

Securityholders may not receive interest payments if the Issuer elects to defer interest payments under the Conditions.

The Issuer may, at its sole discretion and subject to certain conditions, elect to defer any scheduled interest payment (in whole or in part) on the Securities for any period of time. The Issuer is not subject to any limits as to the number of times interest can be deferred pursuant to the Conditions subject to compliance with certain restrictions. Although, following a deferral, Arrears of Interest are cumulative, subject to the Conditions the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Securityholders. Any such deferral of interest shall not constitute a default for any purpose unless payment is required in accordance with Condition 3(h)(i).

Any deferral of interest will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

The Securities have market risk.

A Securityholder of fixed rate securities such as the Securities is particularly exposed to the risk that the price of such securities falls as a result of changes in the market interest rate. While the initial interest rate of the Securities is fixed until the Initial Reset Date (with a recalculation of the interest rate on every Reset Date as set out in Condition 3), market interest rates typically change on a daily basis. As the market interest rate changes, the price of the Securities also changes, but in the opposite direction. If the market interest rate increases, the price of the Securities would typically fall. If the market interest rate falls, the price of the Securities would typically increase. Securityholders should be aware that movements in these market interest rates can adversely affect the price of the Securities and can lead to losses for the Securityholders if they sell the Securities.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Securities in USD. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than USD. These include the risk that exchange rates may significantly change (including changes due to devaluation of USD or revaluation of the Investor's

Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to USD would decrease (1) the Investor's Currency-equivalent yield on the Securities, (2) the Investor's Currency-equivalent value of the principal payable on the Securities and (3) the Investor's Currency-equivalent market value of the Securities. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Investors in the Securities must rely on clearing system procedures.

Because the Global Security is held by or on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other clearing system, investors will have to rely on their procedures for transfer, payment and communication with the Issuer. The Securities will be represented by the Global Security except in certain limited circumstances described in the Global Security. The Global Security will be deposited with, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other clearing system. Except in certain limited circumstances described in the Global Security, investors will not be entitled to receive Definitive Securities. Euroclear and/or Clearstream, Luxembourg and/or any other clearing system will maintain records of the beneficial interests in the Global Security. While the Securities are represented by the Global Security, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and/or any other clearing system.

The Issuer will discharge its payment obligations under the Securities by making payments to or to the order of the common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other clearing system for distribution to their account holders. A holder of a beneficial interest in the Global Security must rely on the procedures of Euroclear and/or Clearstream, Luxembourg and/or any other clearing system to receive payments under the Securities. The Issuer and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Security. Holders of beneficial interests in the Global Security will not have a direct right to vote in respect of the Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg and/or any other clearing system to appoint appropriate proxies.

Interest rate reset may result in a decline of yield.

A Securityholder of securities with a fixed interest rate that will be reset during the term of the securities (as will be the case for the Securities on each Reset Date (as defined in Condition 3(i)) if not previously redeemed, is exposed to the risk of fluctuating interest rate levels and uncertain interest income.

No events of default allowing acceleration.

There are no events of default under the Securities allowing Securityholders to accelerate payments under the Securities.

There are limited remedies for non-payment under the Securities.

Any scheduled interest payment will not become due and payable if the Issuer elects to defer that interest payment (in whole or in part) pursuant to the Conditions. The only remedy against the Issuer available to the Trustee on behalf of Securityholders for recovery of amounts in respect of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Issuer's payment obligations arising from the Securities.

Neither the Issuer nor the Securities are rated.

Investors should not assume or infer that any rating ascribed to the Issuer or any of its indebtedness or credit would apply to the Securities. The Issuer does not currently benefit from, and has not applied to any ratings agency, for either a corporate rating or a rating of the Securities, and does not currently intend to apply for any such rating. If, however, a rating were obtained in respect of the Issuer's securities in the future, because the Securities are subordinated obligations, the rating ascribed to the Securities may be lower than that ascribed to the Issuer's senior unsecured debt or any of its other credit.

The Securities contain no limitation on issuing additional debt or granting of security.

There is no restriction on the amount of debt that the Issuer may issue or guarantee that ranks senior or pari passu to the Securities. Nor is there any restriction in the Conditions on granting of security by the Issuer on any existing or future debts. Such issuance of further debt or granting of security may significantly reduce the amount recoverable by the Securityholders upon the winding-up or insolvency of the Issuer or may increase the likelihood that the Issuer elects to defer interest payments under the Securities or reduce the market value of the Securities.

Modification, Waivers and Substitutions

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

In addition, the conditions of the Securities also provide that the Issuer may, without the consent of the Securityholders and without regard to the interests of particular Securityholders, be replaced and substituted by any Subsidiary or Affiliate of the Issuer as a new principal debtor under the Trust Deed and the Securities, in the circumstances described in Condition 10(c) (Substitution).

Risks relating to Minimum Denominations

In relation to any issue of Securities which have a denomination consisting of the minimum Authorised Denomination plus an integral multiple of another smaller amount in excess thereof, it is possible that the Securities may be traded in amounts in excess of the minimum Authorised Denomination that are not integral multiples of the minimum Authorised Denomination (or its equivalent). In such a case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Authorised Denomination in its account with the clearing system at the relevant time may not receive a Definitive Security in respect of such holding (should Definitive Securities be printed) and would need to purchase a principal amount of Securities such that its holding amounts to the minimum Authorised Denomination.

If Definitive Securities are issued, Securityholders should be aware that Definitive Securities which have a denomination that is not an integral multiple of the minimum Authorised Denomination may be illiquid and difficult to trade.

Change of law

The Conditions are based on English law and, with respect to the status of the Securities, Singapore law, in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change as the English law or, as the case may be, Singapore law, or administrative practice after the date of this Offering Circular.

The insolvency laws of Singapore may differ from comparable provisions of the laws of other jurisdictions with which Securityholders are familiar

Because the Issuer is incorporated under the laws of Singapore, an insolvency proceeding relating to the Issuer, would likely involve Singapore insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the laws of other jurisdictions with which the Securityholders are familiar. The differences in insolvency laws across jurisdictions engender a multitude of issues, especially with respect to the recognition of the claims of foreign creditors and recognition and enforcement of foreign insolvency proceedings and judgments. These risks and related uncertainties should be analysed carefully before any decision to invest in the Securities.

An active trading market for the Securities may not develop.

Although application has been made to the SGX-ST for the listing and quotation of the Securities on the SGX-ST, no assurance can be given that the Issuer will obtain a listing of the Securities or be able to maintain a listing of the Securities on the Official List of the SGX-ST or that an active trading market for the Securities will develop or as to the liquidity or sustainability of any such market, the ability of Securityholders to sell their Securities or the price at which Securityholders will be able to sell their Securities. The Joint Lead Managers are not obliged to make a market in the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

Securityholders may be subject to Singapore taxation.

The Securities are intended by the Issuer to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("ITA"), subject to the fulfilment of certain conditions more particularly described in the section entitled "Taxation – Singapore". However, there is no assurance that the relevant conditions can be met or that such Securities will enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time, or if there is a change in the interpretation of the relevant tax laws by the Inland Revenue Authority of Singapore ("IRAS"). In addition, the tax concessions for qualifying debt securities may not be available if the IRAS does not regard the Securities as debt securities for Singapore income tax purposes.

Tax treatment of the Securities is unclear.

An advance tax ruling will be requested from the IRAS to confirm whether the IRAS would regard the Securities as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations ("QDS Regulations"), and accordingly, that the interest (including Arrears of Interest and Additional Interest Amounts) arising from the Securities are regarded as debt interest, and whether subject to satisfying the governing conditions for qualifying debt securities, the Securities would be regarded as qualifying debt securities and the Securityholders will enjoy the tax concessions and exemptions under Section 43N and Section 13(1)(a) of the ITA respectively (as set out in the section "Taxation – Singapore"). Should the IRAS, in giving its confirmation, impose additional tax disclosure requirements on the Issuer or other conditions and the Issuer does not or is unable to, for any reason, comply with these additional tax disclosure requirements or conditions, the Securities may not be regarded as qualifying debt securities and the Securityholders thereof may not be eligible for the tax concessions and exemptions under Section 43N and Section 13(1)(a) of the ITA respectively.

There is no guarantee that a favourable ruling will be obtained from the IRAS. If the IRAS rules that the Securities are not debt securities for the purposes of Section 43N(4) of the ITA and Regulation 2 of the QDS Regulations and/or the interest (including Arrears of Interest and Additional Interest Amounts) arising from the Securities are not regarded as debt interest, the Securities would not be regarded as qualifying debt securities and the Securityholders will not enjoy the tax concessions and exemptions under Section 43N and Section 13(1)(a) of the ITA respectively, and the tax treatment to Securityholders may differ depending on the characterisation and treatment of the Securities by IRAS.

No assurance, warranty or guarantee is given on the tax treatment to Securityholders in respect of the interest (including Arrears of Interest and Additional Interest Amounts) payable to them. Securityholders should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Securities.

TERMS AND CONDITIONS OF THE SECURITIES

The following are the terms and conditions substantially in the form in which they will be endorsed on the Securities:

The issue of the USD 400,000,000 in aggregate amount of perpetual resettable step-up subordinated securities (the "**Securities**", which expression includes any further Securities issued pursuant to Condition 11 and forming a single series therewith) of Trafigura Group Pte. Ltd. (the "**Issuer**") was authorised by the board of directors of the Issuer in resolutions adopted on 8 September 2021. The Securities are constituted by and are subject to and have the benefit of a Trust Deed dated 24 September 2021 (as it may be amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citicorp Trustee Company Limited, as trustee (the "**Trustee**", which expression shall include any persons for the time being the trustee or trustees under the Trust Deed) and are the subject of an agency agreement dated 24 September 2021 (as it may be amended or supplemented from time to time, the "**Agency Agreement**") entered into in relation to the Securities between the Issuer, Citibank N.A., London Branch, as principal paying agent (the "**Principal Paying Agent**"), Citibank N.A., London Branch, as calculation agent (the "**Calculation Agent**", which expression shall include any successor calculation agent appointed from time to time in connection with the Securities) and the Trustee. The paying agents for the time being (including any successor agents appointed from time to time in connection with the Securities) are referred to below as the "**Paying Agents**" and, together with the Calculation Agent, the "**Agents**". These terms and conditions (as amended from time to time) include summaries of and are subject to the detailed provisions of the Trust Deed (which includes the form of Securities and of the interest coupons (the "**Coupons**") and talons for further coupons ("**Talons**")) and the Agency Agreement. Copies of the Agency Agreement and the Trust Deed are available for inspection during normal business hours at the specified offices of the Paying Agents (specified below in accordance with Condition 5(e)) and the Trustee. The holders of Securities (the "**Securityholders**") are entitled to the benefit of and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of all the provisions of the Agency Agreement, in each case applicable to them.

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

1. Form, Denomination, Title and Transfer

(a) Form and denomination:

The Securities are serially numbered and in bearer form in the denominations of USD 200,000 and integral multiples of USD 1,000 in excess thereof up to and including USD 399,000, each with Coupons attached on issue. No definitive Securities will be issued with a denomination above USD 399,000. Securities of one denomination may not be exchanged for Securities of any other denomination.

(b) Title:

Title to the Securities and Coupons passes by delivery. Any Securityholder or Couponholder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the relevant Securityholder or Couponholder.

2. Status, Subordination and Winding-up

(a) Status:

The Securities and Coupons, including any Arrears of Interest and any Additional Interest Amounts (each as defined below), constitute direct, unsecured and subordinated obligations of the Issuer (ranking *pari passu* without any preference among themselves), which in the event of a Winding-up (as defined below) will rank:

(i) junior to the claims of (x) all senior and unsubordinated creditors of the Issuer and (y) all other subordinated creditors of the Issuer except for the Pari Passu Claims or Pari Passu

Obligations as defined in sub-paragraph (ii) below and the Subordinated Claims or Subordinated Obligations as defined in sub-paragraph (iii) below ("**Senior Claims**" or "**Senior Obligations**");

(ii) *pari passu* among themselves and with any claims of creditors of the Issuer in respect of loans, securities or other obligations of the Issuer which, in each case, rank or are expressed to rank *pari passu* with the Securities (including but not limited to, for the avoidance of doubt, the USD 600,000,000 Perpetual Resettable Step-up Subordinated Securities issued on 21 March 2017 (ISIN: XS1582433428), the USD 200,000,000 Perpetual Resettable Step-up Subordinated Securities issued on 21 November 2017(ISIN: XS1582433428) and the EUR 262,500,000 Perpetual Resettable Step-up Subordinated Securities issued on 31 July 2019 (Unrestricted ISIN: XS2033327854/Restricted ISIN XS2034073606)) ("**Pari Passu Claims**" or "**Pari Passu Obligations**"); and

(iii) senior to (x) claims of shareholders of the Issuer in respect of the Issuer's ordinary and preferred share capital ("**Equity Securities**") and (y) claims of creditors of the Issuer in respect of subordinated loans, securities and other obligations of the Issuer which, in each case, rank or are expressed to rank junior to the Securities ("**Junior Claims**" or "**Junior Obligations**" and, together with Equity Securities, "**Subordinated Claims**" or "**Subordinated Obligations**"),

except as otherwise required by mandatory provisions of law.

"**Winding-up**" means:

(i) a meeting of the shareholders or directors of the Issuer is convened to consider a resolution to petition for the winding up of the Issuer and any such resolution is passed;

(ii) an application is made for the winding up of the Issuer; or

(iii) an order is made for the winding up of the Issuer.

(b) **No right of set-off:**

Subject to applicable law, no Securityholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Securityholder shall, by virtue of being the Securityholder, be deemed to have waived all such rights of set-off.

(c) **Winding-up:**

In the event of a Winding-up, the Securities will become immediately due and payable, in accordance with Condition 7, at their outstanding principal amount, together with accrued interest, including any Arrears of Interest and any Additional Interest Amount, up to (but excluding) the redemption date, provided that such amount shall only be paid to the Securityholders to the extent that all Senior Claims shall have been satisfied in full. In the event of incomplete payment of all Senior Claims upon a Winding-up, the payment obligations of the Issuer under the Securities will be terminated.

3. **Interest**

(a) **Interest Rates and Interest Payment Dates:**

Subject to this Condition 3, the Securities bear interest from and including, 24 September 2021 (the "**Issue Date**") at the applicable Interest Rate (as defined in Condition 3(c)) in accordance with this Condition 3. Interest shall be payable, subject to this Condition 3 and in particular Condition 3(h) below, semi-annually in arrear on and 24 March and 24 September in each year commencing on 24 March 2022 (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a date which is not a Business Day (as defined below), it shall be postponed to the next day which is a Business Day.

(b) **Interest Period:**

In these Conditions, the period beginning on, and including, the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an "**Interest Period**".

(c) **Rate of Interest:**

The rate of interest per annum ("**Interest Rate**") applicable to the Securities shall be:

(i) in respect of the period from, and including, the Issue Date to, but excluding, the Initial Reset Date (as defined in Condition 4(f) below), the Initial Interest Rate (as defined in Condition 3(i) below); and

(ii) in respect of the period from, and including, the Initial Reset Date the aggregate of the Relevant Reset Interest Rate and the Step-Up Margin (each as defined in Condition 3(i) below).

(d) **Calculation of Reset Interest Rate:**

The Calculation Agent will, at 11.00 a.m. (London time) on each Reset Interest Determination Date calculate the applicable Reset Interest Rate payable in respect of each Security for the Reset Interest Period commencing on the Reset Date immediately following such Reset Interest Determination Date in accordance with this Condition 3. The Calculation Agent will cause the applicable Reset Interest Rate determined by it to be notified to the Principal Paying Agent (if not itself the Calculation Agent), the Trustee and the Issuer as soon as practicable after the relevant Reset Interest Determination Date but, in any event, no later than two Business Days after the relevant Reset Interest Determination Date. Notice thereof shall also promptly be given by the Issuer to the Securityholders in accordance with Condition 13 and to the Trustee.

(e) **Calculation Amount and determination of Interest Rate and amount of interest payable per Calculation Amount:**

Interest in respect of any Security shall be calculated per USD 1,000 in principal amount of the Securities (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any Interest Period or any other period shall be equal to the product of the applicable Interest Rate, the Calculation Amount and the day count fraction (as set out in Condition 3(g) below) for the relevant Interest Period or other period, as applicable, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date, determine the Interest Rate and calculate the amount of interest payable per Calculation Amount for the relevant Interest Period.

(f) **Publication of Interest Rate and amount of interest payable per Calculation Amount:**

The Calculation Agent will cause the Interest Rate, the amount of interest payable per Calculation Amount for each Interest Period and the relevant Interest Payment Date to be notified to each of the Issuer, the Paying Agents and the Issuer shall cause the Securityholders to be notified as soon as possible after their determination in accordance with Condition 13 but in any event no later than the second Business Day thereafter. The amount of interest payable per Calculation Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Securities become due and payable under Condition 7, the accrued interest per Calculation Amount and the Interest Rate payable in respect of the Securities shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 3 but no publication of the Interest Rate or the amount of interest payable per Calculation Amount so calculated need be made. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Trustee, the Securityholders, and all other parties and (in the absence of wilful default, gross negligence or fraud) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) **Interest Accrual:**

Unless otherwise provided in these Conditions, each Security will cease to bear interest from the due date for redemption pursuant to Condition 4 unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the then applicable Interest Rate (both before and after judgment) until whichever is the earlier of: (a) the day on which all sums due in respect of such Security up to that day are received by or on behalf of the relevant Securityholder; or (b) seven days after the Principal Paying Agent has notified Securityholders of receipt of all sums due in respect of all the Securities up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Securityholders under these Conditions). Interest for any period (whether or not an Interest Period) will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(h) **Interest Deferral:**

(i) **Deferral Election:**

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any interest which is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a "**Deferral Election Notice**") to the Securityholders (in accordance with Condition 13) and the Trustee and the Principal Paying Agent not more than 30 nor less than five Business Days prior to such scheduled Interest Payment Date unless, during the relevant Observation Period, a Compulsory Interest Payment Event (as defined below) has occurred or was expected to occur between the time of giving the Deferral Election Notice and the last day of such Observation Period (inclusive). For the avoidance of doubt, if any Deferral Election Notice is so published but a Compulsory Interest Payment Event occurs during the period commencing on the date such notice was given and ending on, and including, the last day of such Observation Period (inclusive), any such Deferral Notice shall be deemed not to have been given and will have no force or effect.

"**Observation Period**" means (a), in respect of each scheduled Interest Payment Date, the period comprising such scheduled Interest Payment Date and the prior two Interest Periods ending on such scheduled Interest Payment Date, or (b), in the case of the first scheduled Interest Payment Date, the period comprising the Interest Period ending on the first scheduled Interest Payment Date.

A "**Compulsory Interest Payment Event**" means the occurrence of any of the following events:

(x) a dividend, distribution or other payment has been paid, made or declared by the Issuer on or in respect of any Pari Passu Obligations or Subordinated Obligations;

(y) the Issuer or any Subsidiary (as defined below) of the Issuer has purchased, redeemed or otherwise acquired any Securities, Pari Passu Obligations or Subordinated Obligations,

save, in each case, for:

(A) (i) any dividend, distribution or other payment paid or made (subject as provided in (ii) below) solely and exclusively in the form of Equity Securities of the Issuer or any securities or rights entitling the holder to receive Equity Securities of the Issuer; and (ii) any dividend, distribution or other payment in cash in lieu of the issue of (x) any fractional Equity Securities in connection with item (i) above, or (y) any portion of such securities or other rights referred to in item (i) above that would result in the holder receiving any fractional Equity Securities upon exercise of any such entitlement;

(B) any dividend, distribution, payment, declaration, repurchase, redemption or acquisition compulsorily required by the terms of any such Pari Passu Obligations or Subordinated Obligations;

(C) any purchase by the Issuer or any Subsidiary of any Securities, Pari Passu Obligations or Subordinated Obligations at a price less than the notional or par amount or value of such Securities, Pari Passu Obligations or Subordinated Obligations.

(ii) **No obligation to pay:**

The Issuer shall have no obligation to pay any interest (including any Arrears of Interest and any Additional Interest Amount) or any part thereof on any Interest Payment Date if it validly elects not to do so in accordance with Condition 3(h)(i).

(iii) **Cumulative Deferral:**

Any interest deferred pursuant to this Condition 3(h) shall constitute "**Arrears of Interest**". The Issuer may, at its sole discretion, elect (in the circumstances and subject always to the conditions set out in Condition 3(h)(i)) to defer further any payment of Arrears of Interest (and any Additional Interest Amount (as defined below)) or part thereof by complying with the foregoing notice requirement in Condition 3(h)(i) applicable to any deferral of any accrued interest. For the avoidance of doubt, subject to Condition 3(h)(v)(y), the Issuer is not subject to any limit as to the number of times accrued interest, Arrears of Interest and any Additional Interest Amount can or shall be deferred pursuant to this Condition 3(h).

(iv) **Additional Interest Amount:**

Each amount of Arrears of Interest shall bear interest from and including the date on which (but for such deferral) it would have been due to be paid, as if it constituted the principal of the Securities at the prevailing Interest Rate and the amount of such interest (the "**Additional Interest Amount**") with respect to Arrears of Interest shall be due and payable pursuant to this Condition 3 and shall be calculated by applying, in respect of each Interest Period, the applicable Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 3. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, for the purpose of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become and constitute Arrears of Interest.

(v) **Satisfaction of Arrears of Interest by payment:**

The Issuer:

(x) may satisfy any Arrears of Interest (in whole or in part) at any time by (1) paying all accrued interest due on the immediately following Interest Payment Date in respect of the Interest Period terminating on such Interest Payment Date, together with such Arrears of Interest and any related Additional Interest Amount; and (2) giving notice of such election to the Securityholders (in accordance with Condition 13), the Trustee and the Principal Paying Agent not more than thirty nor less than five Business Days prior to such Interest Payment Date, which shall be specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Interest and any related Additional Interest Amount on the payment date specified in such notice); and

(y) in any event shall pay any outstanding Arrears of Interest and any Additional Interest Amount (in whole but not in part) on the earliest of:

(a) the date of redemption of the Securities in accordance with the redemption events set out in Condition 4;

(b) the first Interest Payment Date contemporaneous with or immediately following the occurrence of a Compulsory Interest Payment Event;

(c) the date any amounts become due under Condition 7; and

(d) the date on which any proceedings are instituted pursuant to Condition 7.

Any partial payment of outstanding Arrears of Interest or any Additional Interest Amount by the Issuer shall be applied firstly to repaying any outstanding Additional Interest Amount and thereafter to any Arrears of Interest and shall be shared by the Securityholders of all outstanding Securities on a *pro-rata* basis.

(vi) **No default:**

Notwithstanding any other provision in these Conditions, the deferral of any interest payment (including Arrears of Interest and Additional Interest Amounts) in accordance with this Condition 3(h) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 7) on the part of the Issuer.

(i) **Definitions:**

For the purposes of these Conditions:

"**5 year US Treasury Rate**" means, as of any Reset Interest Determination Date, the rate per annum equal to the semi-annual equivalent yield to maturity that represents the average of such yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the most recent five consecutive New York business days appearing under the caption “Treasury Constant Maturities” in the most recent H.15.

If the 5 year US Treasury Rate cannot be determined pursuant to the method described above, the rate per annum equal to the semi-annual equivalent yield to maturity determined by interpolation between the most recent average of such yield to maturity, such average to be determined for the five consecutive New York business days ending on and including the applicable Reset Interest Determination Date, for two series of US Treasury securities trading in the public securities market, (i) one maturing as close as possible to, but earlier than, the Initial Reset Date following the next succeeding Reset Interest Determination Date, and (ii) the other maturing as close as possible to, but later than, the Initial Reset Date following the next succeeding Reset Interest Determination Date; or if the 5 year US Treasury Rate for such Interest Reset Period cannot be determined as above, the rate per annum equal to the semi-annual equivalent yield to maturity for a five-year maturity for the last available date preceding the applicable Reset Interest Determination Date, appearing under the caption "Treasury constant maturities" in the H.15 that has been most recently published prior to the applicable Reset Interest Determination Date.

If the Issuer, in its sole discretion, determines that the 5 Year US Treasury Rate cannot be determined pursuant to the method described above, the Issuer may use reasonable efforts to designate an unaffiliated agent or advisor, which may include an unaffiliated underwriter for the offering of the Securities or any affiliate of any such underwriter (the “**Designee**”), to determine whether there is an industry-accepted successor rate to the 5 year US Treasury Rate. If the Designee determines that there is such an industry-accepted successor rate to the 5 year US Treasury Rate, then the 5 year US Treasury Rate shall be such successor rate and, in that case, the Designee may then determine and adjust the business day convention, the definition of business day and the Reset Interest Determination Date to be used and any other relevant methodology for calculating such substitute or successor base rate, including any adjustment factor needed to make such substitute or successor base rate comparable to the 5 year US Treasury Rate, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. No such adjustment shall affect the Trustee's, Paying Agent's or Calculations Agent's own rights, duties or immunities under the Trust Deed, the Agency agreement or otherwise.

"**Business Day**" means a day that is a day on which commercial banks and foreign exchange markets are open in London and New York City or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

"**H.15**" means the daily statistical release designated as such, or any successor publication as determined by the Issuer in its sole discretion, published by the Board of Governors of the United States Federal Reserve System, and "most recent H.15" means the H.15 published closest in time but prior to the close of business on the Reset Interest Determination Date.

"**Initial Interest Rate**" means 5.875 per cent. per annum;

"**Initial Spread**" means 4.92 per cent.;

"**Interest Determination Date**" means the second Business Day prior to the start of each Interest Period;

"**Relevant Nominating Body**" means in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

"**Relevant Reset Interest Rate**" means the 5 year US Treasury Rate with respect to the relevant Reset Date plus the Initial Spread;

"**Reset Interest Rate**" means the 5 year US Treasury Rate with respect to the applicable Reset Date;

"**Reset Date**" means the Initial Reset Date and thereafter each Interest Payment Date falling on, or nearest to, the date which is the fifth anniversary of the immediately preceding Reset Date;

"**Reset Interest Determination Date**" means the day falling two Business Days prior to each Reset Date;

"**Reset Interest Period**" means each period beginning on, and including, a Reset Date and ending on, but excluding, the next succeeding Reset Date;

"**Step-Up Margin**" means 200 basis points; and

"**Subsidiary**" means as to any person (the "**first person**"): (i) any other person in which such first person or one or more of its Subsidiaries owns more than a 50 per cent. beneficial interest in the equity of such person, and (ii) any partnership or joint venture if more than a 50 per cent. interest in the profits or capital of such partnership or joint venture is owned by such first person or one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such first person or one or more of its Subsidiaries).

4. **Redemption and Purchase**

(a) **No fixed redemption date:**

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the following provisions of this Condition 4.

(b) **Redemption for withholding taxation reasons:**

The Issuer may redeem the Securities in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 13, the Principal Paying Agent and the Trustee (which notice shall be irrevocable), at the relevant Early Redemption Amount (as defined in Condition 4(g) below), if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 as a result of any actual or proposed change in, or amendment to, the laws or regulations of the jurisdiction of the Issuer or any Substitute appointed pursuant to Condition 10 (the "**Relevant Taxing Jurisdiction**") (including a decision or ruling of any court or tribunal) or any political subdivision or any authority thereof or therein having power to tax, or any actual or proposed change in the official application or official interpretation of such laws or regulations (including any interpretation or pronouncement by any relevant tax authority), which change or amendment becomes effective on or after the Issue Date, (a "**Withholding Tax Event**"), provided that (i) such Withholding Tax Event cannot be avoided by the Issuer taking reasonable measures available to it and (ii) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Securities then due. For the purposes solely of this Condition 4(b), any interest scheduled to be payable on any date (whether or not an Interest Payment Date) shall be deemed to be so payable notwithstanding that on such date the Issuer is or may be entitled to defer any such interest payment on such date pursuant to the Conditions and irrespective whether the Issuer has served valid notice of any such interest deferral pursuant to the Conditions. Prior to the publication of any notice of redemption pursuant to this Condition 4(b), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion (addressed to the Trustee) of independent legal advisers of recognised standing (which may include legal advisers of the Issuer who have advised in connection with the original issue of the Securities) to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the circumstances set out in this Condition 4(b), in which event they shall be conclusive and binding on Securityholders.

(c) **Redemption for income taxation deduction reasons:**

The Issuer may redeem the Securities, in whole but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Principal Paying Agent and the Trustee (which notice shall be irrevocable), at the relevant Early Redemption Amount if as a result of any Change of Law: (i) any interest payable under the Securities (including, for the avoidance of doubt, any Arrears of Interest or Additional Interest Amounts) are no longer tax-deductible by the Issuer for corporate income tax purposes in the Relevant Jurisdiction or (ii) the tax deductibility for corporate income tax purposes in the Relevant Jurisdiction of any interest payable under the Securities (including, for the avoidance of doubt, any Arrears of Interest or Additional Interest Amounts) becomes subject to any conditions or requirements which render such tax-deduction either impossible or materially more onerous to the Issuer (each such event referred to in (i) or (ii) an "**Income Tax Deduction Event**"), and such Income Tax Deduction Event cannot be avoided by the Issuer taking reasonable measures available to it. In the case of a Change of Law resulting from any actual change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction (including a decision or ruling of any court or tribunal) or any political sub-division or any authority thereof or therein having power to tax, any such notice of redemption shall be given within 90 days of any such Change of Law becoming effective (or, in the case of a decision or ruling of any court or tribunal, within 90 days of such becoming public). In the case of a Change of Law resulting from any actual change in the official application or official interpretation of such laws or regulations (including any interpretation or pronouncement by any relevant tax authority), any such notice of redemption shall be given within 90 days of any such Change of Law becoming public. For the purposes solely of this Condition 4(c), any interest scheduled to be payable on any date (whether or not an Interest Payment Date) shall be deemed to be so payable notwithstanding on such date the Issuer is or may be entitled to defer any such interest payment on such date pursuant to the Conditions and irrespective whether the Issuer has served valid notice of any such interest deferral pursuant to the Conditions. Prior to the publication of notice of redemption pursuant to this Condition 4(c), the Issuer shall deliver to the Trustee:

(A) a certificate signed by two authorised signatories of the Issuer to the effect of (i) or (ii) above, as the case may be, and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion (addressed to the Trustee) of independent legal advisers of recognized standing (which may include legal advisers of the Issuer who have advised in connection with the original issue of the Securities) to the effect that as a result of any of the events mentioned in this Condition 4(c) any interest payable under the Securities is no longer tax deductible for corporate income purposes in the Relevant Taxing Jurisdiction.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on Securityholders.

For the purpose of this Condition, "**Change of Law**" means:

(A) any actual or proposed change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction (including a decision or ruling of any court or tribunal) or any political sub-division or any authority thereof or therein having power to tax; or

(B) any actual or proposed change in the official application or official interpretation of such laws or regulations (including any interpretation or pronouncement by any relevant tax authority),

which change or amendment becomes effective on or after the Issue Date.

(d) **Redemption for accounting reasons:**

The Issuer may redeem the Securities in whole, but not in part, at any time upon not more than 60 days' nor less than 30 days' notice to the Securityholders in accordance with Condition 13 and to the Principal Paying Agent and the Trustee, which notice shall be irrevocable, at the relevant Early Redemption Amount, if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report addressed to the Issuer, stating that as a result of a change in accounting principles (or the application thereof) since the Issue Date the funds raised by the Issuer in respect of the Securities may not or may no longer be recorded as "equity" in the consolidated financial statements of the Issuer pursuant to International Financial Reporting Standards ("**IFRS**") or any subsequent/alternative accounting standards which the Issuer may use for the purposes of preparing its annual consolidated financial statements (an "**Accounting Redemption Event**").

(e) **Redemption in the case of Minimal Outstanding Amount:**

The Issuer may, at any time on giving not more than 60 nor less than 30 days' irrevocable notice to the Securityholders in accordance with Condition 13 and to the Principal Paying Agent and the Trustee, redeem all but not some only of the Securities at the relevant Early Redemption Amount if, immediately before giving such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued (which shall, for the avoidance of doubt, include any further Securities issued pursuant to Condition 11) (a "**Sweep-up Redemption Event**").

(f) **Redemption at the option of the Issuer during Relevant Period and after Initial Reset Date:**

The Issuer may at its option, redeem all but not some only of the Securities:

(A) at any time during the Relevant Period by providing notice to the Securityholders specifying the date in the Relevant Period on which redemption shall occur; or

(B) on any Interest Payment Date falling after the Initial Reset Date,

in each case, at the relevant Early Redemption Amount.

If the Issuer exercises its option to redeem the Securities in accordance with this Condition 4(f), the Issuer will give not more than 60 days' nor less than 30 days' notice, to the Securityholders in accordance with Condition 13 and to the Trustee.

"**Initial Reset Date**" means the Interest Payment Date falling on or nearest to 24 September 2027.

"**Relevant Period**" means a period starting 90 calendar days before and ending on the Initial Reset Date.

(g) **Make-whole Issuer Redemption**

The Issuer may, at its option (the "**Make-whole Issuer Redemption**"), redeem at any time in whole but not in part the Securities then outstanding at an amount equal to the Make-whole Redemption Amount (as defined below), having given not less than 30 days nor more than 60 calendar days prior notice to the Securityholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption, (such date the "**Make-whole Redemption Date**")). The Issuer shall, not less than fifteen (15) calendar days before the giving of any notice referred to above, notify the Trustee, the Principal Paying Agent and the Calculation Agent of its decision to redeem the Securities pursuant to this Condition 4(g) (*Make-whole Issuer Redemption*). No later than the Business Day immediately following the Make-whole Calculation Date, the Calculation Agent shall notify the Issuer, the Trustee, the Principal Paying Agent and the Securityholders of the Make-whole Redemption Amount. All Securities shall be redeemed on the relevant Make-whole Redemption Date in accordance with this Condition. For the purposes of this Condition, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Make-Whole Redemption Amount**" means an amount calculated by the Calculation Agent equal to the higher of:

a) 100 per cent. of the principal amount of the Securities to be redeemed; or

b) as determined by the Reference Dealers (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest for the Remaining Term, (but excluding any Arrears of Interest and Additional Interest Amount thereon and any interest accruing on such Security from, and including, the last Interest Payment Date or, as the case may be, the Issue Date, immediately preceding such Make-whole Redemption Date to, but excluding, the Make-whole Redemption Date) discounted to the relevant Make-whole Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Make-Whole Redemption Rate (as defined below),

plus, in each case, any interest, Arrears of Interest and Additional Interest Amount accrued on the Securities to, but excluding, the Make-Whole Redemption Date.

"**Make-whole Margin**" means 50 bps.

"**Make-whole Redemption Rate**" means the sum, as calculated by the Calculation Agent, of the Reference Dealer Rate and the Make-whole Margin.

"**Reference Dealers**" means at least three banks selected from time to time by the Issuer, at its sole discretion, which are primary U.S. government security dealers, and their successors, or market makers in pricing corporate bond issues.

"**Reference Dealer Rate**" means with respect to the Reference Dealers and the Make-Whole Redemption Date, the average of at least three quotations of the mid-market annual yield to maturity of the Reference Security or, if the Reference Security is no longer outstanding, a similar security in the reasonable judgement of the Reference Dealers at 11.00 a.m. London time on the third business day in London preceding the Make-Whole Redemption Date (the "**Make-whole Calculation Date**") quoted in writing to the Issuer by the Reference Dealers.

"**Reference Security**" means the actively traded U.S. Treasury security having a maturity comparable to the Remaining Term that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Term.

"**Remaining Term**" means, with respect to any Security, the period from (and including) the Make-whole Redemption Date to (but excluding) (a) the Initial Reset Date or (b) if the Make-whole Redemption Date occurs after the Initial Reset Date, the next succeeding Interest Payment Date.

(h) **Early Redemption Amount:**

The early redemption amount payable by the Issuer in respect of each Security upon redemption of the Securities pursuant to this Condition 4 shall be:

(A) in the case of redemption of the Securities pursuant to Conditions 4(b), 4(d), 4(e) and 4(f), the principal amount of the Security, together with any interest accrued to the date fixed for redemption, all Arrears of Interest and all Additional Interest Amounts; or

(B) in the case of redemption of the Securities pursuant to Conditions 4(c), an amount equal to 101 per cent. of the principal amount of the Security, together with any interest accrued to the date fixed for redemption, all Arrears of Interest and all Additional Interest Amounts,

(each an "**Early Redemption Amount**").

(i) **Exchange or Variation**

If at any time after the Issue Date the Issuer determines that a Withholding Tax Event, an Income Tax Deduction Event or an Accounting Redemption Event has occurred, the Issuer may, as an alternative to an early redemption of the relevant Securities, at any time, without the consent of the Securityholders and the Couponholders,(a) exchange the relevant Securities for new securities (the "Exchanged Securities"), or (b) vary the terms of the relevant Securities (the "Varied Securities"), so that in either case (i) in the case of a Withholding Tax Event, payments of the full amount then due and payable in respect of the Exchanged Notes or Varied Notes (as the case maybe) are not prevented by, or subject to withholding or deduction in, the Relevant Jurisdiction (ii) in the case of an Income Tax Deduction Event, payments of interest payable by the Issuer in respect of the Exchanged Notes or Varied Notes (as the case may be) are deductible to the extent permitted in the Relevant Jurisdiction or (iii) in the case of an Accounting Redemption Event, the aggregate nominal amount of the Exchanged Notes or Varied Notes (as the case may be) is recorded as "equity" to the maximum extent possible in the consolidated financial statements of the Issuer pursuant to the application of IFRS (or any subsequent/alternative accounting standard that the Issuer may use for the purpose of preparing its annual consolidated financial statements).

Any such exchange or variation shall be subject to the following conditions:

(A) the Issuer giving not less than thirty (30) nor more than sixty (60) calendar days' notice to the Securityholders and the Couponholders;

(B) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate listing particulars or offering circular in connection therewith, and the Exchanged Notes or Varied Notes continue to be admitted to trading on the same stock exchange as the relevant Securities if they were admitted to trading immediately prior to the relevant exchange or variation;

(C) the Issuer paying any Arrears of Interest (including any Additional Interest Amount thereon) in full prior to such exchange or variation;

(D) the Exchanged Securities or Varied Securities shall maintain the same ranking in liquidation, the same Interest Rate and interest payment dates, the same Initial Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest or Arrears of Interest (including any Additional Interest Amount thereon) and any other amounts payable under the Securities which, in each case, has accrued to Securityholders or Couponholders and has not been paid and the same rights to principal and interest and shall not contain terms providing for the mandatory deferral of interest and do not contain terms providing for loss absorption through principal write-down or conversion to shares;

(E) the terms of the exchange or variation not being prejudicial to the interests of the Securityholders and the Couponholders, including compliance with (D) above, as certified to the benefit of the Securityholders and/or the Couponholders by two directors of the Issuer, having consulted with an independent investment bank of international standing (for the avoidance of doubt the Trustee and the Principal Paying Agent may accept without liability the notification or certification of the Issuer as sufficient evidence of the occurrence of a Withholding Tax Event, an Income Tax Deduction Event or an Accounting Redemption Event and that such exchange or variation to the terms of the relevant Securities are not prejudicial to the interests of the Securityholders or the Couponholders);

(F) the issue of legal opinions addressed to the Trustee for the benefit of the Securityholders and the Couponholders from an international law firm of good reputation confirming (x) that the Issuer has capacity to assume all rights and obligations under the Exchanged Securities or Varied Securities and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities; and

(G) the Trustee shall consent to any such amendment certified to the Trustee in accordance with this Condition without the consent of the Securityholders or Couponholders, provided that the Trustee shall not be obliged to consent to any amendment which imposes additional obligations or liabilities on the Trustee or reduces the Trustee's rights or protections.

For the purpose of this Condition 4(i),"Interest Rate" means any of the Initial Interest Rate or Relevant Reset Interest Rate, as applicable.

This right of the Issuer is in addition to its right to substitute any Subsidiary or Affiliate of the Issuer in place of the Issuer as principal debtor under the Securities pursuant to Condition 10(c) (Substitution).

(j) **Purchase:**

Each of the Issuer and its Subsidiaries may at any time purchase or acquire Securities in the open market or otherwise (including by means of any tender or exchange offer) at any price. The Securities so purchased or acquired, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 10(a).

(k) **Cancellation:**

All Securities, in excess of 10 per cent. of the original principal amount of the Securities (which shall, for the avoidance of doubt, include any further Securities issued pursuant to Condition 11), which are redeemed or purchased in accordance with Condition 4(j), other than any Securities purchased in the ordinary course of a business of dealing in Securities, will be cancelled and may not be re-issued or resold. The obligations of the Issuer in respect of any such Securities shall be discharged.

5. **Payments**

(a) **Method of Payment:**

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent (subject to Condition 5(b) below) by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City. Payments of interest due in respect of any Security other than on presentation and surrender or endorsement of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Security.

(b) **U.S. Paying Agent**

Payments of interest in respect of Securities may only be made at the specified offices of Paying Agents outside the United States of America, except that they may be made at the specified office of a Paying Agent in New York City if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment at such offices of the full amount of the interest on the Securities in U.S. dollars when due, (ii) payment of the full amount of such interest at all specified offices of the Paying Agents outside the United States of America is illegal or effectively precluded by exchange controls or other similar restrictions, and (iii) the relevant payment is permitted by applicable U.S. law. If a Security is presented for payment of principal at the specified office of any Paying Agent in the United States of America in circumstances where interest (if any is payable against presentation of the Security) is not to be paid there, the relevant Paying Agent will annotate the Security with the record of the principal paid and return it to the Securityholder for the obtaining of interest elsewhere.

(c) P**ayments subject to fiscal laws:**

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7.

No commissions or expenses shall be charged to the Securityholders in respect of such payments.

(d) **Unmatured Coupons**

Upon the due date for redemption of any Security, unmatured Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(e) **Payments on business days:**

A Security or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a U.S. dollar account, in New York City). No further interest or other payment will be made as a consequence of the day on which the relevant Security or Coupon may be presented for payment under this Condition 5 falling after the due date. In this Condition "business day" means a day on which commercial banks and foreign exchange markets are open in the relevant city.

(f) **Agents:**

The initial Paying Agents and Calculation Agent and their initial specified offices are listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or Calculation Agent and appoint additional or other Paying Agents or a replacement Calculation Agent, provided that it will maintain (i) a Paying Agent having specified offices in at least one major European city, (ii) for so long as the Securities are listed on the SGX-ST or on any other stock exchange and the rules of the SGX-ST or such other stock exchange so require, a paying agent in Singapore or any other city as shall be required by such rules and (iii) a Calculation Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in the circumstances described in Condition 5(b) above (if there is no such Paying Agent at the time) and shall after such circumstances arise maintain such a Paying Agent.

Notice of any change in the Paying Agents or Calculation Agent or their specified offices will promptly be given to the Securityholders in accordance with Condition 13 and the Trustee.

6. **Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Securities shall be made free and clear of, and without withholding or deduction for or on account of, any taxes present or future, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within the Relevant Taxing Jurisdiction or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Securityholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Security:

(a) Other connection: by or on behalf of a Securityholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of his having some connection with the Relevant Taxing Jurisdiction other than the mere holding of the Security;

(b) Presentation more than 30 days after the Relevant Date: where (in the case of a payment of principal or interest on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Securityholder would have been entitled to such additional amounts if it had surrendered the relevant Certificate for payment on the last day of such period of 30 days;

(c) Avoidable deduction: by or on behalf of a Securityholder if such withholding or deduction would have been avoided by such Securityholder complying with any statutory requirement or making a declaration of residence or non-residence or other similar claim from exemption to the relevant tax authority and such Securityholder fails to do so.

"**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Securityholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any Early Redemption Amount, and, as the case may be, any additional amounts which may be payable under this Condition, any Arrears of Interest and Additional Interest Amounts.

7. **Enforcement**

(a) **Failure to Pay**

Subject to Condition 3(h), if a default is made by the Issuer for a period of 14 days or more in the payment of any principal or the payment of any interest, in each case in respect of the Securities and which is due, then the Issuer shall without notice from the Trustee be deemed to be in default under the Trust Deed and the Securities and the Trustee at its sole discretion may, notwithstanding the provisions of this Condition 7(a) but subject to Condition 7(c), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(b) **Enforcement**

The Trustee may at its discretion (subject to Condition 7(c)) and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Agency Agreement or the Securities but in no event shall the Issuer, by virtue of the institution of any such proceedings, steps or actions, be obliged to pay any principal, premium or interest in respect of the Securities sooner than the same would otherwise have been payable by the Issuer.

(c) **Entitlement of Trustee**

The Trustee shall not be bound to take any of the actions referred to in Condition 7(a) or 7(b) above against the Issuer to enforce the terms of the Trust Deed or the Securities or any other action or step unless (i) it shall have been so requested by an Extraordinary Resolution of the Securityholders or in writing by the Securityholders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) **Right of Securityholders**

No Securityholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding up unless the Trustee, having become so bound to proceed or being able to prove in such winding up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Securityholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 7.

(e) **Extent of Securityholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 7, shall be available to the Trustee or the Securityholders, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or under the Trust Deed.

8. **Prescription**

Claims in respect of principal and interest will become void unless presentation for payment is made within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

9. **Replacement of Securities**

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of any Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Securities or Coupons must be surrendered before replacements will be issued.

10. **Meetings of Securityholders, Modification, Waiver and Substitution**

(a) **Meetings of Securityholders:**

The Trust Deed contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions. Such a meeting may be convened by Securityholders holding not less than 10 per cent in principal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the principal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the dates on which interest is payable in respect of the Securities, (ii) to reduce or cancel the principal amount of, or interest on, or to vary the method of calculating the rate of interest on, the Securities, (iii) to change the currency of payment of the Securities, or (iv) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution and certain other provisions of the Trust Deed, as set out in the Trust Deed, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the Securityholders of not less than 90 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

(b) **Modification:**

The Trustee may agree, without the consent of the Securityholders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which is in each case, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (other than in relation to a Reserved Matter (as defined in the Trust Deed)), and any waiver or authorisation of any breach or proposed breach by the Issuer of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Securityholders.

(c) **Substitution:**

The Trust Deed contains provisions whereby the Trustee shall agree, without the consent of the Securityholders, to the substitution on a subordinated basis equivalent to that referred to in Condition 2 of any Subsidiary or Affiliate of the Issuer (any such entity, a "**Substitute**") in place of the Issuer (or any previous Substitute under this Condition) as a new principal debtor under the Trust Deed and the Securities, provided that: (1) the Issuer shall have provided to the Trustee a certificate from two directors of the Issuer, confirming that the proposed substitution will not be materially prejudicial to the interests of Securityholders, and (2) subject to the satisfaction of the Substitution Conditions (as defined below).

Such substitution may take place only if: (i) the Substitute shall, agree to indemnify and hold harmless each Securityholder and the Trustee against any tax, duty, assessment or governmental charge which is or may be imposed on, incurred by or levied on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Security and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any liability, charge, cost or expense, in connection with the substitution; (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents or approvals) to ensure that the Trust Deed and the Securities represent valid, legally binding and enforceable obligations of the Substitute and have been taken, fulfilled and done and are in full force and effect; (iii) the Substitute shall have become party to the Agency Agreement and the Trust Deed, as if it had been an original party to it; (iv) the obligations of the Substitute under the Securities shall be unconditionally and irrevocably guaranteed by Trafigura Group Pte. Ltd.; (v) legal opinions, dated not more than 5 Business Days prior to the date of substitution, addressed to the Trustee shall have been delivered from independent legal advisers of recognised standing in each jurisdiction referred to in (i) above, the jurisdiction of the Issuer (if different) and in England as to the fulfilment of the preceding conditions of this Condition 10 and the other matters specified in the Trust Deed; and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Securityholders in accordance with Condition 13, stating that copies, and pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Securityholders, will be available for inspection at the specified office of each of the Paying Agents. Conditions (i) to (vi) above shall together constitute the "**Substitution Conditions**").

For the purposes of this Condition, "**Affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

The Issuer will notify the Trustee and Securityholders as soon as reasonably practicable following a substitution in accordance with Condition 13 and such substitution shall become effective upon the publication of such notice.

In connection with any proposed substitution as aforesaid and in connection with the exercise of its trusts, powers, authorities and discretions (including but not limited to those referred to in this Condition 10), the Trustee shall have regard to the general interests of the Securityholders as a class but shall not have regard to the consequences of such substitution or such exercise for individual Securityholders. In connection with any substitution or such exercise as aforesaid, no Securityholder shall be entitled to claim, whether from the Issuer, the Substitute or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Securityholders except to the extent already provided in Condition 10 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(d) **Subordination of obligations of Substitute:**

In respect of any substitution pursuant to this Condition in respect of the Securities, the amended Trust Deed shall provide for such further amendment of these Conditions as shall be necessary or desirable to ensure that the Securities constitute subordinated obligations of the Substitute, subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Securities under Condition 2.

(e) **Notification**

Any modification, waiver, authorisation or substitution shall be binding on all Securityholders and, unless the Trustee agrees otherwise, any such modification, waiver, authorisation or substitution shall be notified to the Securityholders by the Issuer in accordance with Condition 13 as soon as practicable thereafter.

11. **Further Issues**

The Issuer may from time to time without the consent of the Securityholders create and issue further Securities either having the same terms and conditions as the Securities in all respects, or in all respects except for the first payment of interest on them, and so that such further issue shall be consolidated and form a single series with the outstanding Securities. References in these Conditions to the Securities include (unless the context requires otherwise) any other Securities issued pursuant to this Condition and forming a single series with the Securities.

12. **Provision of Financial Information**

For so long as any Securities are outstanding the Issuer will deliver to the Trustee within 120 days of the end of each financial year of the Issuer, beginning with the financial year ending 30 September 2021, a copy in the English language of its consolidated financial statements consisting of an audited consolidated balance sheet of the Issuer as at the end of the most recent financial year and prior financial year and audited consolidated statements of income, comprehensive income, changes in equity and cash flow of the Issuer for the most recent financial year with a comparison against the prior-year period, together with complete notes to such financial statements and a report of the independent auditors of the Issuer on such financial statements; and procure that copies of the same are made available (A) on the website of the Singapore Stock Exchange and (B) for inspection by Securityholders in accordance with the Agency Agreement at the Specified Office of each of the Paying Agents as soon as practicable thereafter. The financial statements referred to in this paragraph shall be prepared in accordance with IFRS (or any subsequent/alternative accounting standard that the Issuer may use for the purpose of preparing its annual consolidated financial statements).

In addition, for so long as any Securities are outstanding, the Issuer will deliver to the Trustee within 90 days of the end of the first six months in each financial year of the Issuer, beginning with the six months ended 31 March 2022, a copy in the English language of half-yearly financial statements consisting of an unaudited consolidated balance sheet as at the end of such six months and the immediately preceding financial year-end and unaudited statements of income and cash flow for the six months ending on the date of the unaudited balance sheet, and the comparable prior year period for the Issuer, and procure that copies of the same are made available (A) on the website of the Singapore Stock Exchange and (B) for inspection by Securityholders in accordance with the Agency Agreement at the Specified Office of each of the Paying Agents as soon as practicable thereafter. The interim condensed financial statements referred to in this paragraph shall be prepared in accordance with IAS 34 (or any subsequent/alternative accounting standard that the Issuer may use for the purpose of preparing its semi-annual consolidated financial statements).

In the event that a substitution takes place in accordance with Condition 10(c), and the Substitute is thereafter the principal consolidating entity of the Group, the obligation to deliver financial statements pursuant to this Condition 12 shall apply to the Substitute and to the financial statements of such Substitute, rather than the Issuer.

For the purposes of this condition the "**Group**" shall mean the Issuer and its consolidated Subsidiaries immediately prior to the date of any proposed substitution in accordance with Condition 10(c).

13. **Notices**

Notices to Securityholders will be valid if published in a daily newspaper of general circulation in Asia (which is expected to be the Wall Street Journal Asia) and in accordance with the requirements of any stock exchange upon which the Securities are for the time being listed. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Securityholders in accordance with this Condition.

14. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

15. **Governing Law**

(a) **Governing Law:**

The Trust Deed, the Securities and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, except that Condition 2(a) is governed by, and shall be construed in accordance with, Singapore law.

(b) **Jurisdiction:**

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Securities, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and shall not affect the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Agent for Service of Process:**

The Issuer irrevocably appoints Trafigura Limited of Portman House, 14 St. George Street, London W1S 1FE, United Kingdom as its agent in England to receive service of process in any Proceedings in England based on any of the Securities. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and immediately notify the Securityholders of such appointment in accordance with Condition 13. Nothing herein shall affect the right of any Securityholder to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

Clearing System Accountholders

The Securities will initially be in the form of the Temporary Global Security which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg.

The Temporary Global Security will be exchangeable in whole or in part for interests in the Permanent Global Security not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Security unless exchange for interests in the Permanent Global Security is improperly withheld or refused. In addition, interest payments in respect of the Securities cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Security will become exchangeable in whole, but not in part, for Securities in definitive form ("**Definitive Securities**") in the denomination of USD 200,000 and integral multiples of USD 1,000 in excess thereof up to and including USD 399,000, each at the request of the bearer of the Permanent Global Security against presentation and surrender of the Permanent Global Security to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 (*Enforcement*) occurs.

Whenever the Permanent Global Security is to be exchanged for Definitive Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Securities, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Security to the bearer of the Permanent Global Security against the surrender of the Permanent Global Security to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Security and the Permanent Global Security will contain provisions which modify the Terms and Conditions of the Securities as they apply to the Temporary Global Security and the Permanent Global Security. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Security and the Permanent Global Security will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Security or (as the case may be) the Permanent Global Security to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Securities. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Security or (as the case may be) the Permanent Global Security, the Issuer shall procure that the payment is noted in a schedule thereto.

Payments on business days: In the case of all payments made in respect of the Temporary Global Security and the Permanent Global Security, Condition 5(e) (Payments on business days) shall not apply and payments in respect of the Securities will only be made on a day on which dealings in foreign currencies may be carried on in London, Singapore and New York City.

Notices: Notwithstanding Condition 13 (*Notices*), while all the Securities are represented by the Permanent Global Security (or by the Permanent Global Security and/or the Temporary Global Security) and the Permanent Global Security is (or the Permanent Global Security and/or the Temporary Global Security are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Securityholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Securityholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Securities are admitted to trading on the SGX-ST, the SGXST notices will also be published in accordance with SGX-ST rules.

USE OF PROCEEDS

The net proceeds of the issue of the Securities, expected to amount to approximately USD 398,000,000 will be applied by the Issuer for general corporate purposes of the Group, including repayment of other subordinated indebtedness.

DESCRIPTION OF THE GROUP

Since 30 September 2015, an entity called Trafigura Group Pte. Ltd. (the "**Company**" or "**TGPL**") incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (with registration number 201017488D) has assumed the role of reference parent company for the Group. The Company is a private limited liability company incorporated on 18 August 2010 and existing under the laws of Singapore. The registered office of the Company is at 10 Collyer Quay, Ocean Financial Centre, #29-00 Singapore 049315 and its telephone number is +65 6319 2960. The Company was incorporated for an indefinite duration and has no other commercial name.

I. COMPETITIVE STRENGTHS

The Company believes that the Group's success is built upon the following combination of key competitive strengths:

Leading market position in the global commodity trading industry

The Group is one of the leading traders in the segments in which it operates.

The global competitive environment for physical commodities traders has evolved over the last few years. The Group operates today in a marketplace previously dominated by the major producers, whose operations in recent years have increasingly focused on upstream exploration and production and have reduced their involvement in distribution. There is also an increasing view that genuine global scale is required for commodity traders to be successful, apart from specific niche players. Indeed, the larger firms, with their greater access to liquidity and logistics assets, more significant IT infrastructure, and better access to proprietary information on commodity flows across geographies and commodities, can access and capture the strategic trading volumes and continue to be profitable; in particular, in times of lower volatility, when global commodity margins are under pressure. As a result, there has been consolidation in the industry, putting mid-tier companies under pressure, with global players such as the Group are becoming more prominent. These changes provide the Group with scope for growth in its core commodity activities.

Long term competitiveness in the industry is achieved through volume and market share dominance. The Group's scale presents a significant advantage over product focused niche traders that profit more from regional logistics than global arbitrage.

For the year ended 30 September 2020, the Group had a turnover (revenue) of USD 147 billion, with 57 per cent. generated by oil and petroleum products and 43 per cent. generated by the metals and minerals business division compared to a turnover of USD 171 billion with 65 per cent. and 35 per cent. generated by oil and petroleum products and by the metals and minerals business division, respectively, for the year ended 30 September 2019. For the half year ended 31 March 2021, the Group had a turnover of USD 98 billion, with 59 per cent. generated by oil and petroleum products and 41 per cent. generated by the metals and minerals business division compared to a turnover of USD 83 billion with 63 per cent. and 37 per cent. generated by oil and petroleum products and by the metals and minerals business division, respectively, for the half year ended 31 March 2020. Although there is no published market share information, based on market knowledge, the Group estimates that the volumes it trades represent approximately 3-5 per cent. of the highly fragmented world oil market, or around 7-10 per cent. of the "tradable market"[1] (i.e. volumes that are not handled by producers directly to consumers). The Group believes it is the second largest independent trader by volume of oil and petroleum products. In addition, based on its own market intelligence, the Group believes that it is the second largest independent trader of Liquefied Natural Gas ("**LNG**"). In non-ferrous metals, the Group is also the second largest independent trader in terms of volumes traded, with estimated market shares in the tradable market ranging from 15 to 50 per cent. depending on the commodity and refining stage (concentrates or refined metals).

The Group is one of the only three truly global commodity traders, the others being Glencore (although it has become more of a marketer of its own production since the merger with Xstrata in 2012) and Vitol.

[1] Defined as volumes which are not distributed by producers directly to consumers.

Extensive global network

The Group's operations are geographically diversified with exposure to high growth supply and demand regions. The Group has an extensive global network and manages its activities via 88 offices in over 48 countries organised across Europe, Asia, Australia, North America, Latin America and Africa (as at 30 September 2020), employing over 8,600 full-time employees on average over the financial year. The Group notes that, this figure includes approximately 3,900 Nyrstar employees, following the consolidation of Nyrstar into the Trafigura Group in July 2019.

The Group believes that its scale and global footprint represent a key strength allowing it to improve its access to constantly evolving global commodity trade flows while helping to mitigate its exposure to regional risks. The Group's local presence, knowledge and relationships in different regions provide it with first hand market intelligence and information to enable it to identify and execute arbitrage opportunities. Furthermore, its local presence provides insight into macro drivers such as foreign exchange fluctuations, government policies, upstream commodity operations, and transport.

Highly diversified business model

The Group's business activities are focused on two main areas, namely trading, and industrial assets and investments that complement and enhance the trading activities. These activities are complementary to each other and help smooth income volatility resulting from the natural cycles of the commodities trading industry. Within its trading and industrial assets businesses, the Group's activities are diversified in terms of products traded and handled as well as geographical presence and types of supplier/customer base.

The Group is one of the most diverse global commodities firms in terms of products, geographies, suppliers and customers and one of few physical commodities firms with such scope of activities. It focuses on two asset classes: oil and petroleum products, and metals and minerals. It covers the main product categories within these fields, including some of the world's most actively traded commodities such as: crude oil, gasoline, distillates, alumina, non-ferrous concentrates, aluminium, copper and zinc. Trafigura has also recently established a power and renewables trading division, which further enhances diversification.

The Group has a diverse customer base with no single external customer representing more than four per cent. of turnover for oil and petroleum products (apart from the Group affiliated company, Puma Energy), and three per cent. for metals and minerals. In the oil and petroleum products business, the Group transacts with a diverse customer base located around the globe, including electricity utilities, oil refiners, major distributors, and state owned oil companies. In metals and minerals, the Group's broad customer base ranges from mining companies to smelters, and refined metals retailers. For the year ended 30 September 2020, the Group's top 10 customers (excluding Puma Energy) in either business constitute less than 27 per cent. of revenues for respective divisions.

The diversity of the Group's commodities offerings contributes to a reduced risk profile, both on the market side and in terms of spreading credit risk among a wider base of market counterparties.

Solid industrial asset base

The Group's business model is focused on balancing global supply and commodity trade flows and exploiting natural, low risk physical arbitrage opportunities.

The key to creating arbitrage opportunities is through increasing trading volumes by securing supply and off take contracts as possible, as well as having the control of logistics tools (e.g. time charters vessels, storage facilities, ports etc.). The Group's investments, whether in the oil and petroleum products or metals and minerals sector, are focused on opportunities that provide complementary volume flow to the trading business, open up new markets and create recurrent, sustainable income sources.

In addition to the trading benefits, the cash flows generated by these investments have been growing significantly and they now contribute to the Group’s profitability, resulting in an additional source of profitability and further diversification.

The Group's trading activities are supported by a solid base of fixed midstream, downstream and mining assets. Through its selected asset investments, the Group has an established global presence throughout the value chain. The Group's industrial assets amounted to USD 7,291 million as of 30 September 2020 and USD 8,722 million as of 31 March 2021. These fixed assets correspond mainly to the Group's investment in (i) Puma Energy, the Group's equity-accounted investee managing oil storage and distribution assets; (ii) Impala Terminals, the Group's metals and minerals warehousing division and logistics provider (which transferred some of its operations to a 50:50 joint venture with IFM Investors in 2018); (iii) Nyrstar, one of the world's largest producer of zinc metal; (iv) Vostok Oil, following the recent 10 per cent. equity stake acquisition in this Russian oil and gas company; (v) Trafigura's oil storage and export terminals (e.g. fully-owned Petromining terminal in Argentina); and (vi) various other assets held as part of its mining portfolio.

Conservative risk management and strong governance standards

The Group has put in place and adheres to comprehensive and clear compliance and risk management procedures which are monitored on a daily basis.

Prudent risk management is integral to the Group's business model and has been entrenched since its foundation. Risk management is a central focus for the Group's Board of Directors (the "**Board of Directors**") and the Group's Management Committee (the "**Management Committee**") and a crucial consideration in the Group's overall trading strategy. The Group operates a policy of hedging all its physical positions for price risk. All trading positions are monitored on a daily basis through various metrics, including a VaR soft limit target of less than one per cent. of equity. Operational risk is proactively managed through comprehensive vetting and due diligence procedures, which are continuously reviewed and updated to reflect the evolving nature of the regulatory environment. For further information on the Group's risk management policies and procedures please refer to "*Risk Management*".

The Group also has strict compliance policies in place, operating an overarching code of business conduct, which enforces a zero tolerance approach to bribery and corruption, promotes honest and ethical conduct and serves as a guide for all employees on how to comply with laws and regulations and exercise good business judgement. The Group also operates a strict know your counterparty ("**KYC**") process necessitating the successful completion of credit and compliance checks before transacting with a new counterparty. For further information on corporate governance and compliance policies and procedures please refer to "*Management Structure and Corporate Governance*".

The Group's risk management framework is supported by its proprietary IT systems which record transactions from the point of trade capture through to accounting entries and provide maximum transparency and control by ensuring different levels of access and automatic dissemination of key information to all concerned parties.

The Group believes that its sound risk management policies have contributed to its positive performance through the volatile market environment over the last few years and helped to mitigate earnings volatility.

Strong leadership and ownership by management and key employees

The Group management team has substantial experience in the commodity sector and a proven track record in the development of the business. The Company's Board of Directors has significant experience both in the commodities sector and within the Group with an average of approximately 24 years' experience in the commodities sector. Since the foundation of the Group in 1993, the management team has overseen the consolidation and expansion of its trading activities across various commodity products and geographies. The Group is exclusively owned by its management and employees. This shareholding structure aligns individual aspirations with the long term interests of the Group. By virtue of having its own capital at risk, senior management is motivated to take a long term view on the Group's overall performance and to protect its capital.

Track record of sustainable profitable growth and financial strength

As a result of its position in the global commodity trading industry, its business model and diversified activities, the Group has been profitable every year since inception in 1993 and has significantly grown shareholders' equity, demonstrating strong performance and business model resilience, with net worth increasing year-on-year. The resilience of the Group's business model has been demonstrated by its steady growth and strong performance through various commodity cycles and periods of price volatility as well as during periods of economic, financial, and sovereign debt crises. The Group's EBITDA (Earnings before interest, taxes, Depreciation and Amortisation) increased at a 39 per cent. compound annual growth rate ("**CAGR**") over 2016-2020.

The Group believes that its robust and highly diversified funding model and access to liquidity have contributed to the Group's strong financial performance and flexibility. The Group has a three-pillar funding model based on short term transactional facilities, securitisation, and corporate credit facilities. As of 31 March 2021, the Group sourced funds from about 140 banks in various markets including Europe, Asia Pacific and the United States, providing it with significant diversification both in terms of funding sources and geographies thereby allowing the Group to expand whilst managing its liquidity position. Since December 2012, the Group has increased its available facilities by 67 per cent. from USD 38.2 billion to approximately USD 63.9 billion as of 31 March 2021.

The significant expansion of the Group's sources of financing over the years has been achieved on the basis of maintaining an acceptable and sustainable credit standing in the absence of a corporate rating.

II. GROUP STRATEGY

The Group does not speculate on price direction. The Company profits from optimising the supply chain to its customers and from exploiting natural, low risk, physical arbitrage opportunities. All physical positions are systematically hedged for index price risk and no outright price risk is taken other than through limited speculative positions which are subject to defined risk limits. Profit is generated from the volatility of supply/demand and the value generated by control and management of the supply chain.

Unlike the derivatives markets, where transactions (and arbitrage opportunities) are closed within seconds, physical arbitrage of this kind requires actual delivery of the physical commodity. As a result, value can only be extracted by having access to physical commodities and adequate logistical assets. Therefore, in order to generate and maximise arbitrage opportunities the Group's strategy is to grow volumes and optimise logistics operations in its markets.

Key Industrial Assets Providing Arbitrage Opportunities and Income Diversification

As mentioned above, the Group's investments, whether in the oil and petroleum products or metals and minerals sector, are focused on opportunities that provide complementary volume flow to the trading business, open up new markets and create recurrent, sustainable income sources.

As presented above, the Group's industrial assets have increased from USD 4,620 million as of 30 September 2012[2] to USD 7,291 million as of 30 September 2020 and to USD 8,722 million as of 31 March 2021. These industrial assets correspond mainly to the Group's investment in (i) Puma Energy, the Group’s equity-accounted investee managing oil storage and distribution assets; (ii) Impala Terminals, the Group’s metals and minerals warehousing division and logistics provider (which transferred some of its operations to a 50:50 joint venture with IFM Investors in 2018); (iii) Nyrstar, one of the world’s largest zinc smelting company; (iv) Vostok Oil, following the recent 10 per cent. equity stake acquisition in this Russian oil and gas company; (v) Trafigura’s oil storage and export terminals (e.g. fully-owned Petromining terminal in Argentina); and (vi) various other assets held as part of its mining portfolio.

The Group has demonstrated its ability to divest fixed assets and recycle capital over time, allowing the Group to crystallise gains from its investments and to generate substantial cash flows and profits (over USD 3 billion in aggregate over the period from the 2010 financial year to the 2020 financial year). It enables the Group to maintain discipline in capital expenditure, to share risk and to realise timely returns on its asset investments, while establishing a broader investment platform than would be possible on a stand-alone basis. Significant divestment included the full or partial sale of mining assets (Volcan, Anvil, Tiger and CMC); more than 50 per cent. of Puma Energy in 2013; the creation of an oil storage and export facility at Corpus Christi (Texas) and subsequent sale of a majority stake to Buckeye Partners L.P. in 2014, while retaining commercial rights (selling the residual 20 per cent. stake in 2018); and the establishment of joint ventures with Mubadala to invest in the Porto Sudeste iron ore export facility in Brazil and the Minas Aguas Tenidas "**MATSA**" mine in Spain in 2015. Finally, in September 2018, the Group signed an agreement with IFM to create a 50:50 joint venture to operate Impala Terminal assets in Mexico, Spain, Peru, Paraguay, and the multimodal freight forwarding operation in Africa.

[2] Equal to the total fixed assets of the Group disclosed in its fiscal year 2012 Annual Report.

Ownership Model and Experienced Management Team whose Interests are Aligned to Long Term Growth Performance

The Group is owned exclusively by its management and senior employees, with approximately 850 shareholders. This ownership model ensures focus on the long-term success of the business, promoting management depth and stability, with a comprehensive and prudent risk management framework. By virtue of having capital at risk, employees are incentivised to take a long-term view on the Group's overall performance and to protect its capital.

The Group benefits from an experienced management team which has developed the expertise required to manage a global commodities trading business over a number of years.

Maintenance of Prudent Financial Profile

Prudent risk management is integral to the Group's business model and has been deeply rooted in the Company's business principles since its foundation. Guidelines are established at the senior management level and the credit and finance department retains a veto right on any transaction.

The Group maintains a diversified funding model, both in terms of the type of financing available and the geographic location of its banks. This broad funding base helps to increase the Group's access to liquidity and provides funding flexibility. The Group has demonstrated its ability through various market conditions to raise ample and appropriate types of financing to meet the business funding requirements and to tap various investor bases, maturities and geographies. The Group has successfully managed its liquidity positions throughout commodity, economic, financial and banking cycles and crises. The Group's strategy is to continue to focus on maintaining such a prudent financial policy and to sustain its liquidity buffer allowing it to be ready to capitalise on opportunities when they arise.

The Group manages its treasury and liquidity risks, maintaining a strong liquidity position through the following:

- Keeping sufficient, immediately-available cash on hand to be prepared for a potential high volatility period, and associated possible margin calls, or any urgent cash outflow. As of 30 September 2020 and as of 31 March 2021, the Group maintained USD 3.3 billion and USD 3.9 billion, respectively, of immediately available cash in liquidity funds;

- Maintaining bilateral lines which allow the Group to mark-to-market financings to the value of the underlying physical assets. Mark-to-market financing is performed weekly (or intra-weekly in the case of extreme volatility) and provides an additional source of liquidity which is not available to competitors which are financed purely from revolving credit facilities ("**RCF**");

- Committed unsecured credit facilities, with a focus on new sources of financing that lengthen the maturity profile of the Group's debt;

- Keeping sufficient headroom in case of a strong increase in volumes traded and/or commodities prices: utilisation for first half of 2021 fiscal year averaged about 72 per cent., while average utilisation of revolving credit facilities over the same period was around 50 per cent.;

- Advanced funding sublimit incorporated in the European RCF (USD 1.8 billion) and Asian RCF allowing same-day drawing of funds (otherwise T+3); and

- Balanced distribution of profit (significant retained earnings) and subordination of repurchased equity.

III. RECENT FINANCIAL RESULTS FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2020 AND 30 SEPTEMBER 2019

IFRS 16 Reporting

Like-for-like comparisons between fiscal year 2020 and fiscal year 2019 (or prior years) are complicated by the fact that the results for fiscal year 2020 incorporate for the first time the new IFRS 16 reporting requirement on lease arrangements (see notes 3.12 and 4 of the Group's fiscal year 2020 Annual Report for more details). Unless otherwise indicated, fiscal year 2020 figures include the effect of IFRS 16. The comparable fiscal year 2019 figures are presented as reported in the 2019 Annual Report unless otherwise indicated (same for prior year figures, which have not been restated). The net impact of the adoption of IFRS 16 resulted in a reduction in the net profit of USD 26 million for the year ended 30 September 2020 compared to what it would have been in the absence of IFRS 16, as well as an increased gross profit of USD 997 million and an increased EBITDA of USD 1,194 million for the same period. In addition, the requirement resulted in an increase of USD 2,258 million in the Group's total assets as of 30 September 2020 and a corresponding increase in total group equity and liabilities.

Profit and Loss

Consolidated Statement of income	**Year ended 30 September**	
	2020	**2019**
USD million		
Revenue	146,994.3	171,474.1
Cost of sales	(140,199.8)	(168,604.3)
Gross profit	**6,794.5**	**2,869.8**
General and administrative expenses	(2,155.1)	(1,049.1)
Impairments of PP&E and intangible fixed assets	(648.6)	(49.0)
Impairments of financial assets and prepayments	(395.1)	(20.6)
Impairments of equity-accounted investees	(524.2)	(34.6)
Other income/(expenses) - net	(196.2)	(68.0)
Results from operating activities	**2,875.3**	**1,648.5**
Finance income	500.1	700.4
Finance expense	(1,158.1)	(1,404.5)
Net financing costs	**(658.0)**	**(704.1)**
Share of profit/(loss) of equity-accounted investees	(327.0)	47.7
Profit before tax	**1,890.3**	**992.1**
Income tax expense	(291.5)	(124.3)
Profit for the year	**1,598.8**	**867.8**
Profit attributable to		
Owners of the Issuer	1,699.2	871.7
Non-controlling interests	(100.4)	(3.9)
Profit for the year	**1,598.8**	**867.8**

Revenue for the financial year ending September 2020 was USD 147 billion, a decrease of 14 per cent. from 2019, despite overall traded volumes remaining relatively flat. This reduction reflects lower average prices of most commodities traded by the Group. Oil and Petroleum Products volumes reduced by approximately 3 per cent., with an average daily volume traded of 5.6 million barrels, in a market that suffered a reduction in demand as a result of the COVID-19 pandemic. Metals and Minerals volumes traded remained consistent with the fiscal year 2019 at 97.6 million metric tonnes.

Gross profit in fiscal year 2020 increased by 137 per cent. to USD 6,795 million, from USD 2,870 million in fiscal year 2019. This represented a gross profit margin of 4.6 per cent. compared to 1.7 per cent. recorded in fiscal year 2019, reflecting the strong performance of both the Oil and Petroleum Products and Metals and Minerals trading divisions, that benefited from extraordinary volatility and the emergence of contango forward price curves during the year. In divisional terms, gross profit figures in fiscal year 2020 reflected a substantial 213 per cent. increase in gross profit in Oil and Petroleum Products compared to fiscal year 2019 to USD 5,259 million and a 29 per cent. increase in Metals and Minerals with gross profit at USD 1,535 million.

The Oil and Petroleum Products division benefited in particular from unprecedented market volatility, with April 2020 being the most volatile month in history for the oil market. Traders were able to take advantage of the elevated volatility while deploying the Group's deep understanding of physical oil flows along with its sophisticated risk management systems to adapt to the spread of the COVID-19 pandemic in the first half of the calendar year. Metals and Minerals, meanwhile, maintained the trend of the last few years, steadily growing their customer base and expanding their market share of a consolidating nonferrous metals market.

General and administrative expenses rose to USD 2,155 million in fiscal year 2020, from USD 1,049 million in fiscal year 2019, mainly due to implementation of IFRS 16. Net financing costs were somewhat lower than in fiscal year 2019 at USD 658 million as a result of the softening of interest rates in 2021. Impairments, meanwhile, increased to USD 1,568 million (compared to just USD 104 million in 2019), partly reflecting the economic impact of the pandemic on the Group's industrial assets, including the Group's holding in Puma Energy. The Group took a conservative approach to assessing the value of its fixed assets. The largest adjustments occurred in relation to the Impala Terminals businesses in Colombia, the holding in Indian refiner Nayara and the stake in Puma Energy.

From an operating profit perspective, the Group believes that EBITDA is the most appropriate indicator to assess performance as it strips out investment gains and impairments. EBITDA for fiscal year 2020 was a record USD 6,064 million, compared to USD 2,129 million in fiscal year 2019, an increase of approximately 185 per cent. year-on-year.

The Group recorded a net profit of USD 1,599 million in fiscal year 2020, an increase of 84 per cent as compared to USD 868 million a year earlier, which was surpassed only by the result in 2013, which included various exceptional, non-cash items.

Assets and Liabilities

	As at 30 September	
USD million	**2020**	**2019**
Assets		
Property, plant and equipment	3,430.2	3,874.1
Intangible assets	210.3	212.0
Right of use asset	2,091.5	0.0
Lease receivable	124.1	0.0
Equity-accounted investees	2,438.6	3,416.5
Prepayments	1,061.0	678.8
Loans receivable	694.4	521.4
Other investments	517.1	1,003.7
Derivatives	232.7	393.2
Deferred tax assets	124.3	321.1
Other non-current assets	192.0	356.3
Total non-current assets	**11,116.2**	**10,777.1**
Inventories	20,177.6	13,435.0
Trade and other receivables	15,245.1	18,516.5
Lease receivables	37.4	0.0
Derivatives	866.4	962.8
Other current assets	351.2	318.7
Prepayments	2,934.5	3,454.4
Income tax receivable	31.6	43.3
Deposits	466.0	374.2
Cash and cash equivalents	5,757.0	6,267.2
Total current assets	**45,866.8**	**43,372.1**
Non -current assets classified as held for sale	**2.6**	**2.2**
Total assets	**56,985.6**	**54,151.4**

As at 30 September 2020, the Group's total assets amounted to USD 57.0 billion, an increase of 5 per cent. from USD 54.2 billion as at 30 September 2019. This increase is due to the combined effect of a strong increase in inventories and IFRS 16 implementation, partly offset by significant impairments and lower receivables balance. Fixed and non-current assets were little changed at USD 11.1 billion, despite the implementation of IFRS 16 which now requires booking leasing arrangements as "right of use" assets, leading to a new non-current asset line of USD 2.1 billion. Equity-accounted investees were valued at USD 2.4 billion, compared to USD 3.4 billion a year earlier, which reflects the net effect of additions, disposals, impairments, and income and losses from various investments. It includes, in particular, significant impairments (USD 524 million) mostly on our participations in Puma Energy and Tendrill Ventures (Nayara), and the share of net loss from those investments which amounted to USD 327 million – as a result of losses in Puma Energy (USD 326 million) and Porto Sudeste do Brasil (USD 47 million), partly offset by profits from MATSA, Guangxi Jinchuan and Impala Terminals Group (previously Simba) of USD 38 million.

Current assets as at 30 September 2020 end were up by 6 per cent. year-on-year at USD 45.9 billion, with inventories increasing by 50 per cent. at USD 20.2 billion. Inventories significantly rose due to an increase in volumes (51 per cent. for each of Oil and Petroleum Products and Metals and Minerals divisions) and movements in average prices (e.g. Brent price decreased by 34 per cent. and refined copper increased by 15 per cent. over the year). The oil contango market structure and the increase in metals prices were key drivers in the overall increase. It is worth noting that the oil inventories of 138 million barrels represent less than two days of world consumption of approximately 100 million barrels per day. In line with the Group's risk management policies, all stock was either presold or hedged at all times throughout the year. Trade and other receivables as at 30 September 2020 were lower by 18 per cent. year-on-year at USD 15.2 billion.

	As at 30 September	
USD million	**2020**	**2019**
Equity		
Share capital	1,503.7	1,503.7
Capital securities	1,097.7	1,073.8
Reserves	(965.4)	(900.3)
Retained earnings	5,923.3	4,799.8
Equity attributable to owners of the Issuer	**7,559.3**	**6,477.0**
Non-controlling interests	230.6	327.7
Total group equity	**7,789.9**	**6,804.7**

Liabilities		
Loans and borrowings	7,070.1	8,492.1
Derivatives	190.8	373.6
Provisions	371.5	343.9
Deferred tax liabilities	209.7	386.2
Long term lease liability	1,407.4	0.0
Other non-current liabilities	722.0	372.4
Total non-current liabilities	**9,971.5**	**9,968.2**
Current tax liabilities	249.1	155.8
Loans and borrowings	25,783.5	22,455.5
Trade and other payables	11,081.0	13,935.2
Derivatives	640.1	746.0
Short term lease liability	981.6	0.0
Other current liabilities	488.9	86.0
Total current liabilities	**39,224.2**	**37,378.5**
Total Group equity and liabilities	**56,985.6**	**54,151.4**
Adjusted net debt	**2,759.9**	**5,309.7**
Adjusted net debt/Group equity	**0.35**	**0.78**

Current liabilities as at 30 September 2020 were USD 39.2 billion, slightly up from USD 37.4 billion as at 30 September 2019. This limited increase is as a result of additional short-term borrowings to cover growing working capital requirements, together with the impact of IFRS 16.

Group equity was USD 7,790 million as at 30 September 2020, up from USD 6,805 million at 30 September 2019. Such increase year-on-year, by USD 985 million, is the result of significant retained earnings as at 2020 end (only partly offset by USD 586 million dividend).

Cash Flow

Consolidated statement of cash flows	**Year ended 30 September**	
	2020	**2019**
USD million		
Operating cash flow before working capital changes	6,118.1	1,992.9
Cash generated from/(used in) operating activities	223.7	5,145.7
Net cash from/(used in) operating activities	(658.1)	4,270.2
Net cash from/(used in) investing activities	(264.5)	(285.1)
Net cash from/(used in) financing activities	412.5	(3,073.7)
Net increase/(decrease)in cash and cash equivalents	(510.2)	911.4
Cash and cash equivalents at 30 September	5,757.0	6,267.2

Operating cash flow before working capital changes was USD 6,118 million in fiscal year 2020, three times the figure of USD 1,993 million in fiscal year 2019, driven by the strong performance of both trading divisions, which generated exceptionally strong cash flow. The Group believes this operating cash flow metric is the most reliable measures of financial performance, since the level of working capital is predominantly driven by prevailing commodity prices and such price variations are financed under the Group's self-liquidating finance lines. Over the years, cash outflows/inflows from changes in working capital have mostly been netted off by drawdowns/repayments under the Group's transactional lines.

In fiscal year 2020, the growth of inventories necessitated a significant increase in working capital, meaning that net cash used in operating activities was USD 658 million, compared with a net release of USD 4,270 million in fiscal year 2019. This increase in working capital needs is partially matched by an increase in the use of short-term bank lines.

Investing activities resulted in a net cash use of USD 265 million in fiscal year 2020, compared to a net cash use of USD 285 million last year. The ongoing maintenance capital expenditures of Nyrstar's plants and equipment represented USD 252 million and was the principal item of the Group's capital expenditure during the year. The net cash from financing activities was a net inflow of USD 413 million in fiscal year 2020, compared to a net use of USD 3,074 million in fiscal year 2019.

The overall balance of cash and cash equivalents as of 30 September 2020 was USD 5,757 million, compared to USD 6,267 million as at 30 September 2019, including approximately USD 3.3 billion of immediately (same day) available cash in liquidity funds.

IV. RECENT FINANCIAL RESULTS FOR THE HALF YEARS ENDED 31 MARCH 2021 AND 31 MARCH 2020

Profit and Loss

Consolidated Statement of income	**Six Months ended 31 March**	
	2021	**2020**
USD million		
Revenue	98,369.2	82,960.3
Cost of sales	(94,094.2)	(80,189.8)
Gross profit	**4,275.0**	**2,770.5**
General and administrative expenses	(1,363.5)	(1,097.9)
Impairments of PP&E and intangible fixed assets	(76.3)	(6.4)
Impairments of financial assets and prepayments	(58.4)	(8.3)
Impairments of equity-accounted investees	(0.2)	(298.4)
Other income/(expenses) - net	88.0	(84.5)
Results from operating activities	**2,864.6**	**1,275.0**
Finance income	201.4	224.0
Finance expense	(535.7)	(656.1)
Net financing costs	**(334.3)**	**(432.1)**
Share of profit/(loss) of equity-accounted investees	(25.3)	(135.4)
Profit before tax	**2,505.0**	**707.5**
Income tax expense	(410.4)	(165.6)
Profit for the year	**2,094.6**	**541.9**
Profit attributable to		
Owners of the Issuer	2,093.2	542.1
Non-controlling interests	1.4	(0.2)
Profit for the year	**2,094.6**	**541.9**

Revenue for the six months to 31 March 2021 rose by 19 per cent. to USD 98.4 billion from the first half of 2020 as a result of increased traded volumes and higher commodity prices over the period. The Group recorded a record net profit of USD 2,095 million, compared to USD 542 million a year earlier, led by an exceptionally strong trading performance in both divisions driven by substantial volatility in the commodities markets. This strong rise in net profit in part reflected stabilisation of the Group's industrial assets, which had negatively impacted results in the previous year. The Group's newly founded Power and Renewables trading division is establishing itself in a range of regional electricity markets. The division made a small loss in the first half, but expects to be profitable over the full year.

Both core trading divisions showed increased trading volumes, higher margins and larger gross profit. The energy markets saw substantial volatility as the global economy started to recover from the effects of the pandemic, as cold winter weather in the northern hemisphere drove spikes in energy demand – notably for natural gas and LNG – and in response to other events such as the temporary closure of the Suez Canal. Meanwhile, non-ferrous concentrates, refined metals and bulk minerals saw increased demand, with copper leading the way due to its role as a key component of the electrical infrastructure that will be needed to enable the transition to a low-carbon economy.

Over the first half of 2021, the Group's Oil and Petroleum Products division traded on average approximately 6.4 mbpd, a strong 14 per cent. increase from the 5.6 mbpd traded in fiscal year 2020. The division struck a number of substantial supply agreements with producers and refiners in the period, including the exclusive agreement with the Prax Group, which will enable it to optimise crude supplies to its UK refinery. Total volume of Metals and Minerals traded increased by 7 per cent. to 52.3 million tonnes in first half of 2021, as compared to first half of 2020. Gross profit for the period was USD 4,275 million, a sharp increase of 54 per cent. from the USD 2,771 million recorded a year earlier. In divisional terms, the gross profit figure reflected a 30 per cent. increase in the Oil and Petroleum Products division, from USD 2,128 million in first half of 2020 to USD 2,771 million in first half of 2021 (i.e. 65 per cent. of the total), and a 134 per cent. increase in the Metals and Minerals division, from USD 643 million in first half of 2020 to USD 1,504 million in first half of 2021 (i.e. 35 per cent. of the total). This translates into a gross margin level of 4.3 per cent., up from 3.3 per cent. compared to the first half of 2020.

Results from operating activities were USD 2,865 million in the first half of 2021, an increase of approximately 125 per cent. year-on-year. EBITDA, which the Group considers the best measure of its operating performance, was a record USD 3,682 million (including the impact of IFRS 16), an increase of 53 per cent. (on a like-for-like basis) compared to USD 2,411 million in first half of 2020, continuing a strong run of EBITDA performance in recent years.

The Statement of Income also shows a loss of USD 135 million related to impairments in first half of 2021, significantly lower than the loss of USD 313 million recorded in first half of 2020, with the only major impairment during the period relating to the Burnside terminal on the Mississippi River (USD 55 million) due to difficult market conditions. Further, despite the increase in loan facilities, net financing costs were 23 per cent. lower than in the first half of 2020 at USD 334 million, owing to the fall in LIBOR in the intervening months.

Assets and Liabilities

	As at	
USD million	**31 Mar 2021**	**30 Sep 2020**
Assets		
Property, plant and equipment	3,444.0	3,430.2
Intangible assets	213.7	210.3
Right of use asset	1,921.0	2,091.5
Lease receivable	114.8	124.1
Equity-accounted investees	2,336.7	2,438.6
Prepayments	1,721.6	1,061.0
Loans receivable	764.1	694.4
Other investments	1,964.0	517.1
Derivatives	248.6	232.7
Deferred tax assets	94.8	124.3
Other non-current assets	156.6	192.0
Total non-current assets	**12,979.9**	**11,116.2**
Inventories	27,817.6	20,177.6
Trade and other receivables	24,736.0	15,245.1
Lease receivables	42.6	37.4
Derivatives	1,255.9	866.4
Other current assets	390.8	351.2
Prepayments	2,231.6	2,934.5
Income tax receivable	32.3	31.6
Deposits	436.5	466.0
Cash and cash equivalents	6,825.5	5,757.0
Total current assets	**63,768.8**	**45,866.8**
Non -current assets classified as held for sale	**2.6**	**2.6**
Total assets	**76,751.3**	**56,985.6**

As at 31 March 2021, total assets stood at USD 76,751 million compared to USD 56,986 million on 30 September 2020. This increase was almost entirely attributable to a 39 per cent. rise in current assets — mainly inventories and trade receivables, reflecting increased trading volumes and higher commodity prices

— to USD 63,769 million from USD 45,867 million. Inventories rose due to increased traded volumes and higher commodity prices, with inventory in transit to be delivered representing 38 per cent. of the total. In accordance with the Group policy, 100 per cent. of these inventories are hedged or pre-sold.

Fixed and non-current assets were USD 12,980 million, compared to USD 11,116 million six months earlier. This increase was driven by the combination of the Group's investment in Vostok Oil and the increasing proportion of non-current prepayments as a result of a debt restructuring agreement with a sovereign counterparty.

	As at	
USD million	**31 Mar 2021**	**30 Sep 2020**
Equity		
Share capital	1,503.7	1,503.7
Capital securities	1,100.4	1,097.7
Reserves	(938.7)	(965.4)
Retained earnings	7,996.1	5,923.3
Equity attributable to owners of the Issuer	**9,661.5**	**7,559.3**
Non-controlling interests	232.1	230.6
Total group equity	**9,893.6**	**7,789.9**
Liabilities		
Loans and borrowings	8,133.8	7,070.1
Derivatives	282.0	190.8
Provisions	388.7	371.5
Deferred tax liabilities	170.9	209.7
Long term lease liability	1,246.7	1,407.4
Other non-current liabilities	507.5	722.0
Total non-current liabilities	**10,729.6**	**9,971.5**
Current tax liabilities	384.3	249.1
Loans and borrowings	33,620.5	25,783.5
Trade and other payables	19,558.0	11,081.0
Derivatives	1,300.3	640.1
Short term lease liability	948.2	981.6
Other current liabilities	316.8	488.9
Total current liabilities	**56,128.1**	**39,224.2**
Total Group equity and liabilities	**76,751.3**	**56,985.6**
Adjusted net debt	**749.8**	**2,759.9**
Adjusted net debt/Group equity	**0.08**	**0.35**

Loans and borrowings as at 31 March 2021 were at USD 41,754 million significantly higher than the USD 32,854 million as at 30 September 2020 as the Group secured increased liquidity to fund higher trading volumes. However, the Group's leverage ratio was lower as a result of an increase in Group equity and non-recourse debt financing. Total Group equity grew by 27 per cent. to USD 9,894 million as at 31 March 2021, as a result of a strong increase in retained earnings.

Cash Flow

Consolidated statement of cash flows	**Six months ended 31 March**	
	2021	**2020**
USD million		
Operating cash flow before working capital changes	3,712.1	1,059.1
Cash generated from/(used in) operating activities	(4,578.8)	(2,196.0)
Net cash from/(used in) operating activities	(5,124.4)	(2,486.9)
Net cash from/(used in) investing activities	(2,221.5)	(54.5)
Net cash from/(used in) financing activities	8,414.3	1,718.4
Net increase/(decrease)in cash and cash equivalents	1,068.5	(823.1)
Cash and cash equivalents at 30 September	6,825.5	5,444.1

After adjusting profit before tax for non-cash items, the operating cash flow before working capital changes for the first half of 2021 rose to USD 3,712 million, compared to USD 2,345 million in the first half of 2020. The Group believes its financial performance is best assessed on the basis of operating cash flow before working capital changes, as the level of working capital is primarily determined by prevailing commodity prices and price variations are financed through the Group's self-liquidating finance lines. Working capital needs rose significantly year-on-year with a net working capital requirement of USD 8,291 million in the first half of 2021, compared to USD 769 million in the first half of 2020, due to the significant increase in inventories and trade receivables, which itself was related to an increase in volumes traded and underlying commodity prices in the first half of 2021. As a result, net cash used in operating activities (after working capital changes) was USD 4,579 million, compared to USD 1,576 million cash from operating activities a year earlier. Financing activities showed a net inflow of USD 8,414 million, matching the working capital needs of the period.

Net cash used in investing over the first half of 2021 was USD 2,221 million (compared to USD 171 million a year ago), driven by the Vostok Oil investment made in December 2020. For the first time in years, the net investing outflow for the period was above the threshold of USD 500 million Capex (net of divestments) set by the Group back in fiscal year 2017. This decision was made following significant cash flow generation in fiscal year 2020 of approximately USD 4.0 billion, which continued over the first half of 2021. Despite this significant acquisition, the Group's operating cash flow before working capital changes, minus net interest paid, tax and net cash used in investing activities ("**Operating FCF**") for the period was still positive, at USD 427 million.

The overall balance of cash and cash equivalents as at 31 March 2021 was USD 6.8 billion, compared to USD 5.8 billion as at 30 September 2020, including USD 3.9 billion of immediately (same day) available cash in liquidity funds.

Operating Free Cash Flow

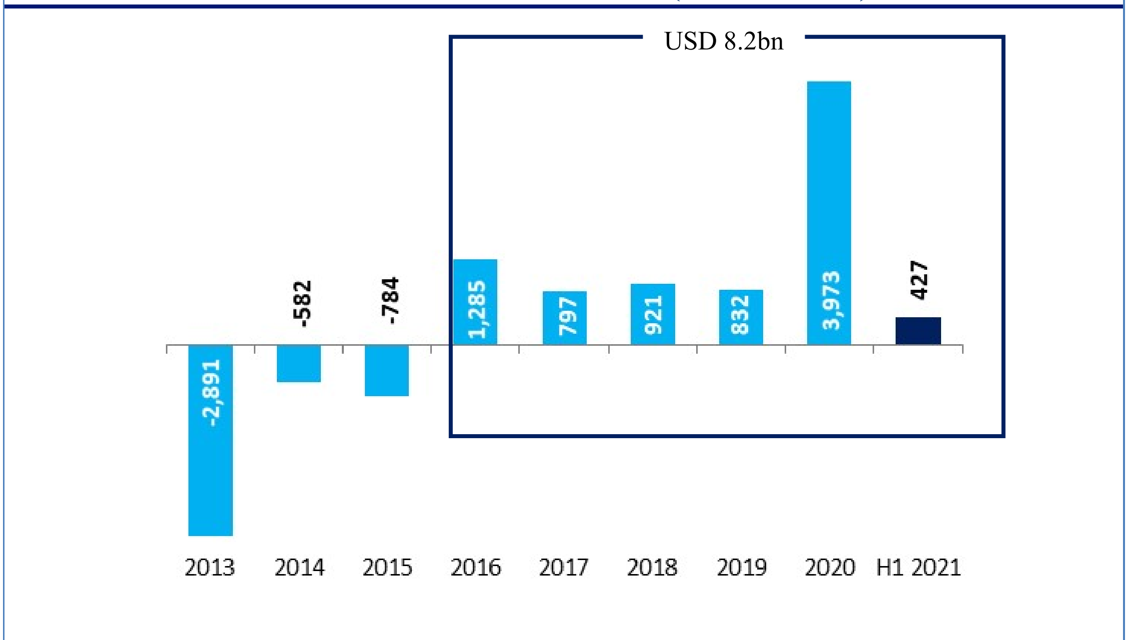
The Group's funding model is structurally designed to absorb significant working capital requirements, as demonstrated over time. Therefore, the Group's underlying financial performance and leverage position is better assessed on the basis of Operating FCF generation, which is defined as operating cash flow before working capital changes, minus net interest paid, tax and net cash used in investing activities.

To understand the Group's underlying cash flow generation, one should focus on the Operating FCF generation. Movements in underlying commodity prices, alongside changes in volume, can cause significant swings in cash flow generated by changes in working capital. These drivers have little impact on underlying performance, given price risk is systematically hedged. Short-term financing is used to finance outflows where required and these items therefore largely net off from a cash flow perspective.

Following a period of strategic investment in industrial assets, peaking in 2013, the Group has generated approximately USD 8 billion of Operating FCF since 2016. This reflects the Group's consistent cash flow generation in conjunction with an updated investment approach implemented in fiscal year 2017, i.e. reduction in annual Capex spend, often including partners when directly making new investments and disposing of non-core assets. Operating FCF has more than covered the Company's share buybacks over the years, which further demonstrates the Group's commitment to a conservative capital structure, increasing the Group's equity base from USD 5.8 billion at fiscal year 2016 end to USD 9.9 billion as at 31 March 2021.

The Group generated exceptional Operating FCF in fiscal year 2020 with USD 4,972 million (USD 3,973 million on a like-for-like basis, when eliminating USD 999 million in payments of lease liabilities, in relation to the implementation of IFRS 16). Such Operating FCF generation is approximately equivalent to the aggregate of the previous four years. Beyond exceptional market conditions resulting in record profit for the Group, this reflects the Group's consistent cash flow generation since 2016 in conjunction with an updated investment approach following a period of strategic investments between 2013 and 2015. Since then, the Group has reduced its annual Capex spend, often including partners when directly making new investments, and working on the disposal of non-core assets. Operating FCF has largely covered the Company's share buybacks over the last five years, which further demonstrates the Group's commitment to a conservative capital structure.

OPERATING FREE CASH FLOW (USD MILLION)



Adjusted Debt to Group Equity Ratio

As a physical trading group, the Group relies on a specific funding model. As a result, the financial analysis framework for other, more typical industrial companies, may not apply. For the Group and its peers, banks and investors have historically considered financial leverage after excluding some specific balance sheet items (for example, inventories or non-recourse securitisation programmes), resulting in the use of adjusted debt as leverage metric.

The following adjustments are made to calculate the adjusted debt metric:

- The Trade Receivables Securitisation Programmes are taken out on the basis that they are entirely distinct legal entities from the Group with no recourse to the Group and is only consolidated into the financial statements in accordance with the Group's accounting rules;
- Cash and short-term deposits are deducted from debt;
- Pre-sold or hedged stock is deducted from debt (including purchased and prepaid inventories which are being released). This reflects the great liquidity of the stock and the ease at which this could be converted to cash. As previously described, the Group's policy is to have 100 per cent. of stock hedged or pre-sold at all times; and
- Non-recourse invoice discounting or specific portion of loans (for example non-recourse portions of bank financings used to extend prepayments to counterparties) are deducted from gross debt.

The ratio of adjusted debt to Group equity stood at 0.08x as at 31 March 2021, compared to 0.35x as at 30 September 2020. This reduction principally reflected the strong cash flow generation and retained earnings during the year, which led to further deleveraging of the Group's balance sheet. While adjusted debt decreased approximately 73 per cent. over the last six months, Group equity increased by about 27 per cent., mostly relating to:

- an approximately USD 2.1 billion increase in Group equity due to strong business performance in the first half of 2021;
- steady cash generation with more than USD 0.4 billion in Operating Free Cash Flow after deducting lease financial liabilities (i.e. deducting the IFRS 16 impact); and;
- an approximately USD 1.9 billion increase in non-recourse debts (mostly related to the Receivables Securitisation Programmes);

largely offsetting the approximately USD 0.7 billion increase in working capital (when excluding the impact of inventories).

It is important to note that the nature of this ratio means it fluctuates over time as it is highly correlated to commodities prices. Whilst the ratio of adjusted debt to Group equity is particularly low as at 31 March 2021, Trafigura Group's intention is to maintain this ratio to a level of around 1.0x. The Group is committed to maintaining a disciplined approach to leverage.

Adjusted Debt Breakdown

	31 Mar 2021	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2018**	**30 Sep 2017**
USD million					
Non-current loans and borrowings	8,133.8	7,070.1	8,492.1	8,462.1	7,401.1
Current loans and borrowings	33,620.5	25,783.5	22,455.5	23,741.6	23,853.5
Total debt as reported	**41,754.3**	**32,853.6**	**30,947.6**	**32,203.7**	**31,254.6**
Adjustments:					
Cash and cash equivalents	(6,825.5)	(5,757.0)	(6,267.2)	(5,355.8)	(4,988.7)
Deposits	(436.5)	(466.0)	(374.2)	(334.4)	(338.3)
Pre-sold / hedged inventories	(28,851.4)	(20,921.7)	(14,137.2)	(15,620.9)	(14,661.2)
Securitisation debt	(4,540.1)	(2,750.6)	(4,422.1)	(4,294.1)	(2,517.4)
Non-recourse debt	(351.0)	(198.4)	(437.2)	(562.2)	(840.3)
Adjusted total debt	**749.8**	**2,759.9**	**5,309.7**	**6,036.6**	**7,908.7**
Group equity	9,896.3	7,789.9	6,804.7	6,250.1	6,384.8
Adjusted debt / Group equity	**0.08x**	**0.35x**	**0.78x**	**0.97x**	**1.24x**

Corporate Debt to EBITDA Ratio

There are some limitations to using the Adjusted Debt metric principally that it does not fully account for the Group's approach to working capital financing and therefore remains correlated to moves in commodity prices and traded volumes.

Over time, the Group has reviewed the adequacy of the adjusted debt concept and introduced a leverage ratio referred to as the corporate debt to EBITDA ratio in 2015. The Group believes this is a more relevant ratio for senior unsecured creditors than the adjusted debt to Group equity ratio.

In particular the adjusted debt to Group equity ratio does not take into account the excess of trade receivables over trade payables which would be available to senior creditors in the case of liquidation. Commodity receivables typically have a short duration (1 to 3 months) and very low default rate due to the strategic nature of the goods sold. By deducting the excess of trade receivables over trade payables, the corporate debt excludes any working-capital related indebtedness. Such indebtedness is not repaid by the organic cash flow generation of the Company but the completion of the trade flow cycle (i.e. through the payment of the invoice or the resale of the commodity). The corporate debt focuses on debt which is repaid by cash flow generation and EBITDA is a widely accepted proxy for operating cash flow.

The corporate debt to EBITDA ratio considers all debts, whether short-term or long-term, and removes:

- Cash and short-term deposits;
- Pre-sold or hedged stock (including purchased and pre-paid inventories being released);
- Trade receivables in excess of trade payables (including derivatives); and
- Any corporate debt for which lenders do not have recourse to the Group (e.g. non-recourse portion of bank financings used to extend prepayments to counterparties) which are not captured in the above adjustments.

The Trade Receivables Securitisation Programmes do not need to be deducted separately since the excess trade receivables would capture it. Likewise, non-recourse debt relating to invoice discounting is not considered in order to avoid double counting (as receivables in excess of payables are already deducted).

Following an intensive cycle of investments in fixed assets from fiscal year 2012 to fiscal year 2016, the Group decided in fiscal year 2017 to limit the total annual capital expenditures and investments (net of divestments) to USD 500 million for the years to come. This decision combined with strong Operating FCF generation starting from fiscal year 2016 led to a strong reduction in corporate debt level as at the end of fiscal year 2017. The increase of approximately USD 1.2 billion in corporate debt during fiscal year 2018 was mainly related to an increase in long-term loans and borrowings, as a result of a USD 500 million perpetual bond repayment and significant collateral posting in relation to LNG and US crude hedges. Further, the increase of approximately USD 450 million in corporate debt during fiscal year 2019 was primarily driven by higher prepayments and the repayment of the SGD 200 million perpetual bond.

As at 31 March 2021, corporate debt stood at approximately USD 507 million, compared to USD 1.3 billion as at 30 September 2020. Combined with a record EBITDA generation over the last twelve months, which increased 21 per cent. since fiscal year 2020 end (including the impact of IFRS 16), this decrease in corporate debt led to a further drop in corporate debt to EBITDA ratio, to 0.1x as of 31 March 2021 (from 0.2x as of fiscal year 2020 end). The reduction was mostly driven by a combination of strong cash generation and an increase in the balance of trade receivables in excess of payables. The Group keeps its long term target in the range of 2.0x to 3.0x, a level consistent with an investment grade profile.

Corporate Debt Breakdown

	31 Mar 2021[3]	**30 Sep 2020**[10]	**30 Sep 2019**	**30 Sep 2018**	**30 Sep 2017**
USD million					
Non-current loans and borrowings	8,133.8	7,070.1	8,492.1	8,462.1	7,401.1
Current loans and borrowings	33,620.5	25,783.5	22,455.5	23,741.6	23,853.5
Total debt as reported	**41,754.3**	**32,853.6**	**30,947.6**	**32,203.7**	**31,254.6**
Adjustments:					
Cash and cash equivalents	(6,825.5)	(5,757.0)	(6,267.2)	(5,355.8)	(4,988.7)
Deposits	(436.5)	(466.0)	(374.2)	(334.4)	(338.3)
Pre-sold / hedged inventories	(28,851.4)	(20,921.7)	(14,137.2)	(15,620.9)	(14,661.2)
Trade receivables in excess of trade payables	(5,133.6)	(4,390.4)	(4,798.1)	(5,862.8)	(7,454.2)
Non-recourse debt	-	(4.0)	(87.1)	(202.2)	(166.0)
Corporate debt	**507.3**	**1,314.5**	**5,283.8**	**4,827.8**	**3,646.2**
Working capital debt	**41,247.0**	**31,539.1**	**25,663.8**	**27,375.9**	**27,608.4**

[3] EBITDA for first half of 2021 and Fiscal year ended 2020 includes the impact of IFRS 16 amounting to +USD 546m and +USD 1,194m respectively

EBITDA last 12 months	7,334.0	6,063.7	2,129.0	1,711.5	1,580.0
Corporate debt/ EBITDA	**0.1x**	**0.2x**	**2.5x**	**2.8x**	**2.3x**

V. DESCRIPTION OF THE GROUP

History of the Group

The Group was established in 1993 as a private group of companies owned by its core founding shareholders, and today remains exclusively owned by its management and key senior employees. It has transformed from a niche trader into a worldwide player, one of the few independent global trading houses. At its creation, the Group started by focusing on three markets in which it had extensive expertise: oil and minerals in South America, metals in Eastern Europe and oil in Africa. The Group rapidly expanded its activities geographically through internal growth, marginal acquisitions and strategic alliances to create a globally diversified company.

The Group has been profitable every year since inception in 1993. The Group has performed strongly throughout various commodity cycles and periods of high price volatility as well as during the economic crises – as demonstrated again in fiscal year 2020 and first half of 2021 amid the COVID-19 pandemic, with record results in an extraordinary period for the global economy, including commodity markets. In 2020, trading margins were boosted by understanding the rapidly changing market environment and by monetising arbitrage opportunities. Over the first half of the 2021 financial year, the Group continued to leverage its logistical, risk management and financial capabilities to help its customers navigate fluctuations in supply and demand, resulting into exceptional net profit for the period of USD 2,095 million, compared to USD 542 million for the first half of 2020.

Today, the Group operates in a market space previously dominated by major producers, which have since focused on upstream exploration and production and have reduced involvement in distribution activities. As a consequence, the Group is part of a small group of global players, with a strong asset footprint to support physical trading activities. Given the Group's global presence and scale, there continues to be scope for growth in its core commodity markets. Since the Group is exclusively owned by its management and employees, it is therefore focused on the long term success of the business, promoting management depth and stability, and encouraging prudent risk management.

Business Model Principles

The Group sources, buys, stores, blends, transports and delivers products to each customer's specifications. The Group systematically hedges all index price exposure related to its physical business and consequently movements in the index price do not impact profitability. The Group is a commodity logistics company, which works with real commodities for real industrial clients and whose paper trading activities relate predominantly to the hedging of its physical business, and not to speculative trading.

The Group creates value by optimising the supply chain of its customers and exploiting natural, low risk, physical arbitrage opportunities in the marketplace. The Group's principal activity involves the 'high-touch' distribution and logistics of physical commodities: purchasing raw commodities, potentially blending/transforming them, and then supplying them to customers at the right time, the right location and with the right specifications. In parallel, the Group manages all aspects related to the trade flows including logistics, price and counterparty risk management and financing. Profit is therefore generated from the volatility of supply and demand, and the value generated through the control and management of the supply chain.

The Group's business model is built on four pillars:

- Non speculative arbitrage based model whereby the embedded price risk in the physical flows is systematically hedged;
- Strong risk management philosophy which has been entrenched since the Group's foundation;
- Diversification in terms of product range, geography and clients which balances revenues and absorbs volatility in cycles; and

- Private ownership structure which promotes management depth and stability and ensures business continuity as employee shareholders' long term interest is fully aligned with the sustained performance of the Group.

Physical Arbitrage Based Model

Unlike the derivatives markets where transactions (and arbitrage positions) are closed within seconds, capitalising on physical arbitrage opportunities requires delivery of the commodity over time and therefore value can only be extracted by those who have access to physical commodities and an extensive logistics network. While increased market volatility can generate a larger number of opportunities, the Group remains profitable during periods of lower volatility due to its global presence and diversification of geographical markets, customers and products.

Arbitrage opportunities exist in several forms and can be related to geography, product specs, timing and optionality of contract.

Geographical Arbitrage

The Group's global reach means it sources and sells products across the world. The combination of the expertise of its traders and knowledge of the global freight markets allows it to constantly optimise the geographical location of its supply and demand, so reducing logistical costs. This allows the Group to provide products to its customers quickly and at a competitive price, underlining the effectiveness of its business model.

Technical Arbitrage

Due to the Group's extensive logistical and storage networks, the Group is able to blend products in order to meet individual customer's specifications. This allows the Group the flexibility to offer tailor made products to its customers and obtain on specification products at the lowest possible cost. The Group is able to capitalise on such opportunities by virtue of its deep understanding of both market requirements for specific products, its technical comprehension and ability to blend products to required specifications.

Time Arbitrage

The Group's cost-efficient storage network also affords it the opportunity to take advantage of changes in market conditions over a period of time. In a "contango" market, where forward prices are higher than current spot prices, the Group is able to buy and place cargoes in storage whilst selling the equivalent forward contract. As long as the cost of storage and the transaction doesn't exceed the price differential between the forward and spot rates, the Group is able to lock in profit with very little risk. This was one of the drivers of the exceptional profitability recorded over fiscal year 2020.

Importantly, the Group can benefit from such arbitrages in a variety of ways by combining physical, product, and time arbitrages according to each specific market opportunity. The Group's strength lies in being able to resort to its extensive logistics and warehousing network, the Group's experience with blending material to customers' required specifications and the Group's strong local network that provides a key advantage in accessing first hand market intelligence.

Contractual Arbitrage

Contractual arbitrage is linked to pricing options provided in the contract between the Group and the buying or selling party in a transaction. For some customers, the Group can choose the pricing period for a given contract. This can include, for example, pricing based on an average price of month before or after the loading of a cargo. Such flexibility in pricing provides an extra level of optionality.

Company Structure

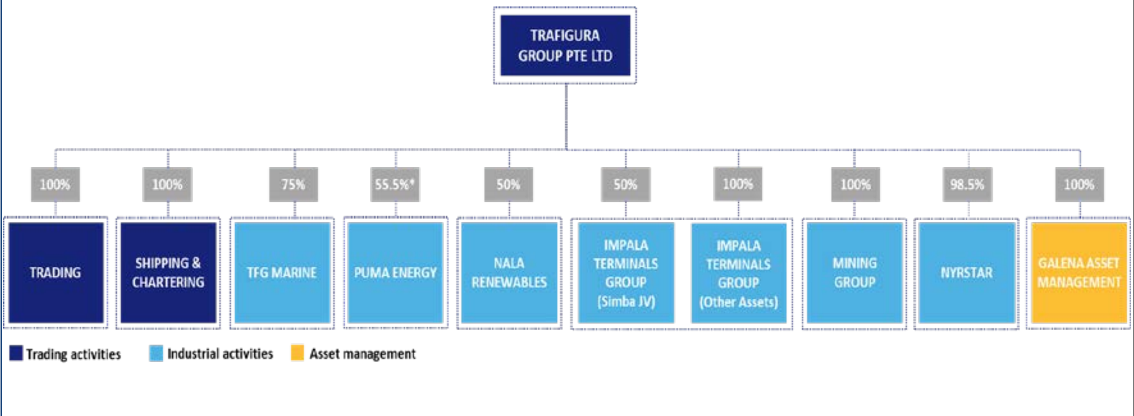
The Group's parent company, TGPL, is a company incorporated under the laws of Singapore.

The Group is composed of a number of trading companies and industrial asset based businesses related to its core trading activities. TPTE, incorporated in Singapore, is the entity through which the majority of the Group's physical trades are booked, with US trading booked through its US-domiciled entity TTL (as defined below), a company incorporated under the laws of Delaware. In addition, the Group directly or indirectly owns stakes in different assets (including oil storage, metals warehousing and mining assets) that allow the Group to improve logistics, increase volumes, reduce costs or add a new revenue generating activity to its trading portfolio (main entities are described hereafter).

At the end of the Group's fiscal year 2015 (30 September) the Group's incumbent reference parent entity, TBBV, was converted into a holding company and another existing Singaporean entity, TGPL, became the reference parent entity and the consolidating entity for the Group. The reorganisation was an important step in creating greater consistency across the Group's structure. The decision to make Singapore the domicile of the main trading entity was commercially driven and reflects the Group's commitment to the strategically important and rapidly growing Asian market.

A simplified summary chart of the Group structure is provided below:

THE GROUP'S CORPORATE STRUCTURE (AS OF MARCH 2021)



Source: Company

The Group trades globally, so to consider the trading volumes and related financial statements of individual regionally focused subsidiaries is less important because these depend on the structure of the global market itself and as such, the Group believes it is best considered as a consolidated entity. For example, the financial statements of TTL will depend on the oil market demand and arbitrage opportunities available in the United States. As a result, the profitability and cash flow generation of individual subsidiaries can vary considerably year on year.

Within the consolidated Group, the principal entities are as follows:

Trafigura Group Pte. Ltd. ("TGPL")	Corporate head office Parent company and consolidating entity for the Group
Trafigura Funding S.A. ("TFSA") (Guarantor)	Wholly-owned indirect subsidiary of TGPL Engaged in capital market transactions and private placements for the Group
Trafigura Pte. Ltd. ("TPTE")	Wholly owned indirect subsidiary of TGPL Engaged in buying and selling commodities (Group's main trading entity), operating through key offices in Singapore and Geneva (Switzerland). Booking centre for all derivative transactions within the Group.
Trafigura Trading LLC ("TTL")	Wholly-owned indirect subsidiary of TGPL Responsible for conducting trading business in the U.S.

Trafigura Investment China Co Ltd. ("TIC")	Wholly-owned indirect subsidiary of TGPL Responsible for conducting trading business in China
Impala Holdings Limited (“Impala Terminals Group”)	Wholly owned indirect subsidiary of TGPL Consolidates the bulk-commodity warehousing and logistics activities which do not fall under the joint venture agreement with IFM Investors (the Simba JV)
Urion Holdings (Malta) Limited (“Mining Group”)	Wholly owned indirect subsidiary of TGPL Managing the Group's mining related investments
Nyrstar Netherlands (Holdings) B.V. (“Nyrstar”)	Wholly-owned indirect subsidiary of TGPL Holding of the Group’s 98 per cent. ownership in the operating business of Nyrstar

The Group also owns:

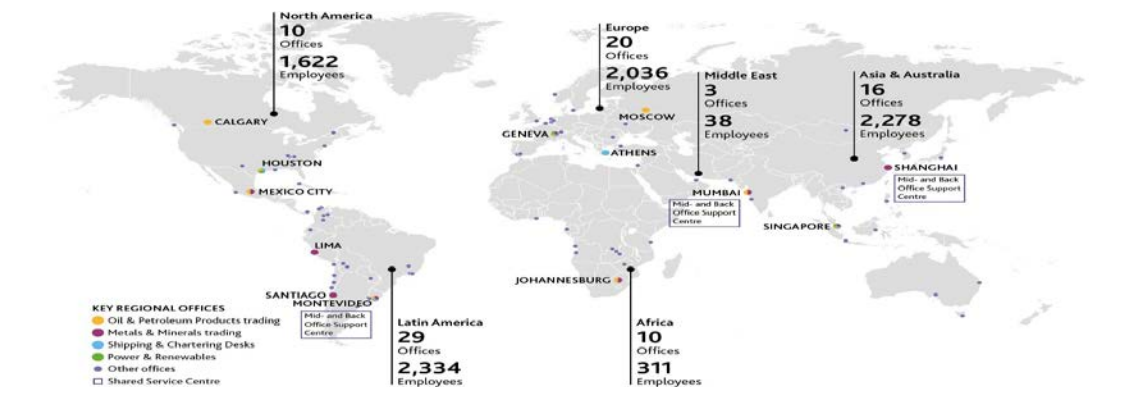
- approximately 55.5 per cent. in Puma Energy Holdings Pte. Ltd., a leading midstream and downstream oil company – noting that Trafigura should acquire control of Puma Energy, and consolidate the company in its financials, by fiscal year-end, following transactions announced in April 2021 (see paragraph ‘*Puma Energy Organisational Structure and Shareholding’* on page 84 for more details);
- 50 per cent. interest in Impala Terminals Holding S.à r.l., a joint venture with IFM Investors, which holds:
  - Simba JV activities, owning and operating infrastructure assets in Mexico, Spain, Peru and Paraguay, together with a global freight forwarding operation; and
  - Nala Renewables JV activities, investing in solar, wind and power storage projects globally.
- 75 per cent. interest in TFG Marine Pte Ltd, a global marine fuel supply and procurement joint venture created by Trafigura and shipping firms Frontline and Golden Ocean.

Office Network

As at 30 September 2020, the Group's network of 88 offices, located in 48 countries, employs local marketing representatives who are the main day to day contacts with the customers in their given regions. This network provides the main traders with "hands on" market knowledge (trading conditions and characteristics) and valuable contacts in every jurisdiction. Relationships with suppliers and customers are also enhanced by this close proximity generating significant benefits for the Group's sourcing and distribution capabilities. These field offices and agencies liaise directly with the main offices and trade under the supervision of the main trading centres, although all contracts are executed centrally. They report regularly to the entire Group as well as on an ad hoc basis by telephone and videoconference. This organisation gives access to expertise and promotes flexibility so that the Group can benefit from market opportunities while efficiently controlling risk.

The finance, liquidity management, risk management and legal functions are centralised in Geneva with local representatives in the main trading offices. This centralisation enables the Group to maintain strict control over its financial position and its risk exposure.

KEY HUBS



VI. BUSINESS OPERATIONS

Oil and Petroleum Products

The Group's petroleum related trading activities are conducted through its offices in Beijing, Calgary, Geneva, Houston, Montevideo, Moscow, Mumbai and Singapore and its network of branch offices and agencies.

Revenue generated by the Oil and Petroleum Products business (including industrial activities) makes up the majority of Group turnover. The division reported revenue of USD 84 billion (57 per cent. of total revenue) in fiscal year 2020, a decrease of 25 per cent. year-on-year, driven by generally lower commodity prices. Oil and petroleum products volume only decreased by approximately 3 per cent. year-on–year, to 268 million tonnes, representing average daily volumes traded of 5.6 million barrels, in a market that suffered a slump in demand as a result of the COVID-19 pandemic. The division performed exceptionally well over fiscal year 2020, benefiting from the unprecedented market volatility, with April 2020 entering the record books as the most volatile month in history for the oil market. The Group's Oil and Petroleum Products traders were able to take advantage of the elevated volatility while deploying the Group's deep understanding of physical oil flows, along with our sophisticated risk management systems, to adapt to the spread of the COVID-19 pandemic. As a result, gross profit in the Oil and Petroleum Products division rose by 213 per cent. to a record USD 5,259 million in fiscal year 2020, from USD 1,681 million a year earlier.

The Group is primarily active in physical oil trading including transportation by vessel, pipeline or railcar and is correspondingly active in the futures, swaps, and options markets, predominantly for hedging purposes. In addition, whilst oil will remain important and required for many years, through the energy transition process, the Group is currently focusing on providing cleaner fuels and investing in alternative energy sources.

The Group trades crude and refined products with a diverse customer base including electric utilities, oil refiners, distributors and state monopolies. Clients include BP, Exxon Mobil, Royal Dutch Shell and Sinopec, amongst others, while key suppliers include names such as Rosneft, SK Energy or Total amongst others.

About a third of the volumes traded are on one year contracts or more, with the rest on shorter term contracts or on a spot basis. In this market, however, it is important to note that due to control over the logistical chain and assets, spot purchases/sales are often recurring and can be viewed as stable long term positions. Hence whilst the contracts are short term and on a revolving basis, they can be understood as de facto recurring. This structure provides the Group with a flexible trading portfolio with a near term maturity bias, while simultaneously avoiding sole dependency on spot trades or risk associated with long-term maturities.

Many of these trading relationships are further cemented by the giving and receiving of credit lines. These significant relationships all span in excess of a decade and represent a cross section of business activities ranging from spot and term business in different product lines. In fiscal year 2020, the Group's top ten clients (excluding Puma Energy which is an affiliate company) in oil and petroleum made up less than 27 per cent. of the Group's overall annual oil and petroleum revenue (generally in line with 2019). No single external customer accounted for more than 3.7 of overall oil and petroleum products turnover.

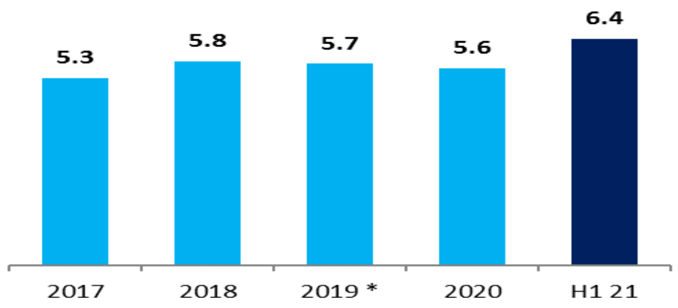
Statistics on market share of the oil market are not available. However, the following market share estimates are based on the Group's market experience. It is estimated that:

- About half of the world market is international non-traded business, i.e. handled by producers directly to consumers (for example, none of the approximately 12 mbpd of Saudi crude oil is traded as it is sold directly to end users) or domestic non-traded business (e.g. about 3.5 mbpd produced and consumed in China, and similar amounts in Russia, the United States, etc.); and

- As a result, about half of the volume represents the 'tradable market', i.e. the international oil traded market where physical traders such as Trafigura operate.

The Group's oil volumes have increased significantly and consistently during the 2014-2018 period, along with its corresponding market share. In 2019 and 2020, oil traded volumes remained in the range of 5.8 million barrels of physical oil per day **("mbpd")**, with the Group initially focusing on the most profitable trades and then managing the reduced demand due to the COVID-19 pandemic. However, over the first half 2021, the Oil and Petroleum Products division traded on average approximately 6.4 mbpd, reflecting global economy progressive recovery and the Group's increased market share, gained through continued reliable client service and ample access to liquidity during 2020. The Group estimates its current oil traded volumes amount to approximately 3-5 per cent. of the world oil market, or around 7-10 per cent. of the 'tradable market[4].

HISTORICAL AVERAGE DAILY TRADING VOLUMES OF OIL AND PETROLEUM PRODUCTS (MBBL/DAY)[5] [6]



As of 2020, the Group estimates that it trades the second largest volume in oil and petroleum products for an independent trading company after Vitol and before Glencore . The entire market remains very fragmented with no company representing more than 10 per cent. of total physical trading market volume.

Metals and Minerals

Centralised in Geneva, Switzerland, the Group's non-ferrous metals activities comprise four main trading books including copper, lead and zinc, alumina and aluminium, and nickel and cobalt. Post-restructuring in 2019, the division formally integrated the concentrates and refined books for each product, together with associated derivatives desk – noting that the Group also trades silver and gold as by-products. Fiscal year 2020 was the first complete year following this restructuring. Integration proved successful, creating an enhanced dialogue between individual teams, better understanding of the constantly changing environment and an improved capacity to service customers and seize trading opportunities. The company's minerals activities include the iron ore and coal trading books. Similar to the oil business, no price-risk is taken on the physical business and the hedging of the index price on physical trades occurs through Trafigura Pte. Ltd., which acts as an internal broker. Apart from Geneva, other key trading offices for the metals and minerals commodities business include Johannesburg, Houston, Lima, Mexico City, Montevideo, Mumbai, Shanghai and Singapore.

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[5] Defined as volumes which are not distributed by producers directly to consumers.

[6] 2019 trading volumes were restated in accordance with recognised revenue line in the income statement Defined as volumes which are not distributed by producers directly to consumers.

Revenue generated by the metals and minerals trading division and related industrial activities represented 43 per cent. of trading turnover in 2020. The division reported revenue of USD 63 billion in fiscal year 2020, an increase of 7 per cent. over the previous year. The increase in metals and minerals revenue contribution is mainly due to the slight increase in traded volumes in fiscal year 2020. The profitability generated by the metals and minerals division has become increasingly significant over recent years as it has developed and expanded. The metals and minerals division reported gross profit of USD 1,535 million in fiscal year 2020, an increase of 29 per cent. from USD 1,188 million in 2019.

The revenue generated by the metals and minerals trading division represented 41 per cent. of trading turnover in the first six months of 2021. The division reported revenue of USD 40 billion, an increase of 30 per cent. over the first half of 2020. The metals and minerals division reported gross profit of USD 1,504 million in the first half of 2021, an increase of 134 per cent. from USD 643 million in the first half of 2020.

Metals and minerals are traded with a diversified customer base ranging from mining and integrated mining companies to smelters and refined metals retailers. Major clients include the Jinchuan Group, China-Base Ningbo and the Aurubis Group, amongst others. Over the financial year ended 30 September 2020, the Group's top ten clients in the metals and minerals business made up approximately 16 per cent. of overall turnover (2019: 14 per cent.). No single customer accounted for more than 2.5 per cent. of overall metals and minerals turnover.

Since July 2019, the Group has become the 98 per cent. owner of the Nyrstar Group (previously holding an approximately 25 per cent. share), one of the world's largest zinc smelting companies, following a financial restructuring agreement with the company's creditors, triggered by the inappropriate capital structure of the company at the time. In the year ended 30 September 2020, its first full year consolidated into the Group, the Nyrstar Group made solid progress through operational improvements and an investment programme to restore production stability. However, the Nyrstar Group showed a net loss of USD 146 million, reflecting the ongoing recovery from financial difficulties of recent years.

The growth of Asian metals consumption, driven by significant smelting and refining capacity in China and India can be seen in the Group's metals and minerals revenue split. The growth of the Group's Asian revenue is simply a reflection of the global market rather than the build-up of a niche trading geography. In any case, the Group's bulk commodity revenue remains very diverse on a customer basis.

Approximately half of the Group's refined metals contracts are on a one year basis, with contracts typically agreed around October or November for the coming year. Other contracts are traded on a spot basis. In the concentrates business around half of contracts are annual or multi-year including evergreen (i.e. indefinite) with negotiated pricing for up to three years ahead. Again, other contracts are traded on a spot basis.

Amid the COVID-19 pandemic, the Metals and Minerals division maintained the trend of the last few years, steadily growing their customer base and expanding their market share of a consolidating non-ferrous metals market. Traded volumes slightly increased with 97.6 MMT of metal concentrates, refined metals, iron ore and coal during fiscal year 2020, compared to 97.2 MMT in fiscal year 2019. The division's gross profit increased by 29 per cent. year-on-year, to USD 1,535 million, representing 23 per cent. of the Group total gross profit.

The global non-ferrous market in 2020 was dominated and defined by the impact of the COVID-19 pandemic, resulting in a trade-off between both primary and secondary supply disruptions and demand destruction. The supply and demand for each metal was largely determined by geography. For instance, due to mine disruption in South America, copper and, to a lesser extent, zinc, faced greater losses in production than in consumption, as demand was more resilient than for other metals. Aluminium, on the other hand, faced only minor supply disruptions, almost exclusively in the scrap market, but suffered a collapse in demand owing to its larger exposure to the automotive and aerospace sectors.

Looking ahead, while the general expectation is that COVID-19 disruptions will be significantly less, other risks to supply, such as industrial action, remain. Crucial in defining the future supply-demand profile of each metal will be the extent of governmental economic stimulus packages focused on infrastructure and the electric vehicle revolution. Although COVID-19 has materially impacted near-term balances of non-ferrous metals, the outlook from 2025 onwards is bullish for the whole sector.

In bulk minerals, the iron ore business had another strong year in 2020 in terms of volume and profitability. Iron ore traded volumes increased by 11 per cent. in fiscal year 2020 to 19.8 million tonnes, from 17.9

million tonnes a year earlier. The Group's supply chain for Brazilian iron ore through the Porto Sudeste export terminal continued to gain a reputation for reliability and consistency, and the Group concluded new term sales agreements with several European steel mills. In addition, a number of term contracts were signed with mills in China, complementing the regular spot business. Key regions for growth include Southeast Asia, where new steel-making capacity is being commissioned, and Europe, where the Group has gained market share by converting spot sales into long-term contracts.

For coal, pre-pandemic, the Group's objectives for fiscal year 2020-2021 were to consolidate the Group's position as a reliable liquidity provider to our producers and customers across all the products we trade in (thermal, coking coal and coke), and to continue to develop growth markets in South East Asia, India and South America. However, after due to the COVID-19 pandemic, the Group's focus switched to mitigating the impact of the disruption caused by the pandemic on its suppliers and customers by readapting cargo flows to meet fluctuating regional demand. Overall, trading volumes were stable across all coal types traded in 2020, with a slight decrease, by 4 per cent., to 56.9 million tonnes.

During the first half of 2021, the Group traded 4.7 million tonnes of refined metals and 41.6 million tonnes of coal and iron ore, to be compared with 4.8 million tonnes and 39.0 million tonnes respectively in the first six months of 2020.

In the metals and minerals sector, similarly to the energy sector, market share statistics are not freely available. Based on market knowledge, the Group estimates that its share of the freely traded market for copper, lead and zinc metal roughly represents 20 to 25 per cent. and even more in the copper, zinc and lead concentrates market.

The Group considers that in the metals and minerals sector it ranks as the second largest independent trader behind Glencore, with Glencore largely acting as a marketer of its own captive production. The Group is active in all main producing areas such as South and Central America, the Far East and Eastern Europe and sells worldwide to industrial customers.

Power and Renewables

In October 2019, the Group established its new power and renewables division with the following key objectives and strategies:

- Establish a power-trading platform, focusing initially on key derivative contracts, primarily in European and US markets, with a view to expand to other regions where the Group believes trading opportunities will arise. This activity complements growth in physical transactions as demand develops for merchant and intermediary services in electricity markets;
- To secure sourcing of power through investments in different types of energy generation across the world; and
- To grow the Group's investments in renewable energy generation, with plans to build a portfolio with total generation capacity of at least two-gigawatts over the next five years, via the Nala Renewables joint venture with IFM.

The newly founded division is now establishing itself in a range of regional electricity markets. While it made a small loss in the first half of 2021, the Group expects the division to be profitable over the full year.

Power and Renewables trading

The Group has established power-trading teams in Geneva, Singapore and Houston, totalling 20 professionals, initially with the intention to trade power derivatives and then directly trade key power contracts, once systems are fully established. This activity is complementary to the Group's existing gas trading, where there is overlap with key power markets. Given the increasing importance of renewable power (which suffers from intermittent availability) in the global generation mix, the Group expects to see greater volatility in power prices, as power merchanting is relied on rather than long-term power purchase agreements. This environment provides an ideal opportunity for the Group to provide solutions to power producers and consumers and to manage the risks associated with that volatility.

In April 2021, the Group announced the launch of its carbon trading desk. Carbon offset markets provide the means for price discovery to drive the reduction of greenhouse gas emissions in existing supply chains and to encourage investment in carbon sequestration measures and technologies. The Group believes its entry into this market will bring increased liquidity by connecting producers of offsets to its global network of oil, metals and minerals customers including producers and end users. A dedicated team is being set up, which will enable the Group to respond to customer demand, whilst supporting investments in decarbonisation projects globally. Such a high growth market not only represents an opportunity for trading in its own right, with constant changes producing volatility and inefficiencies, and the requirement for increased liquidity and transparency, but also allow the Group to add additional services to customers in both the compliance and the voluntary space.

Investing in renewable energy projects though our Nala Renewables joint venture

In October 2020, the Group finalised the creation of Nala Renewables, a 50:50 joint venture with partners IFM Investors. Nala Renewables has a stated ambition to build a portfolio of renewable energy projects with a cumulative capacity of two gigawatts, to be operating, in construction or in late stage development, by 2025. Renewable projects will be primarily developed by Nala Renewables and focused on three enabling technologies: solar, on-shore wind and battery storage, contributing to UN Sustainable Development Goal 7 goal either through direct development or by expanding existing renewables projects.

Nala Renewables' strategy is premised on a three-prong approach, all of which are being pursued concurrently. In the short term, it is looking to acquire operating assets in industrial countries where the Group and IFM already have a presence. It also has a number of M&A targets in its sight. In the longer term, it will look to develop greenfield projects from scratch, with a particular focus on opportunities on existing Group industrial sites such as some of Nyrstar's facilities Nala has immediate access to 250-megawatts of Trafigura Group renewable energy projects already in the pipeline.

The company has recently announced investment of up to EUR 30 million in one of Europe's largest lithium-ion battery energy storage systems (BESS) at the Group's Nyrstar facility in Balen, Belgium. Construction of the Balen BESS project is planned to start during the first half of 2021 following planning and permitting approval, with completion in 2022. Utilising lithium-ion battery technology, the 100 MWh battery project will be able to store 25 MW of energy for over four hours. The BESS system will provide grid stability and balancing services for the Belgium grid, as well as helping to shift renewable energy production during high demand periods.

In April 2021, Nala also announced that, together with Buckeye Partners, it will acquire majority ownership of leading North American clean energy development and investment platform Swift Current Energy. The company has a pipeline of over 6 GW of solar, wind and energy storage projects located close to U.S. demand centers in liquid power markets, with over 2 GW of this capacity attributable to 8 solar projects in late-stage development. The investment highlights Nala's ambition towards investing in global renewable energy.

Other investments in renewable energy projects

Outside of the Nala Renewables joint venture, in January 2020 the Group invested directly in a new 50-megawatt solar photovoltaic (PV) farm project in Mali, through our part-ownership of renewable energy developer Pan-African Soleil Holdings (PASH Global). The now fully operational project is the largest solar farm in West Africa and one of the largest in Sub-Saharan Africa. The solar PV farm project will generate social benefits including local and sustainable jobs in Mali. At full capacity, it provides over 91,700 households with green electricity and will saves close to 52,000 metric tonnes of carbon emissions each year.

Development is also underway for a number of large-scale installations of solar PV farms at energy-intensive investments and owned assets of the Group, including mines and logistics terminals. Metal processing is one of the most energy-intensive of all industrial activities. The Group 's zinc and lead smelting operation Nyrstar is investing in large-scale batteries and renewable energy generation at its global network of plants. It is developing over 100-megawatts of sustainable energy for its own operations, to be sold to the grid, and to also assist in the expansion of its trading business.

Investing in disruptive renewable technologies and energy storage

The Group has also created a venture capital-type fund to invest in a number of early-stage disruptive renewable technologies including hydrogen power and alternative fuels, renewable energy storage technologies and carbon utilisation. The Group will support these companies by leveraging its expertise and global network in an effort to bring their technologies to market at scale and help accelerate the energy transition.

More specifically, efficient energy storage has a critical role in the low carbon economy. Effective storage systems are essential in integrating intermittent renewable energy into grids by aligning peaks and troughs in power generation with changing patterns of demand. Our strategic investment in Quidnet Energy, a clean energy business, is helping to deliver a cost-effective alternative to hydro-pump storage, the only existing long-duration storage solution at the moment. Quidnet's geomechanical pumped storage (GPS) system is based on hydro-power principles. It pumps water underground to be stored in rock formations at high pressure. At times of high demand, this is released to the surface, where it powers electricity turbines.

In April 2021, the Group also announced its continuing investment in renewable energy technologies by co-sponsoring the development of MAN Energy Solutions ammonia-fuelled engine for maritime vessels. This fuel-flexible, two-stroke ammonia engine is expected to be commercially available for large-scale ocean-going ships by 2024, followed by a retrofit package to make existing maritime vessels capable of running on ammonia by 2025. Maritime shipping emissions are one of the main focuses for the Group. According to the International Maritime Organization (IMO), maritime shipping is responsible for around 2.9 per cent. of all greenhouse gas emissions globally. Without mitigation, emissions are projected to grow by as much as 130 per cent. in 2050, compared to 2008 levels. This transaction underlines the Group's commitment to cross-industry collaboration to bring forward the urgently needed technologies for the maritime energy transition.

Strategic stakes in the hydrogen sector

Hydrogen, especially green hydrogen, which is produced from renewable energy sources, has significant potential to accelerate the energy transition as the world moves towards lower-carbon economies. Its greater energy density-to-weight ratio makes it more suitable for higher energy industrial uses than the lithium-ion based technologies that feature in many of today's electric vehicles. Hydrogen fuel-cell powered electric engines also benefit from higher efficiencies than internal combustion engines and the market for this type of technology has grown substantially in recent years. In addition, the Group sees potential applications for hydrogen in running off-grid mines and producing chemicals.

As a result, in December 2019, the Group has taken an equity stake in start-up Hy2gen. The German-based company brings together specialists with experience of developing, building and operating plants for the production of green hydrogen and hydrogen-based e-fuels, offering better ways to achieve CO2-free or CO2 neutral fuels and storage solutions. The first plants will be built in Canada, followed by plants in France, Mexico, Norway and South Africa. The company aims to become a leader in the hydrogen and e-fuels market for mobility and industry, areas where it is currently proving difficult to significantly reduce emissions.

The Group has also made a USD 62 million investment in H2 Energy, an entrepreneurial Swiss company already providing green hydrogen fuel to trucks in Switzerland. The business is considered a leading innovator in green hydrogen solutions, and will further support the development of the production, storage and distribution of green hydrogen for refuelling stations and industrial customers.

RCF Sustainability Linked Loan Structure

In 2021, the Group's strong and stable relationships with over 140 banks, together with the Group's progress in sustainability and responsible business to date with the potential to achieve significant further milestones, have enabled the Company to structure its flagship syndicated revolving credit facilities, as sustainability linked loans ('**SLL**').

In line with the mechanism implemented during the successful European RCF refinancing and extension in March 2021, this new structure will permit to secure preferential financing rates if the Group is successful in achieving key environmental and social targets - 'key performance indicators' or '**KPI**s'. The Group's compliance with KPIs will be tested annually and certified by an independent external expert (ERM CVS).

In April 2021, the Group raised USD 204 million of notes in the USPP market with tenors of 5, 7 and 10 years. It was the sixth issuance of the Group in this market and believed to be the largest sustainability-linked financing on record in the USPP market to date. The transaction incorporated KPIs designed to incentivise the Group to meet ambitious targets related to the reduction of greenhouse gas emissions.

Asset Based Business

The principal driver behind the Group's investment strategy is its arbitrage-based business model which relies on (amongst other things) the control of storage and logistics to generate or enhance arbitrage opportunities and create long term recurring income making the Group's business more sustainable. The Group seeks investment opportunities that can offer synergies with its core trading activities through the provision of recurrent supplies and outlets, whilst having their own industrial rationale. These assets bring optionality and flexibility to the trading books and are barriers to entry if they are not available to competitors. In this respect the Group has taken ownership or interests in companies or assets which have 'standalone' capacity but largely remain within the same commodities industry as its core trading business.

The Group initially established three main industrial groups: Puma Energy Group, which manages the Group's oil storage and distribution assets; Impala Terminals Group, which manages the Group's bulk-commodity warehousing logistics and infrastructure assets; and the Mining Group, which manages the Group's existing mining operations as well as sources and develops new mining exploration opportunities. In July 2019, a fourth major industrial group was added with the consolidation of Nyrstar (the Group previously owned a approximately 24 per cent. stake), the world's second largest producer of zinc metal, following a restructuring process of the company. Those four industrial groups are structured as independent companies with their own dedicated management and resources, transacting with the Group on an entirely arm's length basis, with service level agreements in place where appropriate.

As of 30 September 2020, the financials of three of the four industrial subsidiaries: Impala Terminals Group, the Trafigura's Mining Group and the Nyrstar Group, were consolidated into TGPL's financial statements. The Group's fourth industrial division, Puma Energy, was minority owned, following a sale of a portion of Trafigura's stake to existing shareholders in 2013 (with Trafigura losing the majority of decision-making power in the Board of Directors). Puma Energy results are therefore no longer consolidated into the Group's accounts, but rather are represented as an equity-accounted investee. However, in April 2021, Puma Energy Group, Trafigura and Sonangol (the second largest shareholder of the company) announced a series of transactions to recapitalise the company (with a USD 500 million rights issue) and to proceed with an asset swap transaction with Sonangol, who shall acquire Puma Energy's strategic assets in Angola in exchange for the USD 600 million sale of its Puma Energy shareholding to Trafigura. As a result, subject to regulatory approvals, Trafigura's shareholding in the Puma Energy Group is expected to increase to in excess of 90 per cent. and the Group should consolidate the financials of the company for the financial year ending 30 September 2021.

The Group's industrial assets generate substantial profit in their own right, either through recurring income generation or profit on disposals, further diversifying the Group's sources of income. Total industrial assets amounted to USD 7,291 million as at 30 September 2020 (USD 9,079 million as at 30 September 2019) and USD 8,722 million as at 31 March 2021. This USD 1.4 billion increase between 30 September 2020 and 31 March 2021 is mainly due to the acquisition of a 10 per cent. equity stake in Russian oil and gas company Vostok Oil in December 2020.

Puma Energy

Puma Energy is a leading integrated storage and distribution company with a customer-focused approach providing secure and high-quality energy sources and solutions in 44 countries across Africa, Central and Latin America, Europe, Middle East and Asia Pacific. The company has approximately 2,545 retail sites and operations in a network of 93 storage terminals, with a total storage capacity of 7.3 million m^3. In 2020, Puma Energy sold 20.1 million m^3 of refined oil products, and its storage facilities handled 14.5 million m^3 of petroleum products.

Since the Group acquired the rights to the Puma brand in 1997, Puma Energy has expanded its activities worldwide, achieving rapid growth, diversification and product line development to become one of the largest independent global midstream and downstream companies. In 2000, Puma Energy came under the direct ownership and management of the Group, one of its original founding partners. In 2008, Puma Energy was reorganised as a separate and standalone division of the Group with a detailed carve-out plan and independent balance sheet. In order to support the growth of Puma Energy's fixed asset infrastructure development and acquisition strategy, the Group opened up the capital of Puma Energy to selected investors in 2010.

In 2013, the Group further reduced its ownership in Puma Energy by selling a portion of its stake to existing minority shareholders, including the Angolan state-owned energy company Sonangol Holdings ("**Sonangol**") and Cochan Holdings ("**Cochan**"). Puma Energy also benefited from a capital contribution of USD 500 million from Sonangol. As a result of the sale and the capital contribution, Trafigura's stake in Puma Energy reduced to 49.5 per cent., leading to the deconsolidation of Puma Energy from the Group financial statements. In 2015, Puma Energy's main shareholders subscribed pro rata to a further USD 350 million capital increase undertaken by Puma Energy. This enabled Puma Energy to maintain its growth momentum at the time, by capitalising on opportunities to expand its portfolio of mid- and downstream assets. More recently, in June 2020, Puma Energy completed a shareholding restructuring transaction with Cochan and Trafigura, resulting in a reduction in Cochan stake in Puma Energy to below 5 per cent., while Trafigura's shareholding increasing to 55.5 per cent. However noting that this increase in shareholding did not result in Trafigura gaining control over Puma Energy. Consequently, the equity investment in Puma Energy continued to be accounted for under the equity method.

In April 2021, Puma Energy Holdings, Trafigura and Sonangol announced a series of transactions which will further transform Puma Energy's shareholding structure. Trafigura agreed to purchase Sonangol's entire shareholding in Puma Energy, while the company agreed the sale of its Angolan business and assets to Sonangol. In addition, Trafigura, together with a number of minority shareholders, subscribed for a rights issue in Puma Energy for a total amount of USD 500 million. As a result, when regulatory approvals are received, Trafigura will acquire control of Puma Energy (consolidating it in the financial statements of the Trafigura Group), as it is expected to increase its shareholding in excess of 90 per cent. – the transaction is presented in more details below.

Puma remains a very important part of Trafigura's business model. Puma Energy is the largest customer of the Group's Oil and Petroleum Products trading division, which accounted for approximately 5.9 per cent. of the division's turnover in 2020.

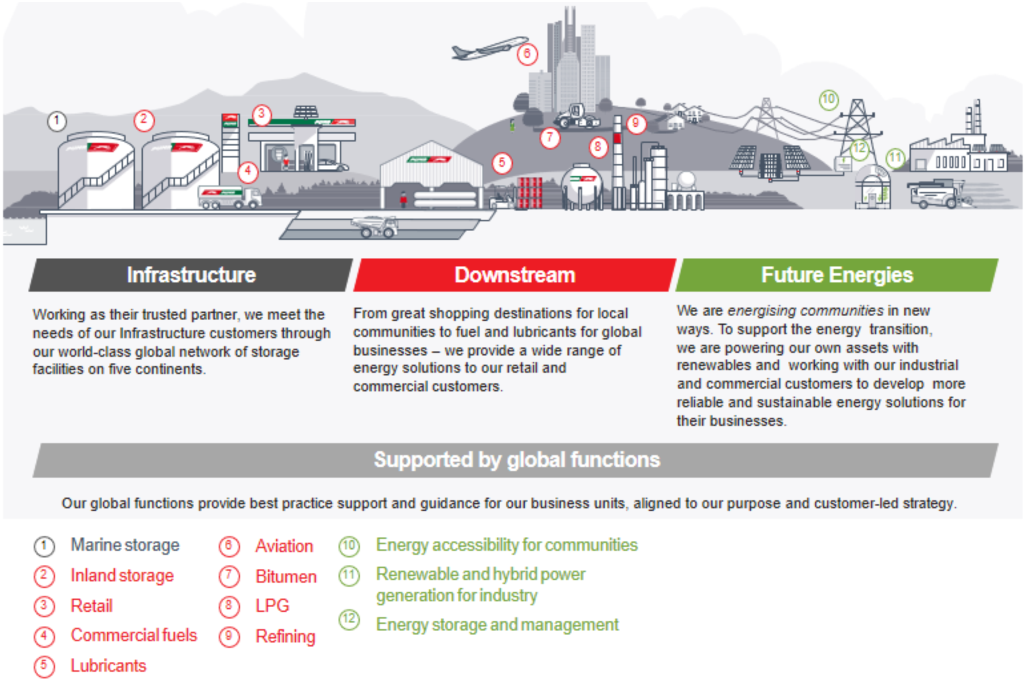
Puma Energy Business Model

Puma Energy is highly diversified in terms of business lines, geographies and customers, serving more than 13,000 B2B customers from various countries and industries, with no single customer accounting for more than 3 per cent. of sales. As of 31 December 2020, Puma Energy directly employed over 7,100 people. To support its activities, Puma Energy maintains regional offices in Johannesburg, South Africa (for the East region), San Juan, Puerto Rico (for the West region), Geneva, Switzerland (for Europe).

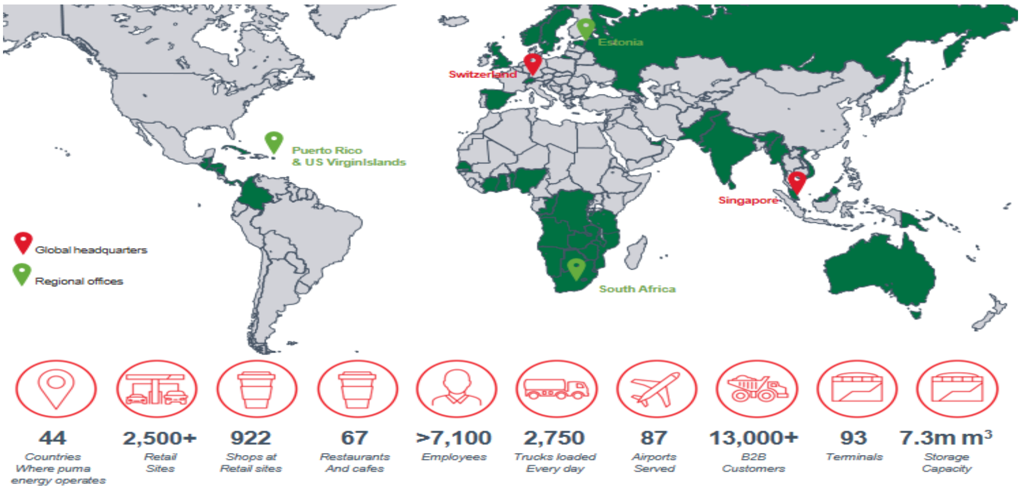
As part of Puma Energy's customer-led strategy and five-year transformation plan, the company has structured its activities into three business units: the downstream business, the infrastructure (midstream) business and the nascent future energies activities, supplementing the previous two core businesses.

Puma Energy intends for these three business units to be supported through global, centralised, functions adapted to current business perimeter, seeking to drive efficiency gains. A graphical overview of the company's business model and global footprint is provided below.

BUSINESS MODEL ACROSS THE VALUE CHAIN



PUMA ENERGY GROUP'S GLOBAL LOCATIONS AS AT DECEMBER 2020



Description of Business Lines

Puma Energy provides customers around the world with secure access to a wide range of fuel and non-fuel products and services through its business lines supported by its global refining, supply, storage and transportation infrastructure. During 2020, the company has reorganised its operations as follows:

- **The core Downstream business unit** is managed under two regions: the 'West' consisting of the Americas, with Puerto Rico as regional headquarters, and the 'East' consisting of Africa, Middle East and Asia-Pacific, with Johannesburg as regional headquarters. Main activities under this unit are:
  - **Retail:** providing high-quality, competitively priced fuels and lubricants, supplementary services such as car washes, ATMs, products through convenience stores, cafes and restaurants;
  - **Commercial:** offering energy solutions to business customers through various specific channels (agriculture, mining, transport, construction, power generation, marine, industrial, governments/state owned enterprises, non-Puma Energy branded retail);

- **Lubricants:** lubrication solutions for businesses and consumers through retail, wholesale, and industrial market channels;
- **Aviation:** supply and fuel services to airline customers, from importation, handling, storage, bridging and transportation, to into-plane operations at the company's airport fuelling depots;
- **Bitumen:** sourcing and supply of bitumen with integrated logistics services available at the company's terminals, with connections to the Puma Energy's specialist bitumen vessels and containers; and
- **Refining and Storage:** downstream storage terminals to leverage Puma Energy's sourcing, transportation and storage capabilities. Refining, while not being a core part of the business, is an integral part of the downstream markets.

- **The Infrastructure business unit** consists of marine terminals and two inland terminals, the pipelines and associated land, mostly consistent with Puma Energy's historical 'Midstream operations'. It focuses on safe and continuous storage, operation of assets whilst maximizing commercial value from the assets.
- **The Future Energies business** is based on a 'start-up philosophy' which should allow the company to more rapidly scale its solar investment activities to help improve internal energy efficiencies, build capability and to set Puma Energy up to deliver lower carbon alternatives for its customers as part of their energy transition.

Strategic Objectives

Following years of material growth through investments, Puma Energy is now refocusing on its existing portfolio, creating more value from the existing business. The company has been adapting its structure, capabilities and processes to provide a solid foundation for the next stage of growth. The recent recapitalisation of the company will create a firmer footing for such future growth.

Following two years of restructuring, Puma Energy is focused on its customer base, with a strategic plan to build on existing presence and strengths of the company, in high potential growth markets: driving operational excellence and targeted growth in the core businesses, enhancing the quality and differentiation of the offer to customers and creating the capability to supply the energy needs of the future. Those objectives should all in turn enable Puma Energy to develop and expand to other high-potential markets and countries at a later stage.

As mentioned above, Puma Energy's approach is focused on a five-year transformation plan (2019 to 2024) with three pillars:

1. **Operational excellence**, which focuses on active initiatives aimed at improving the management and control of existing assets, streamlining costs and improving Puma Energy's value proposition to customers;
2. **Focused growth**, which formalises the intention to grow Puma's existing business lines in a focused and capital-light manner by taking the lead from what customers need and value; and by going to and growing in markets where the highest potential is located; and
3. **New business development**, seeking to take advantage of the opportunities created by the ongoing energy transition to cleaner and more renewable energy.

Operational Excellence

While improving the overall experience of its customers, Puma Energy achieved USD 79 million of operational improvements and savings during 2020, against an original target of USD 68 million. Main initiatives throughout the year include:

- Developing a new fleet card program for customers who require an efficient, manageable and cashless way to refuel their fleet of vehicles. Pilots are currently in Zambia and Panama, with a completion target for the pilots in second half of 2021;
- Optimising transport and logistics processes to reduce costs and improve efficiencies in scheduling, ordering and payment, truck utilisation and secondary transport cost; and

- Identifying future opportunities, e.g. introducing more flexible retail business models (method of site operations 'MOSO').

Focused Growth

Puma Energy benefits from a well-invested asset base, as well as significant market positions in a number of the markets in which it operates, together with long-standing relationships with many of its customers (and a resulting deep understanding of such customers' needs and priorities). The company believes it has a significant opportunity to extract value from its existing businesses, and that current customer-led operational improvements combined with strong cost control and effective capital allocation will help Puma Energy to create a more sustainable and profitable business in the medium term. For example, the company aims to capitalise on its network of strategically located storage terminals and hubs, to further strengthen its competitive position and increase volumes.

In line with this focused growth strategy, Puma Energy continues to divest from non-core countries in order to streamline its Downstream portfolio. In first half of 2020, the company successfully completed the sale of its business operations in Paraguay to Impala Terminals Group (joint venture between the Group and IFM) and the sale of the Australian commercial and retail fuels business to Chevron Australia. These two transactions helped Puma Energy fulfil its commitment to focus on core growth markets. The company continued in the same vein in the second half of 2020 with the sale of its Rostov aviation business (Russia), some land in Nigeria and other small terminals, in order to reach additional non-core asset disposals of approximately USD 100 million in 2021.

New Business Development

Puma Energy seeks to take advantage of opportunities created by the energy transition to cleaner and more renewable sources of energy. The Future Energies business activity will enable Puma Energy to make the most of the opportunities to play a leading part in the energy transition across the high potential markets in which it operates. The future in these markets is an interesting mix of innovative renewable and increasingly decentralised energy solutions with underlying growth potential.

Puma Energy's knowledge and position in the energy supply chain, together with its expertise and experience in these high potential markets, means that the company can deliver power solutions and energy service. Puma Energy is taking the first steps to building this capability internally, and preparing to capitalise on the shift that many of the markets will make from large centralised power solutions to smaller, modular, more diverse and more digitised energy solutions. At this stage, the company has invested in solar projects across a number of assets in five countries: Puerto Rico, Ghana, Papua New Guinea, Nicaragua and Honduras.

Puma Energy's ESG commitment is also an important part in growing its business in a sustainable way. In 2020, the company started to embed its ESG framework across all operations and use it as its compass to prioritise new ventures and activities.

Recent Milestones

Some key milestones in Puma's development over the last 36 months are listed below:

- **October 2019** – Puma Energy announced the sale of its business operations in Paraguay to Impala Terminals Group, a joint venture between Trafigura and IFM Global Infrastructure Fund, for a purchase price of USD 200 million. This transaction was completed in January 2020;
- **December 2019** – Puma Energy announced the sale of its Australian commercial and retail fuels business (the "**Australia Fuels Business**") to Chevron Australia Downstream for a purchase price of AUD 425 million. Noting that Puma Energy's bitumen business is not affected by this transaction. The transaction was completed in June 2020;
- **March 2020** – The Group announced the acquisition of 11.04 per cent. additional shares of Puma Energy from Cochan. Hereafter, Puma Energy bought back and cancelled these shares. The parties completed the transaction in June 2020;

- **August 2020** – Puma Energy announced the reorganisation of Puma Energy into three core business units (Downstream, Infrastructure and Future Energies) – as presented above and which went live in October 2020;
- **April 2021** – Puma Energy announced a USD 500 million rights issue. Proceeds will be used to repay outstanding debt, strengthening the company's balance sheet. At the same time, Puma Energy agreed the sale of its Angolan business and assets to Sonangol for the sum of USD 600 million, subject to regulatory approvals – refer to page 84 '*Puma Energy Organisational Structure and Shareholding*' for additional details; and
- **April 2021** – Puma Energy successfully closed a 1-year USD 606.5 million credit facility, split between a USD 505.5 million revolving line and a USD 101 million term loan.

Financial Highlights

In January 2021, Puma Energy entered the third year of its five-year transformation plan. In 2020, Puma Energy delivered a solid financial performance with operational improvements, while tackling the unprecedented challenges of COVID-19:

- 20.1 million m^3 of refined oil products sold, a 10 per cent. decrease year-on-year primarily driven by the strong decline in aviation activity (Puma Energy's aviation volumes were down 5 per cent. year-on-year);
- USD 533 million EBITDA generation, including approximately USD 9 million from the Australian Fuels Business (held for sale), broadly in line with 2019 (USD 530 million, including approximately USD 5 million from the Australian Fuels Business);
- USD 153 million of capital expenditures, in line with 2019 level, focused on company's retail network with a balance between growth and maintenance spending;
- completion of the AUD 425 million divestment of the Australia Fuels Business, with a USD 355 million net cash inflow from divestments; and
- approximately USD 65 million of total fixed costs savings.

The company has continued its efforts in de-risking its balance sheet throughout 2020 by prepaying USD 300 million of its 3-year term loan, maturing May 2021 with USD 150 million in January 2020, followed by another USD 50 million in August 2020 and finally USD 100 million in November 2020. Noting that another prepayment of USD 50 million was made in February 2021, and the final USD 500 million outstanding under that term loan were fully prepaid with the proceeds of the USD 500 million rights issue announced in April 2021.

Global Presence

Puma Energy Group owns assets located worldwide and organised into five key regions. The below diagram illustrates how Puma Energy's assets work together to facilitate global supply routes:

PUMA ENERGY GLOBAL NETWORK

Puma Energy Organisational Structure and Shareholding

Puma Energy is coordinated from its global headquarters in Geneva, Switzerland and employs over 7,100 people (employees and contractors) in 44 countries. Puma Energy is managed as an independent industrial group, with its own dedicated management, which transacts with its main shareholders, Trafigura Group and Sonangol, on an arm's length basis. Puma Energy operates a two-tier management structure comprising a Board of Directors and an Executive Committee.

In April 2021, Puma Energy, Trafigura and Sonangol announced the signing of a series of agreed transactions which will transform Puma Energy's shareholding structure, while improving its balance sheet position. First, Trafigura agreed to purchase from Sonangol its entire shareholding in Puma Energy for the amount of USD 600 million. At the same time, Puma Energy agreed the sale of its Angolan business and assets to Sonangol for the sum of USD 600 million. This includes the acquisition of the Pumangol retail network of service stations, airport terminals and marine terminals. Completion of these transactions are subject to regulatory approvals. Once those are received, Trafigura will acquire control of Puma Energy, as it is expected to increase its shareholding in excess of 90 per cent., triggering the consolidation of the company in the financial statements of the Trafigura Group.

In addition, Trafigura, together with a number of minority shareholders, subscribed for a convertible debt instrument under a rights issue in Puma Energy for a total amount of USD 500 million. This convertible debt instrument will convert into equity on receipt of relevant regulatory (anti-trust) approvals. The proceeds from this transaction enabled Puma Energy to repay outstanding debt and strengthen its balance sheet.

Together with those transactions, the Board of Puma Energy announced that Emma FitzGerald would step down as CEO, appointing Andrew Kemp, current CFO of the company, as interim CEO to lead the business. He will continue working closely with the Puma Energy Board and Puma Energy Executive Committee to deliver Puma Energy's strategy and sustainable growth plan.

The Impala Terminals Group and Joint Venture created between Trafigura Group and IFM Investors ("IFM") to manage Bulk Commodity Terminals, Warehousing and Logistics Assets

Impala Terminals owns and operates a variety of port, logistical, storage and transportation assets that support the Group's commodity trading business in the Americas, Europe, the Middle East and Africa. These assets are held separately from those included in the Group's joint venture with IFM Investors formed in 2018.

In 2018, the decision was taken to bring in a strategic partner to support the expansion of Impala Terminals business into new markets and services, through handling increased volumes from the Group and third parties. In September 2018, the Group agreed to establish a long-term partnership with global fund manager IFM to invest in certain Impala Terminals assets. A 50:50 joint venture – Simba Holding S.à r.l. ("**Simba JV**"), incorporated in Luxembourg – was created to own and operate a network of concentrates terminal infrastructure in Mexico, Spain and Peru, which plays a key role in the movement of copper, lead and zinc in the global market. The joint venture also included fluvial operations in Paraguay and a Swiss based operation providing global freight forwarding, as well as multimodal transportation services in the African Copperbelt for the Group and third party clients.

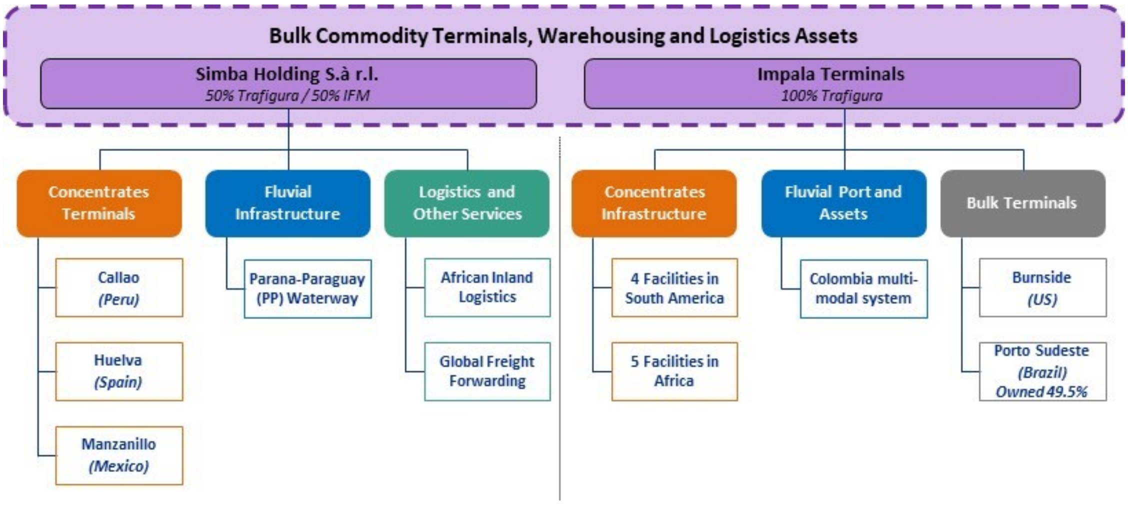
The agreement, which closed in December 2018, created the basis to bring together the Group trading expertise, the Impala Terminals operations know-how with the investment experience of IFM. The chosen partner is an experienced and well-respected fund manager. IFM has a specialist focus on infrastructure investment and a 25-year track record, mainly in investments in Australia, North America and Europe. It contributes its own expertise to the joint venture as well as leveraging the accumulated skills and expertise in Impala. This is a partnership with two-high quality complementary parties with a shared focus on long-term success.

The transaction generated USD 191 million of profit for the Group, and the Group received a total consideration of USD 248 million. As of 30 September 2018, Simba was deconsolidated from the Group's balance sheet. This transaction provides a tangible example of the value created at Impala over the years, enabling the Group to re-invest its funds into new projects to generate additional trade flows. It also creates a robust governance framework at Impala, which operates at arm's length with Trafigura Group under, an independent management team, specific corporate governance and clear board rules.

The joint venture also created a new partnership for future investments in infrastructure related to commodities as well as a solid platform for future growth – both in existing Impala locations and markets, and in neighbouring countries – as demonstrated in October 2019 with the purchase of Puma Energy's business in Paraguay, including two fuel storage terminals and approximately 180 retail sites.

In 2021, in an effort to reduce emissions and in line with the Group's ESG efforts, Impala started its certified carbon neutral freight service. The service gives customers visibility into the indirect greenhouse gas emissions generated by the transportation of their shipments of non-ferrous metals and minerals via container, while empowering them to offset these emissions by providing essential funds to impactful carbon finance projects across the world. The service provides customers with accurate calculations of indirect 'Scope 3' greenhouse gas emissions from the points of collection to the points of delivery of their cargoes. This offers customers a flexible way to compensate for the unavoidable greenhouse gas emissions created by the transportation of their cargoes, allowing the effective management of their environmental impact. The bulk commodity terminals, warehousing and logistics facilities of Impala Terminals and the Simba joint venture are outlined below:

IMPALA TERMINALS GROUP STRUCTURE



Assets operated under the joint venture with IFM

The assets operated by the Simba JV include three concentrates terminals strategically located in Mexico, Spain and Peru – countries well positioned on copper, zinc and lead concentrate export markets – with a total throughput capacity of approximately 6.4 million tonnes. Simba also manages a fluvial transportation network located on the Parana-Paraguay River and acquired Puma Energy's storage and distribution business in Paraguay in October 2019. Finally, the joint venture provides end-to-end logistics solutions for stranded mineral resources and value-add central services of consulting and freight forwarding.

Simba also provides logistics and multi-modal services in various region, of which Africa, comprising solution for warehousing, short and long hauls, via trucks and trains, as well as sea freight. Moreover, the company offers end-to-end delivery solutions for imports and exports via a combination of road and rail networks combined with onward ocean container freight services.

Assets operated under the joint venture with IFM

Concentrates Terminal in Peru

Impala in Latin America originated in Peru with a non-ferrous concentrates warehousing and blending operation in Callao, Peru's main commercial port. This terminal is the largest facility in Latin America for handling copper, zinc and lead concentrates. In 2017, Impala completed a project to cover 175,000 m^2 of warehousing space (the largest covered warehouse in Latin America). The warehouse is the most environmentally compliant in Peru as it controls and measures air, water and soil particles to ensure that protection extends from both inside to outside the walls of the facility. The operation at Callao includes a participation in a consortium which operates an approximately 3-km conveyor, which transports bulk metal concentrates safely and efficiently to a dedicated berth. Impala exports approximately 2.4 MMT of metals concentrates per year from the Callao terminal, which represents approximately 60 per cent. of the total addressable market (i.e. the central Peruvian region, excluding mine-to-port integrated solutions).

Concentrates Terminal in Spain

Impala Terminals has developed its operations in Europe through the construction of a bulk concentrates terminal in the Port of Huelva, Spain. The facility started operations in September 2015 and currently exports approximately 1.8 MMT of concentrates per year. The facility acts as the Group's European blending hub: i.e. imports received are blended then re-exported from Huelva. The 240,000 MT of warehouse static capacity allows for the storage and blending of these products, which can then be loaded onto ocean going vessels via a 550-metre long private berth. Impala also has the option to develop approximately 70,000 m^2 of land adjacent to the berth, thereby potentially expanding the capacity of the terminal.

Concentrates Terminal in Mexico

Manzanillo is the largest concentrates export port in the country, where Impala owns and operates its warehouse and processing facility since 2012. The terminal has 125,000 m^2 of warehousing space and Impala offers a number of value-added services. The company exports approximately 0.8 MMT of concentrates per year from Manzanillo, via its direct access to third party berth.

Fluvial Infrastructure at Parana

The fluvial transportation network located on the Parana-Paraguay River, one of South America's most important waterways connecting Argentina, Uruguay, Paraguay, Brazil and Bolivia and has become one of the most important economic development areas enabling domestic and international trade. With an investment of over USD 100 million, Impala Terminals created a reliable fluvial corridor, shipping liquid products including diesel and gasoline fuel over a distance of 2,785 kilometres. Current fleet is composed of five pushers and 33 double hulled tanker barges (with approximately 530,000 cubic meters throughput capacity) and could grow over the next few years as the Group and third party volumes are steadily increasing.

In October 2019, Impala complemented its business in Paraguay with the acquisition of Puma Energy's business in Paraguay for approximately USD 200 million, which includes two fuel storage terminals with approximately 72,300 m^3 and a network of retail sites. This acquisition presents good synergies with the existing fluvial logistics operations along the Parana-Paraguay waterway.

Global Freight Forwarding

Impala Terminal's ability to secure competitive rates is aided by the strong relationships with all the major shipping lines and Impala Terminals expertise in world-class logistics solutions. Through large global captive volumes and a continuous drive for operational excellence, the container bookings are growing substantially, particularly across Latin America, Europe, Africa and Middle East. Besides offering freight forwarding services, through the extensive network and terminal assets Impala Terminals offers various value-added services such as container stuffing and un-stuffing, container storage, sampling and testing and documentation formalities.

Non-Impala Terminals Joint Venture assets

Fluvial and Port Infrastructure in Colombia

In Colombia, Impala has invested around USD 1.1 billion in an unprecedented project to transform the country's commodity transport network. This investment has allowed the company to develop best-in-class infrastructure and warehousing services, which are underpinned by a world-class multimodal logistics system. Together these elements connect Colombia's inland areas of production and consumption to international markets via the ocean ports of Barranquilla and Cartagena on the Caribbean coast. By having this oversight of the entire logistics chain, Impala provides its customers with safe, efficient and economic delivery of products. Moreover, by switching the dominant mode of transport from trucking to barging in the north of the country, Impala Colombia is creating a more environmentally responsible form of trade. Significantly safer than transporting products purely by truck, this fluvial system not only reduces freight costs but is also inherently much more efficient. The inland port has a storage capacity of over 780,000 barrels of crude oil and naphtha and disposes of over 150,000 TEU of container storage. Impala also owns and operates a fluvial fleet of approximately 100 double hull oil and dry barges and 16 pushers. The products handled are diverse combining crude oil, naphtha, fuel oil, LPG and dry bulk steel, showing the benefit of Impala logistics in the Magdalena River.

In October 2019, the National Infrastructure Agency (ANI) launched the prequalification process for the long-anticipated project to dredge and dyke the Magdalena River, which will enable deeper draught and therefore increased operational efficiencies and volumes carried by the fluvial fleet. The concession contract should be awarded for a duration of 15 years, aiming at guaranteeing 24/7 navigation from Barrancabermeja, where the inland port is located, to Barranquilla/Cartagena (Atlantic coast). Impala is very well positioned operationally and commercially to derive the benefits as soon as the project begins.

Due to the COVID-19 pandemic, the concession process has been delayed. However, the Colombian government has pledged to dredge the Magdalena River by mid-2021. This delay, in combination with adverse market conditions seen with the pandemic, triggered a need for an impairment test on Impala Colombian operations, which resulted in USD 392 million impairment loss being recognised. However, despite the current limited barge payload, due to river depth, Impala Terminals was still able to transport over 1.3 MMT of oil, dry and product cargoes from Barrancabermeja port in 2020. From 2021, now that Barrancabermeja is registered as an international port, Impala Colombian operations will also be able to export coffee beans by container.

Bulk Terminal in Brazil

In 2014, the Group acquired indirectly approximately 50 per cent. equity stake in Porto Sudeste do Brasil ("**PSB**") alongside Mubadala Development Company ("**Mubadala**"), the Abu Dhabi sovereign development fund. In parallel to acquiring approximately 99 per cent. of the PSB equity, the Group and Mubadala purchased approximately 90 per cent. of the PSB (FPOR11/PSVM11) debt securities on a combined basis. Those debt securities, which are junior to debt but senior to equity, provide cash flow benefits whereas equity provides control of PSB. Holders of the debt securities are entitled to receive quarterly variable income based on the volumes handled by PSB and a fixed royalty, payment being made subject to availability of cash, and otherwise accrued. The combined holding of PSB debt securities and PSB equity provides the full benefit of ownership (i.e. both economic and control).

PSB is a USD 2 billion iron ore export terminal, which is located in Itaguaí, about 90 km west of Rio de Janeiro, Brazil. The port commenced operations in August 2015 and has the capacity to handle 50 million tonnes of iron ore per year and scope to expand to 100 million tonnes. The port gives Brazil's independent miners a competitive alternative to existing export terminals and offers them unprecedented access to global markets, for the second largest producing country, representing 22 per. cent of world supply.

In 2017, the PSB debt package was restructured in order to better match the port's expected operational performance with the anticipated cash flows and debt repayment profile. In addition, Porto Sudeste signed new logistics contracts with Mineração Morro do Ipê S.A. ("**MMI**") in respect of the Ipe iron ore mine as well as a contract with Mineracao Usiminas separately. However, the ramp-up in volumes has been slower than initially expected and the Group's investment in PSB (in the form of equity and debt securities) has been impaired from USD 906 million in 2015 (operational launch of the port) to USD 303 million at 30 September 2020, hence a 66 per cent. impairment to date. Being junior to the debt securities, equity is negatively impacted by accrued amounts due under such debt securities (e.g. when positively impacted by the de-risking of the port operations), and vice versa.

Since payment on the debt securities are dependent on PSB's handled volumes, they are classified at fair value through profit and loss (as per IFRS 13). Considering FPOR11 free float is very thin (approximately 10 per cent.) and traded volumes very limited (with average volume traded per day below USD 5,500), in the absence of normal market activity, it has been concluded that no active market exists for the FPOR11 and therefore the fair value should be determined based on a valuation model (level 3 approach) rather than relying on market price (level 1), that would be lacking economic ground. The fair value of FPOR11 is therefore based on a discounted cash flow calculation based upon the business plan of PSB. Periodic impairment testing is conducted and supported by third party independent valuation analysis (provided by one of the Big Four companies).

However, it is important to note that volumes handled at PSB reached approximately 18 MMT in 2020, about 12 per cent. more than in 2019. The Group and Mubadala are planning to source additional volumes from mines they operate in the region (e.g. Tico Tico) for export through PSB in the mid-term, after the receipt of the environmental permit at Tico in 2020.

Bulk Terminal in United States

In June 2011, Impala acquired the Burnside coal terminal in Louisiana, USA. Located on the east bank of the Mississippi River at Mile 169.9, the terminal consists of a site of about 1,100 acres, with a deep-water berth and ship loading/unloading equipment. Impala Terminal Group has refurbished and expanded the facility into a state-of-the-art major bulk terminal for coal, bauxite and alumina. The facility has a capacity of approximately 10 MMT annually and is capable of loading cape size class bulk vessels. Burnside has the potential to be the only coal terminal on the Mississippi with the capability to handle ocean vessels, barges and rail, thus allowing rail-to-vessel and barge-to-vessel capabilities. In 2020, the drop in volume of

US coal exports and a challenging alumina market caused a 40 per. cent fall in throughput volumes compared to 2019, prompting significant cost cuts. Looking ahead, Burnside plans to diversify its offering by entering new markets and will seek to transform part of the site into a photovoltaic solar farm.

Warehousing in Africa and Middle East

In Africa, Impala Terminals operates a portfolio warehouses and port terminals, which provide handling, storage and other related services for bonded and non-bonded cargoes. At its warehousing sites in the Democratic Republic of the Congo (DRC), Tanzania and Zambia, Impala Terminals offers enhanced services for the handling of goods and employs the latest technology and processes.

Impala Terminals is a major player in the African Copper belt, Southern, Eastern and Central Africa and is currently expanding its logistics capacity serving these regions by rail, truck and ocean container freight. This will allow producers and consumers to access international markets with greater speed, efficiency and safety whilst reducing cost.

In 2020, Zambia and the DRC had a busy year with business expanding rapidly, including the growth of traditional copper export flows and newer import volumes, principally chemicals for use in the growing African mining industry. Furthermore, Impala increased regular bi-directional rail services to ports in Angola, South Africa and Tanzania. In 2021, Impala will continue to focus on growing volumes and developing its import business.

Impala also operates a dedicated warehouse in Jebel Ali Free Zone Area (JAFZA) in Dubai, operating storage and handling of refined metals and third-party goods. Impala is strategically located within 10 km of the two biggest container terminals within Jebel Ali free Port, which offers a great competitive import and export advantage to its customers.

Warehousing in Chile and Bolivia

In Chile, Impala's four sites, in Coquimbo, Arica, Antofagasta and Copiapo, expanded steadily throughout 2020. Storage capacity grew to 200,000 MT to support the Group's concentrates trading business and Chilean and Bolivian exports from mining companies. In 2020, Impala serviced more than 700,000 MT of concentrates. In Bolivia, operations were hampered by a six-week closure as a result of government measures to contain the spread of COVID-19. Since this time, operations have resumed as normal.

Mining Group

The Mining Group ("**TMG**") invests in mining assets that are closely related to and have strong synergies with the Group's core metals and minerals trading business. Encompassing operations in Latin America, North America, Europe and Africa, its investments include wholly-owned subsidiaries in addition to cornerstone shareholdings in both private and publicly traded entities. TMG employs thousands of people worldwide (some on a consolidated basis, e.g. at Catalina Huanca), including highly skilled personnel such as geologists and engineers.

TMG generates equity value for the Group and traded volumes for the metals trading books and provides advisory and support services to the rest of the Group. The Mining Group has also gained credentials in the development and execution of mid-size projects (i.e. around USD 300 million). The project pipeline includes projects at feasibility study stage and construction projects in Finland, Brazil and a number of countries.

The COVID-19 crisis has affected directly and indirectly the performance of TMG. Some mines, like Catalina Huanca, were forced to stop for several weeks, while others suffered from absenteeism and delayed logistics chains, causing losses of production. Low prices affect all operations, except for the Ipe iron mine. However, despite those adverse conditions, TMG still managed to be EBITDA positive.

Similar to the rest of the Trafigura Group, TMG has demonstrated its ability to divest fixed assets and recycle capital over the years, completing the successful (partial) divestment of a number of investments, such as Anvil, the Compañia Minera Condestable SA ("**CMC**") and MATSA.

Iberian Minerals / MATSA

In 2013, the Group completed the purchase of Iberian Minerals Corp ("**Iberian**") following a squeeze out process, giving the Group 100 per cent. ownership in the mining group. Iberian's main asset was Minas Aguas Tenidas ("**MATSA**"), but it also held a mine in Peru at the time of the acquisition. MATSA owns and operates mines located on the Iberian pyrite belt in Southern Spain. The Iberian pyrite belt is well-known amongst the international mining community, since it hosts one of the largest occurrences of volcanic massive sulphide deposits in the world. This belt extends from north of Seville, Spain to almost the west coast of Portugal spanning an area approximately 250 km long and 50 km wide.

MATSA started production in 2009 with the Aguas Tenidas mine and is now operating two additional mines, called Magdalena and Sotiel. Magdalena commenced production towards the end of 2016 following its discovery in 2014 which represented an industry record for the turnaround from discovery to production. Sotiel, an older mine, was reactivated in 2015. Over the years, MATSA has accumulated advantageous exploration permits in Spain, mainly located around the Aguas Tenidas mine. The expertise and success acquired by MATSA's operational and metallurgical teams in mining and processing these sulphide ores created a bigger incentive for MATSA to become more aggressive in its exploration activities, leading to some important finds. The Magdalena mine is one important find, along with increased resources and reserves at Aguas Tenidas and further exploration of other ore bodies located nearby.

MATSA produces mainly copper and zinc concentrates, along with lead concentrate on a smaller scale. The Group completed a EUR 300 million expansion project including a new treatment plant which increased treatment capacity from 2.3 million tonnes per year in 2014 to 3.6 million tonnes in 2015, 4.4 million tonnes in 2016 and 4.6 million tonnes per year since then.

In June 2015, Iberian signed a share purchase agreement with Mubadala. Under the agreement, MATSA was transferred to a joint venture held 50/50 by the Group and Mubadala, and by September 2015, MATSA had been deconsolidated from the Group's balance sheet. The restructuring of ownership at MATSA, with the arrival of Mubadala, prompted a comprehensive review of the mine’s governance in order to align its objectives and culture with those of both its shareholders. A new General Manager was appointed, who is an experienced mining professional with a strong track record at mining majors. Some other members of the management team were also changed, sharpening the focus on cost control and safety management. The cultural challenge came on top of an economic one, with the fall in copper prices during fiscal year 2016 creating a fresh need for cost efficiencies.

MATSA is now a world-class mining and processing complex, using state-of-the-art technology, including driverless underground loaders, remote control mine ventilation and water pumping, and a very high level of automation in the plant which allowed rising metallurgical recovery up by approximately 10 per cent. over recent years, despite the metallurgical complexity of the ore. There has also been continued improvement in safety performance, with a continued reduction in the lost time injury frequency rate. However, MATSA experienced two fatal accidents this year, which is at odds with the positive downward trends in injuries observed during 2020. This matter is taken with the greatest gravity and a deep safety culture transformation is underway with external expert help.

The Group continued to invest in IT and automation at the mine, and combined with the improvements made over the past years, this has helped to decrease its operating costs despite the deepening of the mines. The reserves have stayed stable over the years despite the mine extraction. .

Catalina Huanca Sociedad Minera S.A.C.

Catalina Huanca is a wholly owned zinc and lead underground mine in Peru. A concentration plant treats around 800,000 tonnes of ore per year and produces high quality zinc and lead concentrates. The mine was acquired in 2005. At that time, the operation was artisanal in nature and the Group has progressively modernized it and brought it to international standards, in terms of mechanization, and also health, safety, environmental and community standards. The mine performed excellently this year when it began operating. The mine was the worst affected asset of the group by COVID-19 pandemic as it was forced to suspend operations twice during the year. Catalina Huanca is currently undergoing change in its organisation, productivity and cost structure, with the implementation of a new mining method (open-stoping with paste-filling, similar to MATSA), which has already decreased operating costs by approximately 15 per cent.

*Atalaya Mining Public Ltd. ("**Atalaya**")*

The Group owns a 22.4 per cent. stake in Atalaya Mining Plc, formerly known as 'EMED'. Atalaya originally restarted the Rio Tinto mine in Southern Spain (mine is located approximately 40 km away from MATSA operations). The Group has the offtake over approximately 20 per cent. of the life of mine reserves. The mine restarted production during the third quarter of 2015 and reached commercial production in February 2016. In December 2017, Atalaya raised GBP 31 million via a share placement. As part of the placement, Trafigura Group Pte. Ltd., through its subsidiary Urion Holdings (Malta) Ltd, slightly increased its ownership to 22.4 per cent. Proceeds were used to increase the plant's capacity from 9.5 Mtpa to 15 Mtpa at its Rio Tinto mine.

Nyrstar

Nyrstar is presented in details in the following section "Nyrstar" – noting that the Mining Group is providing technical and operational services to Nyrstar, and manages directly, on behalf of Nyrstar, the Canadian mining operations. These mines were formally transferred to the Group in October 2020. Most relevant, the Langlois mine (Quebec) was closed in December 2019 due to low reserves and complex ground control conditions. The Myra Falls mine (British Columbia) is likely to meet its long-term target of 800k tpa and is mid-way through a technical and organisational turn-around with visible signs of improvement.

*Empresa Minera del Caribe S.A. ("**Emincar**")*

The Castellanos zinc and lead project in Cuba consists of an open-pit mine and a concentration plant, which was completed in October 2017. The project has been undertaken by the Group and the Cuban government and is the largest industrial investment on the island. It was delivered on time and within budget. The focus in 2018 was on ramping up production while addressing the inevitable initial operational and quality issues. By the end of the year, significant progress had been made and the plant was rising progressively towards its design capacity of 1 million tonnes per annum. For the full year 2018, 800,000 tonnes of ore were treated, and the mine already generated a profit. In 2019, the mine overcame some operational issues to achieve a significant improvement in plant performance, both in terms of overall throughput and concentrate quality, closing the year with favourable budgets. Total production rose to the original capacity level of 1 million tonnes.

Fiscal year 2020 was a complex year for the mine with severe disruptions in the movement of people and goods, causing a loss of efficiency. However, the mine still managed to deliver 1.1 million tonnes. Ongoing work to increase the capacity during the year has further raised potential production to 1.3 million tonnes for 2021. Emincar employs close to 700 people and is another example of Trafigura Mining Group's ability to put its expertise and investment to work in challenging economic or political environments.

*Mineração Morro do Ipê S.A. ("**MMI**")*

In 2016, Mubadala and the Group acquired stakes in the Ipê and Tico-Tico mines and processing units located in the Serra Azul mining region of Minas Gerais, Brazil that were previously owned by MMX. To manage these assets a new company, Mineração Morro do Ipê S.A., has been established with Mubadala and the Group each holding 37 per cent. of shares and the remaining 26 per cent. owned by MMX's creditors, who approved the initiative following a judicial recovery plan. Following various capital increases since 2017, Mubadala and the Group's shareholding increased to approximately 50 per cent., diluting minority shareholders.

The majority shareholders have invested approximately USD 75 million in the Ipê and Tico-Tico mines and processing facilities to date. MMI employs approximately 200 people directly, and roughly the same amount of permanent contractors, and first ore was produced in March 2017. The original plan was to process existing iron ore stocks until 2021 and then shut the Ipê plant. However, due to the creativity of our local team, the life of the plant was expanded further to 2024, which is enough to complete the construction of the Tico plant. In 2019, the tailings dam incident at Vale's Brumadinho mine affected production at our Ipê mine directly and indirectly, while 2020 was a year of good production.

In parallel, MMI is working to conclude the permitting process to reopen the neighbouring Tico-Tico mine and build a new 5.5 Mtpa processing plant. Once the Tico-Tico plant is constructed in the course of 2021-2022, it will process the mine's friable ore, a more competitive and better quality iron ore, enabling the production of high-quality pellet feed.

A new environmental licensing process was followed for the Tico-Tico mine, including the development of environmental impact studies that are appropriate for the scope of the new project. These include treating tailings from the processing of iron ore through a system of filtration, drying and stacking which is environmentally and socially friendly, removing the need for tailing dams. The permit was successfully received in 2020 and earthwork together with ancillary construction work started in early 2021.

Galena Private Equity Resources Fund (the "Resources Fund")

Galena Asset Management's teams operate wholly independently of the Group, but benefit from the Mining Group's expertise. The Resources Fund raised USD 400 million in 2013, and an additional USD 225 million in 2019 to invest in the equity and debt of metals and mining companies. Galena Asset Management is discussed in more detail below.

Nyrstar

Nyrstar is a global multi-metals business, with a strong market position in zinc and lead, and growing positions in other base and precious metals. It is one of the world's largest zinc smelting company. Nyrstar's business has mining, smelting and other operations located in Europe, the Americas and Australia and employed approximately 4,000 people in 2020.

Global Presence

Nyrstar has global operations, with smelters and mines close to key customers and major transport hubs to facilitate delivery of raw materials and distribution of finished products. The map below illustrates Nyrstar's current operations.

NYRSTAR GLOBAL PRESENCE

Nyrstar has two key operating segments: metals processing and mining.

Metals Processing

The metals processing segment comprises six smelters in Auby (France), Balen (Belgium), Budel (The Netherlands), Clarksville (U.S.), Hobart (Australia) and Port Pirie (Australia). Zinc smelting is the process of recovering and refining zinc metal out of zinc containing feed material such as zinc containing concentrates or zinc oxides. While Nyrstar's smelters are mostly primary zinc smelters, its smelter in Port Pirie is a primary lead smelter with multi-metal recovery capabilities, with the possibility to process a wide range of lead-containing feedstocks to produce refined lead, zinc in fume, silver, copper and gold.

Having produced approximately 1.1 million tonnes of zinc metal in 2020, in line with previous year, the company's share of the global zinc metal market is approximately 8 per cent. As a result, Nyrstar is one of the largest producers globally, together with Korea Zinc Co. and Glencore, with a relatively similar market share.

Mining

The mining segment currently consists of Nyrstar Tennessee Mines (U.S.). To allow the company to focus on its core business, i.e. smelting, the Myra Falls and Langlois mines in Canada were transferred to the Group in October 2020. In the last four years, the mining segment sales to the metals processing division accounted for approximately 98 per cent. of the segment's revenue in each of those years. Nyrstar is currently rolling out optimisation plans for its Tennessee mining assets (see below).

Main economic drivers of Nyrstar's business

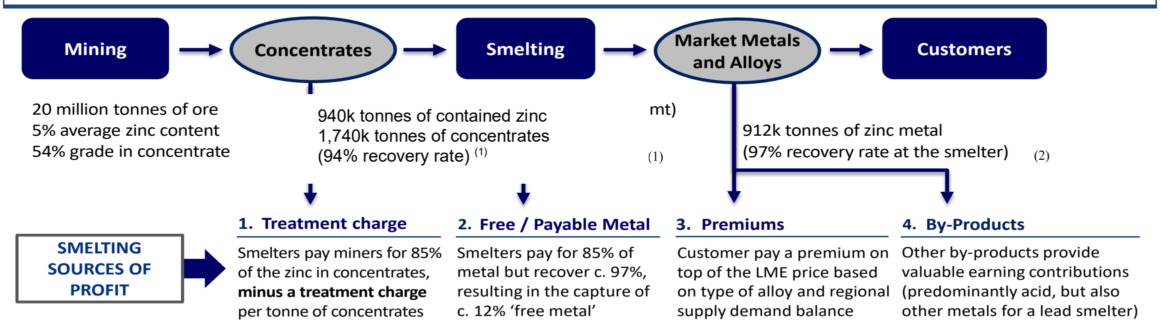
General

Smelters are essentially processing businesses that generate earnings on the concentrates and other feedstocks they convert to primary metal and valuable by-products. The mining segment generates earnings on the minerals it extracts and subsequently processes into concentrates. Profits that Nyrstar realises through the production and sale of refined zinc, lead and other metals (metals processing segment), and through the production and sale of concentrates (mining segment) are affected by a number of interrelated factors, most notably the commodity prices for zinc and lead and the treatment charges ("**TCs**") for processing of zinc and lead concentrates. These pricing dynamics are conceptually similar but differ in specifics for zinc, lead, and other base and precious metals. The focus in the discussion below is on the metal processing segment and the remuneration components.

Economic drivers of the Metal Processing Segment

The below chart illustrates the elements of gross profit of the smelting business (rates presented below are indicative only).

ELEMENTS OF GROSS PROFIT OF THE SMELTING BUSINESS



(1) The mine is producing 20 million tonnes of ore with 5% average zinc content, so 1 million tonnes of zinc contained. Assuming a 94% recovery rate, it means 940k tonnes of contained zinc. If the contained zinc is produced as a concentrate with 54% zinc grade, it means 1,740k tonnes of zinc concentrates

(2) The concentrate is smelted and is recovering with 97% recovery rate at the smelter, resulting in 912k tonnes of zinc metal

A smelter earns revenue from the four following elements:

- The **TCs** received from the mine (as a discount per tonne of concentrates purchased) to process the metal in concentrate into the refined product;
- The value of **free metal** it can produce and sell over and above the metal content it has paid or in concentrates purchased from the miner;
- The **premium** it can earn on the refined products it sells to its customers (i.e. sales of refined metal made by the smelter at prices above the LME prices); and
- **Sale of by-products** extracted from the process of refining zinc and lead.

While the relative weight of the contributors to smelter margins will vary according to the relationship between metal prices and TCs, Nyrstar's metals processing segment and other smelters have historically obtained the majority of their margins from TCs and to a lesser extent from free metal, metal premiums and by-product sales.

Focus on TCs

The market price of zinc is a key component in determining the value of the zinc concentrate. The dynamics of how that value is shared between mining companies and smelting companies are driven primarily by the relationship between the global supply of zinc concentrate from miners and the global demand for zinc concentrates by the smelters. In a market situation where the demand for zinc concentrates is greater than the supply, a relatively greater share of the zinc metal value and lead metal value will typically go to the miner. Conversely, when concentrates are relatively abundant, the opposite occurs and the smelter typically captures a greater share of such value.

Negotiation of the applicable TCs is a key mechanism by which the value of the contained zinc in concentrate shifts between the miner and the smelter. As is customary in the industry, smelting companies generally negotiate TCs with each supplier of zinc concentrate annually, early in the contract year, based on the smelting company's and the miner's expectations of future market conditions. In any given year, TCs tend to settle around norms established through negotiations between the major buyers and sellers of concentrate. These norms are commonly referred to as the "Benchmark" TC. A spot TC market also exists; however, it is relatively illiquid.

Nyrstar's results therefore partly correlate to the levels of TCs that it charges zinc miners to refine zinc concentrates and lead miners to refine lead concentrates. These TCs are cyclical in nature – see below for more information on zinc TCs (including historical data).

Other components of the smelting remuneration: free metal contributions, premiums and by-products

Free metal in relation to zinc is the value of the difference between the amount of zinc that is paid for in the concentrates and the total zinc recovered for sale by the smelter.

In a typical zinc concentrate contract, the metals processing segment pays the mine for 85 per cent. of the zinc contained in the purchased concentrate. This has historically been the industry standard. Assuming the zinc smelters achieve an average zinc recovery of approximately 97 per cent. (this would depend on the concentrate quality and production efficiencies), the value of the free zinc of 12 per cent. (being the difference between 97 per cent. and 85 per cent.) is retained by the smelter.

In a standard lead concentrate contract, the metals processing segment typically pays the mine for 95 per cent. of the lead metal contained in the concentrate. Accordingly, the proportion of free lead metal the metals processing segment obtains (being the difference between the amount of refined lead metal recovered for sale and the amount of lead metal paid for) is less than the equivalent proportion for zinc. If lead recoveries are approximately 98 per cent. to 99 per cent., the amount of free metal is approximately 3 per cent. to 4 per cent. of the lead in the concentrates. In addition to lead concentrates, Port Pirie also feeds leach products with significantly lower lead payables, which results in higher amounts of free metal.

Nyrstar's focus on operational excellence aims to allow extracting maximum free metal to supplement earnings coming from TCs. Moreover, the portion of free metal is expected to increase with Port Pirie fully operational, processing a higher share of raw materials with low payables (e.g. leach products).

A premium is the difference between the base LME price and the higher price that the metals processing segment achieves on sales of the refined zinc and lead metal. The premium reflects a combination of factors, including the service provided by the smelter in delivering zinc or lead of a certain size, shape or quality specified by its customers and transportation costs, as well as the conditions of supply and demand prevailing in the regional or local market where the metal is sold. Premiums tend to vary from region to region as transportation costs and the value attributable to customer specifications tend to be influenced by regional or local customs rather than being a function of global dynamics. Based on Nyrstar's Research & Development activities and technical know-how, a significant portion of Nyrstar's zinc and lead production is expected to be above standard commodity grade.

Although the metals processing segment's principal products are zinc and lead metal, it also sells silver, copper, gold, indium, sulfuric acid and other by-products from the process of refining zinc and lead. Nyrstar intends to further monetise these by-products. The quantity of by-products produced is dependent on a number of factors including the chemical composition of the concentrate and the recovery rates achieved. Concentrates from some mines contain higher levels of by-product metals than concentrates from other mines. In addition, the higher the rate of by-product recovery, the greater the amount of by-products that can be produced and sold. By volume, sulfuric acid is the major by-product the metals processing segment produces and sells.

Port Pirie redevelopment project and ramp-up

Port Pirie is an integrated multi-metals recovery plant with the flexibility to process a wide range of lead rich concentrates and smelting industry by-products. Port Pirie is one of the world's largest primary lead smelting facilities and the third largest silver producer, which allows it to generate significant economies of scale.

The Port Pirie redevelopment project, started in 2013 (feasibility studies), involved the conversion of the Port Pirie operations into an advanced metal recovery and refining facility enabling the facility to capture a greater proportion of the value contained within the feed material consumed by its global network of smelters as well as third party residues. Moreover, it aims to reduce environmental footprint, providing a step change reduction in airborne metal and dust emissions.

The redevelopment of the Port Pirie smelter was commissioned in January 2018. The smelter encountered some technical difficulties during the first months of its operation, including some technical process bottlenecks, which resulted into a reduction in free metal extracted from the feed processed by Port Pirie and periodic production outage. In August 2019, an incident occurred with the hearth in the primary smelter which resulted in a forced shut down. The issue was related to the bricks that line the Top Submerged Lance ("**TSL**") furnace as those had been prematurely fatigued due to the thermal expansion and contraction of the bricks that had occurred over the past twelve months with the increased number of starts and stops caused by planned and unplanned outages. The company decided to stop the TSL furnace for approximately 3 months to manage the re-bricking.

In November 2019, the Port Pirie smelter was restarted and the site returned to full production. The recent investments and refurbishment of the primary TSL are progressively resulting in further reduction in emissions, improved operability and contributing to more stable operations at the plant. In 2020, the Port Pirie smelter raised production to its design rate on several occasions and is now on course to reach availability targets in 2021.

Operational and financial issues – 2019 restructuring process

The Group became a significant shareholder of Nyrstar Group within 1.5 years, acquiring its shareholding through various acquisitions between October 2014 and February 2016, to finally reach an approximately 24.4 per cent. stake. The Group has had commercial arrangements with Nyrstar since its inception in 2007 and longer term-structured arrangements since acquiring a substantial shareholding in the company during 2015.

In 2018, Nyrstar was impacted by a number of operational and financial issues which negatively affected its performance, including:

- cost overruns and delays in the completion of the redevelopment of Port Pirie smelting facility and subsequent ramp-up;

- delays in restarting operations at the Myra Falls mine and weak operating performance at the Tennessee mines;
- historically low TCs for zinc and lead concentrate over 2017 and the first six months of 2018 (see below); and
- increased energy costs with respect to the smelting operations in Europe and Australia.

In 2019, the company was burdened with an unsustainably heavy debt load due to overexpansion and encountered increasing financial difficulties. This significant deterioration of operational and financial performance lead to a loss of market confidence and available liquidity and necessitated a fundamental capital restructuring. After several months of negotiation, the Group became 98 per cent. owner of the holding company of the operating business of Nyrstar, now a non-listed company, consolidated within the Group's balance sheet, effective as at 31 July 2019.

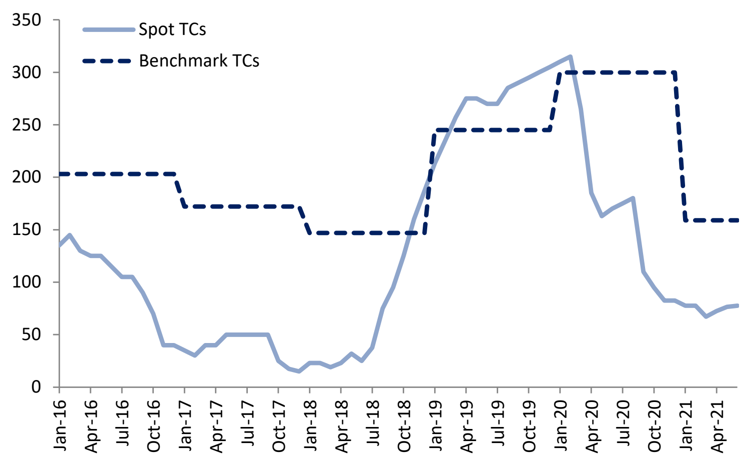
As a part of the restructuring and in exchange for the discharge of the Nyrstar's obligations under its previous outstanding bonds and convertible notes, the Group provided to the Nyrstar's bondholders and convertible noteholders a pro rata share of each of the following instruments: (i) EUR 262.5 million perpetual resettable step-up subordinated securities issued by TGPL; (ii) USD 88 million guaranteed senior notes issued by TSFA; and (iii) USD 251 million zero coupon commodity linked instruments guaranteed by the Group's entities (TPTE, TTLLC and TGPL). Nyrstar also negotiated long-term bank financing with its bank creditors, including the reinstatement of financing facilities and completion of a USD 160 million new money facility, to ensure sufficient liquidity resources to operate the company on a long-term basis and permit higher smelter utilisation rates. This restructuring strengthened Nyrstar's balance sheet with a material reduction of its indebtedness considering the haircut on banks lines and investors notes.

Positive market fundamentals

The Group acquired the operating assets of Nyrstar, as part of the restructuring, with a view to avoiding Nyrstar's insolvency and to protect its original investment, having determined that its global industrial multi-metal business is complementary to the existing trading activities of the Group. The Group sees significant potential in the company, which benefits from world class facilities and a market leading position in zinc and lead and which should be well positioned for growth following the completion of the redevelopment of Port Pirie in Australia, alongside other operational improvements across the zinc smelters.

The Group's support to Nyrstar is first and foremost driven by a positive outlook for zinc smelting which should support the improvement in the Nyrstar's profitability. A conducive market backdrop at the time and a significant increase of spot zinc TCs that climbed from a low of USD 20/tonne early 2018 to more than USD 300/tonne in January 2020, improved operational profit. Zinc TCs recovery in 2018 was due to a combination of rising mine supply and limited smelter capacity. The reduction of smelting capacity was as a result of a radical shift in the environmental policy supported by China as part of their new 2020 action plan for air pollution. Zinc smelting is less environmentally friendly than copper smelting because of larger proportions of noxious fumes and lead as by-product. Chinese authorities implemented a reduction of zinc smelting capacity in the country by introducing more stringent rules for smelters to operate. As a result, a number of zinc smelters in China were forced to shut down or significantly reduce their production.

ZINC TREATMENT CHARGES: JAN. 2016 – JUNE 2021 (USD/TONNE)



Source: Fastmarkets MB, Trafigura Research

The drop in spot TCs during the year 2020 was a direct result of the COVID-19 pandemic, with a significant drop in refined metal's demand during first half of 2020 following quarantine measures implemented in China early in the year. During the second half of 2020, the strong restart of the Chinese economy resulted into consistent demand for zinc concentrates from smelters, while supply was limited due to disruptions at numerous mines across the globe. This drove spot TCs further down, to approximately USD 85/tonne around calendar year-end. However, with numerous important zinc mines back in operation, limitations on concentrates supply should decrease in 2021, resulting into a rebound in TCs.

As a mitigant to the volatility of spot TCs, similar to other major players in the zinc market, Nyrstar purchases a portion of its concentrate supplies based on Benchmark TCs. This typically represents about half or even more of total supplies, hence limiting uncertainties on costs and, as a result, increasing visibility on future cash flows and liquidity needs.

Beyond this, other factors such as underlying metals prices, foreign exchange rates and lower interest rates (given the company's ongoing working capital requirements) are all currently at attractive levels for this business – e.g. zinc cash price has increased by more than 50 per cent. since the lows of early April 2020, compensating for the relatively low spot TCs environment. The Group has taken advantage of this and implemented a risk management programme, hedging some key macro parameters in order to provide cash flow stability.

Nyrstar restructuring is well underway

As the change of ownership took effect, the Group appointed Daniel Vanin, a seasoned company executive with 40 years' experience in the metals industry, including leadership of mining and smelter development projects, as CEO of Nyrstar's operational business. Other senior appointments followed, including a new CFO, Karl Söderberg, who has more than 20 years of experience in the mining and metals industry. The new management team is composed of a mix of top industry professionals at the Group and Nyrstar, and former employees of the Group.

Nyrstar's management has a strategy aimed at positioning the business for a sustainable future as a leading metals processing business. Through its deep market insight and unique processing capabilities, Nyrstar aims to generate superior returns by extracting the maximum value inherent in the mineral resources and by-products it processes.

To realise its strategy, management has determined the following strategic priorities:

- Maintain Nyrstar's strong safety performance by improving visible safety leadership;
- Optimise the zinc smelters to deliver their full potential, underpinned by operational stability;
- Optimise the Tennessee zinc mines to deliver their full potential; and
- Ramp-up the Port Pirie redevelopment to deliver the guided earnings uplift.

Nyrstar is now headquartered adjacent to its major zinc smelting plant in Budel (Netherlands), nearby Balen and Auby smelters. Beyond the operational rationale, this relocation from Zurich permitted a significant overhead cost reduction. The management is implementing a more decentralised approach, and Nyrstar is being carved into three distinct operating regions: Europe, Australia and North America, each reporting to headquarters on its own profitability. The intention is to drive greater accountability and focus on profit margins.

In its first year consolidated into the Trafigura Group, Nyrstar made solid progress through operational improvements and an investment programme to restore production stability. However, the company showed a net loss of USD 146 million, reflecting the ongoing recovery from financial difficulties of recent years. A key priority for Nyrstar over the year was to restore stable production which had been seriously impacted by the company's prior financial difficulties. Capital investment during the year amounted to USD 280 million, with a similar figure planned for fiscal year 2021. This has enabled Nyrstar to replace important plant and equipment after years of under-investment, and to undertake improvement projects that will generate operational cost savings and efficiency improvements. Such improvements in process stability can already be seen, especially in the European plants.

Now that the company has been fully integrated into the Group, it benefits from the Group's expertise, leveraging the Group's trading teams and best practice in terms of sourcing concentrates and marketing refined metal output and refined products, leading to better plant utilisation and more consistent performance for customers. In 2020, Nyrstar also achieved significant logistical efficiencies, including a shift from road to rail transport in Belgium and the use of containers to move product between Port Pirie and the company's other Australian smelter in Hobart. Also noting the development of a number of solar and wind powered renewable energy projects across a number of Nyrstar sites, some of which being managed by the recent Nala Renewables JV between the Group and IFM Investors.

TFG Marine

Established in 2020, TFG Marine is a marine fuels supply and procurement joint venture between the Group and ship owning companies Frontline Ltd and Golden Ocean Group Ltd. The joint venture brings together three companies that are market-leaders in their respective fields, each with solid credentials and complementary strengths in global commodity trading and shipping.

The combined marine fuel demand from the Group, Frontline and Golden Ocean, covering a fleet of some 700 owned and chartered vessels, provides economies of scale and lays the foundation for TFG Marine to become one of the world's largest fuel procurement and supply alliances, generating substantial demand in key bunkering hub ports globally. One of the key focusses of the company is to improve transparency in new markets and provide customers with more sustainable marine fuels.

TFG Marine offers a variety of IMO 2020 compliant fuel products to the shipping industry, including marine gasoil (MGO), 0.5 per cent. very low-sulphur fuel oil (VLSFO), 0.1 per cent. low-sulphur gas oil (LSGO) and high-sulphur fuel oil (HSFO) for ships with on-board scrubbers. By the end of 2020, the company's rapidly expanding offer included a range of advanced marine biofuels to customers in the ports of Amsterdam-Rotterdam-Antwerp.

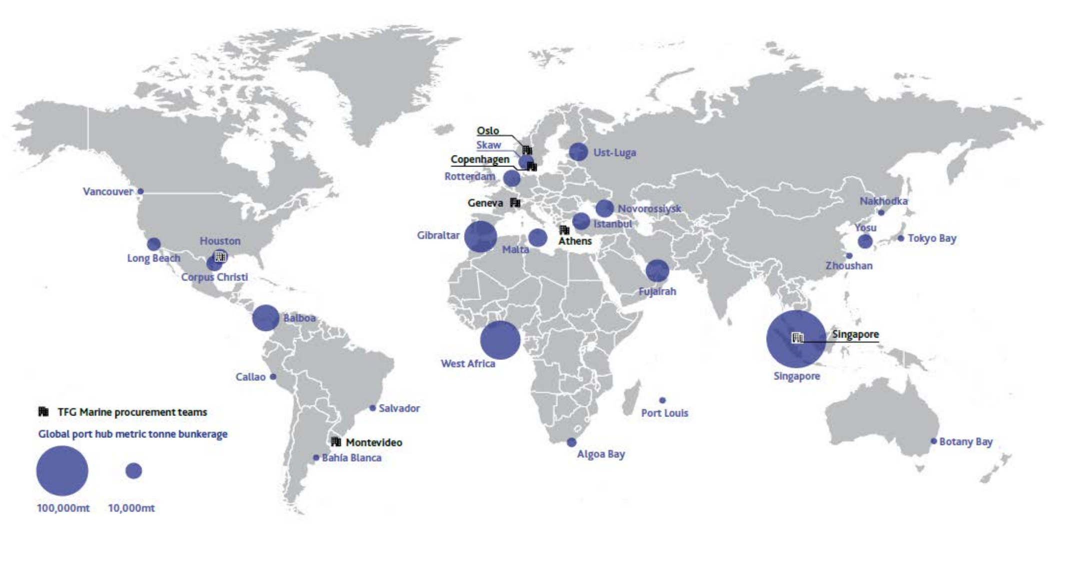
The company has been rapidly scaling up its global footprint over its first year of operations and plans to grow volumes significantly during fiscal year 2021. It currently has arrangements in place covering bunkering operations in Singapore, South and West Africa, Panama and Ecuador, with plans to announce further developments in Asia (mainly China and South Korea), as well as in Europe (Mediterranean) and the Middle East.

On the procurement side, the company is purchasing approximately 250,000 metric tonnes of fuel per month in over 250 key bunkering ports globally. On the supply side, by the end of September 2020 fiscal year, less than eight months after inception, TFG Marine was operating in 12 physical bunkering locations supplying 540,000 metric tonnes of marine fuel per month, or 6.5 million metric tonnes per year globally, equating to approximately 300 trades per month. Over the first half of 2021, TFG Marine has added two physical bunkering locations to its offer (hence a total of 14), with a targeted volume of approximately 9 million metric tonnes for the year.

A particular highlight of 2020 was obtaining a bunkering licence in Singapore in May. The city-state represents close to 20 per cent. of the world's bunker market and, of course, there are also internal synergies within the wider Group that make it a key location. From May to September, TFG Marine delivered close to 600,000 metric tonnes of volume in Singapore. By the end of 2021, the company is aiming to have grown these volumes to over three million metric tonnes.

With the appointment of Rasmus Bach Nielsen, Trafigura Global Head of Fuel Decarbonisation, to the TFG Marine board, the company is also focussing on accelerating its initiatives to reduce the carbon footprint of its own and industry-wide maritime fuel use. TFG has already started sea trials to demonstrate the safe and effective use of a various blends, with the intention to expand those sea trials in 2021 to test the use of sustainably sourced, lower-carbon alternatives on maritime vessels.

TFG MARINE'S GLOBAL PROCUREMENT PLATFORM



Galena Asset Management

Galena is the private investment arm of the Group, which has been providing investors with specialised alternative investment solutions in the energy, metals and minerals space through Private Equity Funds and Private Investments since 2003. Galena's strategy is to identify mispriced assets that have a strong potential for growth globally, relying on the Group's technical, commercial and financial resources to extract maximum value whilst managing the downside risk. The company has been regulated since 2003.

The Resources Fund raised USD 400 million in 2013 to invest in the equity and debt instruments of metals and mining companies, of which the Group has committed USD 100 million pari-passu to external investors. To date it has invested in a number of assets in the DRC, the United States and Finland. The fund became fully invested in 2017, holding positions in a number of assets in the Democratic Republic of Congo (Mawson West copper mine), the U.S. (bituminous coal producer Wolverine Fuels) and Finland (zinc, nickel and cobalt producer Terrafame). A successor fund was established in 2018, Terrafame II Investment Vehicle, to undertake a second investment in Terrafame, with the aim of adding a new production unit for nickel sulphate, a product in growing demand for use in batteries for electric vehicles. This fund closed with investment of USD 225 million during 2019.

In addition, in November 2018 the Galena Multistrategy Fund was established with an initial allocation of USD 45 million to invest in liquid, commodity-related strategies across multiple asset classes. Separately, in line with the Group's investment programme in the renewables sector, Galena is working with the Group to provide investment opportunities in this area for external investors.

Galena Asset Management is regulated by the Swiss Financial Market Supervisory Authority (FINMA) and is carefully monitored by its own dedicated internal compliance department and supported by an external compliance consultant.

Terraframe

In February 2017, Galena Private Equity announced a 15.5 per cent. stake in Terrafame, a Finnish nickel, cobalt and zinc miner, via a EUR 75 million investment and a EUR 75 million trade finance loan. The operation has a large mineral resource of almost 2 billion tonnes, and mine life based on reserves of approximately 20 years. As part of the transaction, Galena took 2 out of 7 board seats for greater oversight and performance management, while the Group was granted the offtake of 100 per cent. of nickel precipitates and 80 per cent. of zinc precipitates produced over the next seven years. In November 2017, Galena increased its stake in Terrafame to 28.7 per cent. via a USD 100 million equity investment and additional funding package was announced to support the investment in a processing plant that will produce nickel and cobalt sulphate for use in electric batteries. This second investment was channelled through a USD 225 million special purpose vehicle, separate from the Private Equity Resources Fund. The ramp-up of production at Terrafame proceeded according to plan in 2018 and a feasibility study was concluded on the nickel sulphate plant. Also, at the time, the Group and Terrafame agreed to extend the offtake agreement concerning the zinc sulphide precipitates to 2027 and negotiated new commercial arrangements for future nickel and cobalt sulphate products.

In 2019, metals production reached budget levels and the construction of the nickel and cobalt sulphate production unit started. In 2020, the company performed well, continuing to deliver strong growth on all fronts, with improved production, higher net sales and stronger profitability. Terrafame has also reached an agreement with Galena and its other investors on funding arrangements and further financing to ensure the continued development of its operations during the uncertain market conditions and to finalise the implementation of the nickel sulphate project.

VII. THE GROUP'S CAPITAL EXPENDITURE AND LONG-TERM EQUITY INVESTMENT PROGRAMME

The Group's capital expenditures and long-term equity investment programme ("**Capex**") is mostly related to infrastructure projects within the Group's industrial asset divisions (in particular Impala Terminals, the Mining Group and, starting in 2019, Nyrstar) and more recently, in the form of joint ventures and partnerships including some that are specifically related to the development of the trading business. The Group's Capex is largely of a discretionary nature, except for the approximately USD 250 million in yearly maintenance Capex at Nyrstar since the company's consolidation, providing visibility on the Group's liquidity requirements.

The Group has invested significant resources to develop its physical assets portfolio over the years. The Group's strong performance and solid track record have helped open up new opportunities that might not be available to an entity to a smaller size or with a shorter track record. The assets often contribute on a standalone basis to the Group's earning power, but also offer significant synergies with the Group's trading activities, creating opportunities that would not otherwise be available to the Group and supporting business development. These divisions enable the Group to generate stable and recurring revenues irrespective of prevailing market conditions.

The Group's Capex is executed and monitored in accordance with four core principles:

- A favourable assessment of the standalone profitability of each investment, meeting internal return requirements on investment hurdles;
- Beyond a baseline maintenance capital expenditure, certain other elements of planned capital expenditure are flexible and could be deferred if necessary in order to smooth the Group's liquidity requirements. This is particularly true for investments made over several phases and expansionary capital expenditures which can be considered since it is discretionary and uncommitted;
- Over time, Capex has a positive impact on the EBITDA of the Group's industrial businesses resulting from productivity gains, increased volumes and synergies. The speed at which Capex is expected to turn into cash flows is also a key consideration; and
- Maintaining the Group's credit standing with unsecured lenders is achieved by building value in the long run and managing the Group's business and financial profile in a manner consistent with that of an investment grade company. There is management oversight over the Group's Capex plan, ensuring that the impact of such spending would not compromise the Group's compliance with its financial covenants.

Investments in fixed assets and equity investments can be monetised to generate liquidity for the Group. The Group has demonstrated over the years its ability to make divestments. For instance, this has included the sale of:

- mining assets (Volcan, Anvil, Tiger, CMC and 50 per cent. of MATSA);
- equity investments (Corpus Christi Holdings, Chinalco Mining, Mexican Tuxpan pipeline);
- portions of its stake in Puma Energy in 2011 and 2013 to existing minority stakeholders; and
- some of Impala Terminals' logistics assets to a joint venture with IFM Investors (the Simba JV) in 2018.

These sales have generated substantial cash flows and profits for the Group and validate the Group's strategy of investing in industrial and logistical assets to support its trading business and generate new revenue streams. The transactions also demonstrate the Group's rigorous approach to managing its portfolio of asset investments, using capital in a disciplined manner and releasing value when the opportunity arises to recycle capital into new projects with a view to creating further profitable growth.

In the fiscal year 2016, the Group reached the end of an intensive cycle of investments in industrial and logistical assets and accordingly booked a reduced level of Capex. The Group's Capex (net of divestments) amounted to USD 265 million in fiscal year 2020, compared to USD 285 million and USD 95 million in fiscal year 2019 and fiscal year 2018, respectively – in each case, well within the stated budget of USD 500 million. Such reduced Capex supported the Group's deleveraging plan. The Group however continued to invest in assets that offer opportunities, where appropriate, firstly in the form of joint ventures and partnerships. The Group seeks to expand its business and trading flows with a partnership oriented growth model, as opposed to the full asset ownership model that had been pursued in the past.

Over first half of 2021, for the first time in years, net Capex was well above the threshold of USD 500 million set by the Group back in fiscal year 2017 due to the Vostok Oil investment. This decision was made following an exceptional cash flow generation in fiscal year 2020 of approximately USD 4.0 billion, which continued over the first six months of fiscal year 2021. Despite this significant acquisition, Operating Free Cash Flow (defined as operating cashflow before working capital changes, minus net interest paid, tax and net cash used in investing activities) for the period was still positive, at USD 427 million.

The Vostok Oil Investment

On 30 December 2020, the Group announced the acquisition of a 10 per cent. stake in Vostok Oil, a major new oil and gas company from Rosneft, through a wholly-owned entity of the Group. This investment provides the Group with access to a world-class, major, new onshore oil-producing region in Siberia's Taymyr province, comprising the Vankor and Payakha clusters, with an estimated 6 billion tonnes of high-quality crude oil resources. It also builds on the longstanding commercial relationship between The Group and Rosneft, providing access to long-term offtake supply of crude oil, including from Vostok Oil.

Rosneft is an experienced operator of onshore conventional oil and gas production and is already safely producing at the fields of the Vankor cluster, demonstrating high efficiency indicators. The company is using conventional oil extraction methods with a low-carbon footprint compared to industry averages (e.g. by minimising flaring, which accounts for the lion's share of upstream emissions), and will develop the significant Payakha cluster to provide a substantial new source of high-quality hydrocarbons. The crude oil produced by Vostok Oil is a highly attractive for commodity traders due to its guaranteed high-quality (in terms of sulfur content and density) with no domestic blending required and the ability to load large vessels, which can be shipped both east and west via the Northern Sea. Very few similar opportunities exist globally.

The Group believes there is structural under-investment in new sources of crude oil that will be required for some years to come to support the world's energy needs as it transitions to zero and low-carbon sources of energy. Lower cost, high quality sources of crude will be vital to supply human needs and to ensure the world can afford the transition to renewable and sustainable energy, even under a Paris Agreement aligned pathway that limits increases in global temperatures to 1.5 °C.

Rosneft's stated strategic goal is to become one of the world's leading oil and gas producers when ranked by key environmental and industrial safety metrics. It has set a target to reduce per unit greenhouse gas emissions by 5 per cent. by 2022 and to become a top quartile producer in terms of lowest greenhouse gas emissions intensity for upstream oil and gas, compared with leading global peers. The company operates to international standards (including at the Vankor operations): for example, its environmental management systems are compliant with ISO14001 standards and Rosneft is a signatory to the UN Global Compact and a constituent of the FTSE4Good Stock Index and SAM Sustainability Index. The Group will report Vostok Oil emissions within its Scope 3 emissions, proportionate to the 10 per cent. investment (i.e. the Group will report 10 per cent. of Vostok's Scope 1 and 2 emissions as Scope 3).

The Group is a minority shareholder in Vostok Oil, with no input into operational management or governance. The EUR 7.0 billion acquisition of a 10 per cent. holding in Vostok Oil has been financed by an equity investment of EUR 1.5 billion, with the balance of the investment supported by a EUR 5.5 billion loan provided by a consortium of banks. Such loan is provided to CB Enterprises as the borrower and is not guaranteed by any other The Trafigura group members (i.e. non-recourse). There is no commitment by the

Group nor any contractual obligations for The Group to contribute to future capital expenditure requirements of Vostok Oil.

The Group conducted technical, financial and legal due diligence in advance of the acquisition and obtained external legal advice to confirm that the transaction complied with all applicable regulations, including sanctions.

VIII. INDUSTRY OVERVIEW OIL MARKET

Crude Oil

Crude oil is a major commodity traded on the international markets. There are numerous derivative products obtained from the processing of crude oil which are also useable and tradable, including gasoline, naphtha, fuel oil and bitumen. Gasoline and distillates are the most widely traded refined products, in terms of volumes traded.

The physical global supply and demand of crude oil determines its long-term price, like all commodities. However, given crude oil's role as one of the world's key economic drivers, its short-term price can become especially volatile due to geopolitical events, financial positioning, macro-economic developments and regulatory changes. These events can quickly shift the short-term supply and demand fundamentals causing a sharp price response.

The physical supply of crude oil is born from exploration and production projects that are executed by national energy companies, like Saudi Aramco, or private enterprise, which can be independent or integrated energy companies, like British Petroleum (BP). Oil producing nations are often differentiated as being part of the Organisation of the Petroleum Exporting Countries (OPEC) or not (non-OPEC). As at end of 2018, OPEC countries held approximately 79 per cent. of the world's proven oil reserves (with the bulk of those reserves located in the Middle East), but they only accounted for around 40 per cent. of the world's oil production and possessed less than 15 per cent. of the refining capacity.

Although there is no consolidated data available regarding total volumes handled by traders, the Group's market experience indicates that between 50 to 60 mmbpd are "freely" traded, which equates to just under half of the total market volume. These are volumes on the "tradable market", i.e. volumes that are not handled by producers directly to consumers. The tradable market holds significant opportunities for companies engaged in the physical trading of oil, such as the Group, Vitol and Glencore. Over the fiscal year 2020, the Group traded an average of 5.6 mbpd of physical oil and petroleum products.

There exists hundreds of different varieties or "grades" of crude oil, which are valued differently by refiners due to their chemical compositions and yields of refined products from the refining process. The pricing of the many varieties of crude oil amongst buyers and sellers is done basis premiums or discounts to a much smaller number of "benchmark" crude oils. Benchmark crude oils include Brent crude oil ("**Brent**") Dubai, and West Texas Intermediate ("**WTI**"). Brent crude is estimated to price two thirds of internationally traded crude oil supplies, which is why a major international event is typically reflected in the price of Brent futures in the short-term. Dubai crude is used as a benchmark to price crude oils sold from the Arab Gulf into Asia. WTI is the benchmark for sales into the United States and is often compared to the price of Brent as a price differential. More recently, the Shanghai crude futures were introduced to represent an Asian benchmark.

The vast majority of crude oil is refined into various fuel products, and a small fraction is used to produce chemicals, which are the basis for the petrochemical industry, which includes plastics, pharmaceuticals and cosmetics.

Oil Products

Global oil refined products ("**liquids**") demand growth generally trends with global economic growth given its role in the industrial, construction, and transportation sectors. Looking at the past twenty years, this trend has mainly been upwards except for the years of 2008 and 2009 when consumption of energy fell because of the global economic recession. Even then, the upward trend quickly resumed in the years that followed those two years of liquids demand contraction. A sizeable boost to oil liquids demand occurred in the years that followed 2015 as lower priced motor fuels benefited consumers in the OECD countries, plus China and India. This was a result of a sharp fall in the price of crude oil that began in late 2014, which trickled down to the prices of refined products, particularly gasoline and diesel. Since the lows in early 2016, a slow rise in oil price has occurred, but refined product demand growth continued while the world witnessed robust in-sync economic growth in 2016 and 2017 headlined by OECD countries. However, as central banks responded to economic strength with higher interest rates and oil prices climbed higher on tighter supply and demand balances, fears of refined product demand erosion started to arrive in 2018. The addition of a trade war narrative between the United States and China escalated the fears of economic decline quicker than originally surmised by the market.

The response of oil liquids growth from global GDP growth has weakened, reflecting the increased use of alternative fuels types and improved efficiency. Oil liquids consumption increased by approximately 1.4 per cent. (compounded annually) since 2004, compared with a Purchasing Power Parity weighted increase in global GDP of 5.9 per cent. Over recent years, a 1 per cent. increase in global GDP has resulted in oil liquids consumption increase of approximately 200,000 barrels per day. Growth for oil liquids demand is now concentrated in non-OECD countries, where the growth and market share has overtaken OECD countries and will continue to do so.

Refining Capacity and Other Fundamental Factors

A clear view on refining capacity helps to shape the forward view on crude oil demand and refined oil products supply. For example, refining capacity becomes a bottleneck when crude supply is sufficient but oil products demand outstrips the production capacity able to supply oil products demand. The historic pattern has been that when demand for refined products increases at a rate greater than additions in refining capacity, refining margins widen to incentivise additional refining capacity growth. Conversely, when additions in refining capacity exceed the growth rate in demand for refined products, refining margins contract to incentivise capacity rationalisation.

Other oil market fundamental factors include environmental seasonality and weather events, which can affect price similar to geopolitical risks given the unpredictability of such events. Cold weather regions experience a boost in demand for heating products. Surprise weather events, like hurricanes, can greatly affect both the production of crude oil and supply of refined products simultaneously, as offshore rigs and refineries need to be “shut in” in the Gulf of Mexico, creating high price volatility.

On a different scale, factors such as the U.S. Strategic Petroleum Reserve increasing or releasing stockpiles can influence the market within the North American region and beyond.

Although the market for producers and refiners is consolidated, the range of consumers is wide and fragmented. Consumers of products vary from car users to large petrochemical companies, which turn crude and refined products into sophisticated derivatives such as cosmetics. The oil market is also unique in that the versatility of uses for and characteristics of primary refined products means that industrial users can differentiate between their usage of crude and refined products mainly in terms of price and/or availability to produce further refined derivatives.

The Group benefits from this highly volatile environment by being able to make trading plays using its arbitrage expertise, geographical reach, storage blending capabilities and freight options. In addition, the use of financial derivatives provides the Group with the means to enhance opportunities in the market while hedging against outright price risk.

Crude Oil Price Analysis (2012-2020)

Crude oil prices were relatively stable in percentage terms from 2012 to first half of 2014. However, a notable decline ensued in the second half of 2014. Brent fell from USD 115/bbl in June 2014 to around USD 55/bbl in December 2014. Offline production in Libya and Iran masked rapid production growth in North America and other regional gains for some time. But it was Libya increasing its exports in late 2014, in combination with the OPEC’s uncharacteristic decision in late November 2014 to not limit production, which kicked off the rapid sell-off.

Prices recovered some 25 per cent. from early February until May 2015. This led to significant forward hedging by producers, which had been able to bring their costs down such that they were profitable at those levels. Producer hedging meant that production that was previously at threat of being turned off was able to keep going, adding supplies to the market, which put significant downward pressure on prices. By December 2015, Brent fell to USD 36.1/bbl, its lowest point in the 7-year period post-financial crisis, following news that OPEC would continue producing at will in order to defend market share and push out higher cost producers such as the US.

The price environment worsened following the removal of sanctions on Iran, which allowed more supply to flow into the market. It was during this period that there was the removal of the ban on US crude oil exports, which would play a major factor later. In early 2016, the price of Brent crude oil dropped to new lows (of USD 27.88/bbl in late January), levels last seen in November 2003. This price volatility and ensuing fall was detrimental to producers. However, traders such as the Group, can play a vital role in addressing temporary market imbalances by storing surplus commodities and producing a profit in the process. From there, Brent price progressively increased for two years, mainly as a result of a deal announced between OPEC members and non-OPEC producers in late 2016 to cut 1.7 mbpd of production. The main drivers of this cut were Saudi Arabia, Kuwait, UAE, Iraq and Russia (non-OPEC). OPEC members Nigeria, Libya, and Iran all increased their volumes during this time, offsetting the principal cutters. It was Venezuela, which deteriorated because of a failing socio-political environment, which saw its production fell over 1.5 mbpd in this two-year span.

By mid-2018, when crude healthily recovered to USD 75/bbl, OPEC+ (OPEC plus Russia and others) countries decided to reverse course and increase production. This decision was driven in large part by expectations that U.S. sanctions would reduce Iranian oil exports by an amount that would significantly tighten global supplies if OPEC+ continued with their cut. At first, there was no significant market reaction, but strong rhetoric by the U.S. administration in the lead up to the return of Iranian sanctions spurred a crude oil rally to over USD 85/bbl. On the supply side, OPEC+ produced and exported crude oil quantities not seen since December 2016, while US reached record production of over 11 mbpd. Crude oil price fell 40 per cent. in two months (from October to December) to USD 50.8/bbl as crude oil stocks continuously built during this period and technical trading exacerbated the downward move. In 2018, the U.S. Permian Basin alone saw growth of 1.2 mbpd, meaning that if it were a standalone country, it would be the world's eighth largest producer.

The extreme price sell-off forced OPEC+ to revisit their strategy in December 2018 and agreed once again to cut oil production by 1.2 mbpd. This strategy helped crude oil gently climb back to a high of USD 72.8/bbl in mid-April. However, fears of economic concerns from the effects of the US and China trade war quickly sent crude oil back below USD 60/bbl in mid-2019. Nevertheless, this price reaction was relatively dull for such geopolitically significant events. It became evident that the robust US production growth, in addition to a breakdown in talks between the US and China over a trade deal would dominate price action through the summer of 2019 to a range of about USD 60/bbl.

On 14 September 2019, the 7-mbpd oil processing facility in Abqaiq, Saudi Arabia was attacked by drones, essentially shutting off approximately 7 per cent. of global oil production. Oil price briefly spiked 20~~%~~ per cent, or nearly USD 11/bbl, at market open marking its biggest jump in 28 years' time before settling 10 higher, or USD 6/bbl, at around USD 66/bbl. It was a significant moment for Saudi Aramco as it was in the process of its launching the company's IPO and the world watched as it quickly handled the situation given the magnitude of the event shifting physical crude oil cargoes and restarting production in just weeks' time. Crude within a month's time fell back to levels before the event took place as the main themes of trade war and US production growth hampered a constructive flat price view, knocking it back below USD 60/bbl again. As the year of 2019 closed, the US and China trade talks took a positive turn with an announcement of a Phase 1 deal and crude oil traded back to around USD 65/bbl.

Heading in 2020, the macro backdrop was finally looking more positive. In addition, the Middle East suffered its latest dramatic geopolitical event with the killing of Iran's critical General Soleimani, which again whipsawed crude oil price up to around USD 70/bbl as fears of a US and Iran full blown war seemed imminent. But, as Iran responded in minimal fashion, and President Trump held a news conference that tempered fears, crude oil price fell back to levels before the death of Soleimani, trading again around USD 65/bbl.

But, that was pre-COVID. Just as the year was getting started, reports emerged of a new virus spreading rapidly in Wuhan, China, leading to the authorities locking down first the city, then the province and eventually the whole country. The virus nonetheless spread outside the country's borders, leading to a global pandemic the likes of which the world has not seen since the 1918 Flu Pandemic. As of this writing, the global death toll is in the millions, with many tens of millions more having suffered from the virus. As a result, governments around the world put in place strict curtailments on movement and economic activity in a bid to halt the spread of the disease. Due to the unprecedented shutdown of movement as a result of the COVID-19 pandemic, the sharpest ever fall in oil demand occurred, approximately 20-25 per cent.. Prior to the shutdowns, OPEC+ failed to agree on new production quotas, which meant every member was free to ramp up production to their operating limits, which they promptly all did. That ramp up to record high supply just at the time that demand was hitting record lows meant that inventories began to pile up rapidly, reaching maximum limits in some areas. In the US, at the main delivery point for WTI, the main marker grade, the Group saw negative prices for the first time, as the physical requirements for storage exceeded available capacity and therefore prices needed to incentivize flows to move elsewhere.

Negative prices were the signal that oil producers needed to curtail supplies. The result was a historic agreement between OPEC+ and other major producers including Brazil, Norway, Canada and Mexico, to reduce supplies by at least 10 mbpd (approximately 10 per cent. of the global oil market). While the US did not join in the agreement, low prices (and, later in the year, storms in the Gulf of Mexico) forced many producers to reduce production in any case, removing almost 3 mbpd at the lowest point.

Producers kept these cuts in place for the most part throughout 2020, even as demand started to slowly rebound. Although jet fuel demand in particular remains at least 50 per cent. lower than its level heading into the pandemic, gasoil and gasoline have both recovered most of the ground lost due to the pandemic. However, this is still a market that is recovering, and normal seasonal variations and a second wave of restrictions and rising cases in Europe and the US have seen demand fall again, albeit by much smaller margins than previously.

Shale Revolution Gas Side Effects and Opportunities

In addition to crude oil, increased US shale gas production has had an effect on natural gas market development. In previous years, the natural gas market had been regionally isolated as global transportation of gas proved both difficult and expensive. However, the natural gas production boom from shale exploration has spurred recent infrastructure developments, quickly making the economics of global liquefied natural gas trading increasingly attractive. The Group is well placed as the second largest physical global LNG trader in the world to take advantage of these opportunities as the US and other producing nations use their large reserves of shale gas to produce more liquefied products for export purposes.

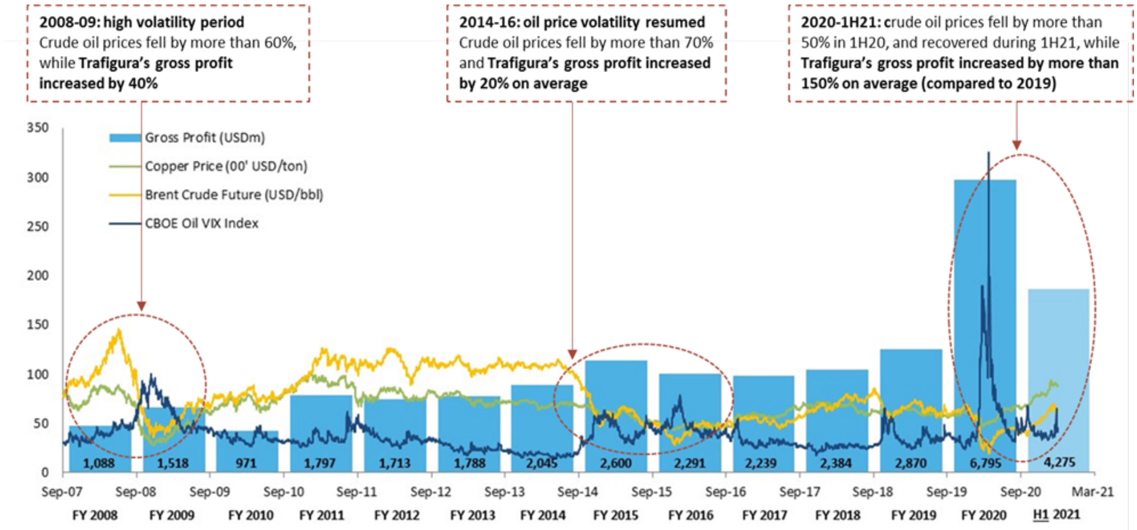
As one of the main structural changes over the past decade, increased natural gas production has garnered greater attention as an alternative fuel source to coal for supplementing world energy demands. The Group continues to believe coal is likely to remain essential to worldwide energy consumption for the next decade. This is especially driven by the fact that drilling costs and associated capital expenditures for shale gas wells in China, the world's largest coal consumer, are too high to justify a quick move away from coal.

Analysis of the Impact of Declining Oil Prices on the Group

From September 2014 to September 2017 oil prices have declined by 40 per cent. and there were points in 2015 when the scale of the fall was even greater. When oil prices hit a trough, history has shown that the energy industry's response is a flurry of mergers and acquisitions. Price crashes in the early 1980s and late 1990s sparked a wave of deal-making that reshaped the industry. A decline in the mid-2000s led the majors to pick up smaller producing companies. Previous consolidations took place after a prolonged slump in crude prices and often during a period of weak energy-stock market valuations. The Group is not active in oil exploration and production.

The Group's business model benefits from volatility in commodities markets and, historically, declines in commodity prices have had almost no adverse effect on the way the Group conducts its day-to-day business. The Group hedges the risk embedded in its physical trade flows and, as a result, commodity price decreases have no impact on the company's profitability. In fiscal year 2020, the exceptional trading performance of the Group was mainly driven by substantial volatility in commodities markets due to the COVID-19 pandemic and the emergence of contango forward price curves during the year, while oil prices fell by more than 50 per cent. during first half of 2020. Such trend has been clearly demonstrated since the Group's inception, through historic oil price crashes, e.g. 2008-09 and 2014-15, as presented in the chart below. At times like these, the Group's expertise in solving disconnects in global markets between supply and demand becomes more relevant than ever.

RESILIENCE IN A VOLATILE COMMODITY MARKET



Source: - Company information: Gross profit figures exclude Puma gross profit for all years

- Public market data (Bloomberg): Brent – Generic 1st Crude Oil future ('CO1 Comdty') // Copper – LME cash price ('LMCADY Comdty') // CBOE Crude Oil ETF Volatility Index ('OVX Index') measures market's expectation of 30-day volatility of crude oil prices by applying the VIX® methodology to United States Oil Fund (USO) options spanning a wide range of strike prices

Note: Gross profit for first half of 2021 and 2020 includes the impact of IFRS 16 amounting to +USD 518m and +USD 997m, respectively

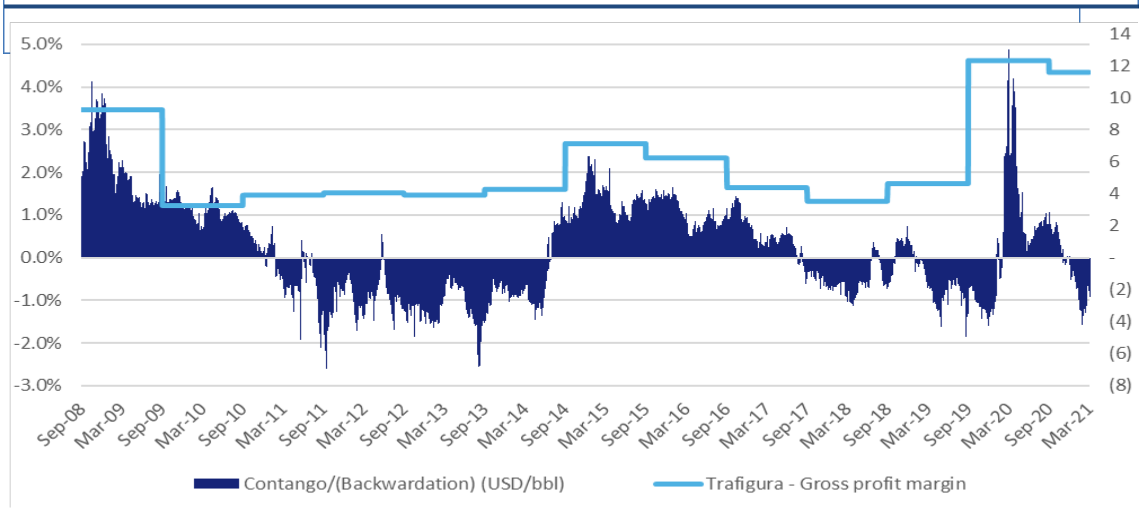
The Impact of Contango and Backwardation

In a contango market, where forward prices are higher than current spot prices, The Group is able to buy and place cargoes in storage whilst selling the equivalent forward contract. As long as the cost of the transaction, which includes storage, insurance and financing, does not exceed the price differential between the forward and spot rates, the Group is able to lock in profit with very little risk. In the past year, primarily driven by falling inventories and increased producer hedging activity, we have seen the global oil market forced into backwardation, i.e. when futures prices fall below the current spot price. In the scenario when a switch from contango to backwardation occurs, commodity traders often experience an impact on profit margins, as it takes time to unwind storage positions that had been attractive when forward prices were higher than spot.

Conversely, with the price curve showing a steep contango for much of the year, 2020 was a favourable environment for physical commodities trading, and the Group was able to deliver a record trading profit for the year. The contango structure reached a peak in the oil market as at 31 March 2020 with a differential between one-month and six–month futures reaching USD 13 per barrel, allowing the Group to generate a significant gain over the cost of carry.

The below chart demonstrates the impact that the move from contango to backwardation, and vice versa, has had on the Group's gross profit margins over the last thirteen years.

THE IMPACT OF CONTANGO AND BACKWARDATION



Source: Public Market Data, Trafigura Research. Contango / (Backwardation) graph is calculated by subtracting CO1 (Generic 1st 'CO' Brent Future) from CO6 (Generic 6th 'CO' Brent Future) – Gross profit for first half of 2021 and 2020 includes the impact of IFRS 16 amounting to +USD 518m and +USD 997m, respectively

IX. METALS AND MINERALS MARKET: RECENT MARKET DEVELOPMENTS

Industrial metal prices have historically been volatile, reflecting the swings in the global economic cycle, often exacerbated by stocking and destocking cycles, supply-side changes and inflows and outflows of short-term and long-term speculative and investment flows. The key driver, however, remains the economic cycle and price movements which in recent years have reflected changes in both expectations and outturn growth.

Prices in the metals markets have seen similar levels of volatility to those seen in the oil markets, although metals have generally been slower than oil to react to weakness in China, the world's largest commodity market. From early 2015 until mid-2016, prices moved downward quite substantially before experiencing a surge, similar to oil prices, in 2017. As with oil, capacity had been ramping-up in the expectations of strong demand from China, only for that capacity to come on just as demand slowed. However, unlike in the oil market, metals producers reacted quickly to the lower price environment by announcing supply cuts in key metals. This has helped keep a floor under prices. As with oil, demand growth will have to do its part to help rebalance the market.

In 2018, global economic growth generally maintained its momentum, underpinning a decent year in terms of commodity demand growth. Despite rising interest rates, emerging market turmoil, geopolitical issues, a stronger US dollar and higher commodity prices, growth was above historic averages and was broad based across geographies and product types alike.

Growth in 2019 was a different matter as it was markedly weaker across commodities. The headwinds from the trade war between the US and China as well as lingering after-effects from the US Federal Reserve's tightening cycle over the previous years meant that demand globally slowed considerably. Global trade contracted for the first time since the 2008 global financial crisis, and vehicle sales, a significant contributor to demand across numerous commodities, fell sharply in every major market.

As with the oil market, heading into 2020, the ceasefire in the trade war and the rolling back of some tariffs, combined with much looser monetary conditions globally in the form of low (or even negative in some places) rates meant that expectations for demand were stronger relative to 2019.

However, just as with oil markets, the advent of the COVID-19 pandemic saw the more positive expectations for 2020 come to a halt. The hit to metals markets was particularly acute in the first stage of the crisis, as it was China that first felt the brunt of the virus and associated halt in economic activity. In oil markets, China accounts for approximately 12-15 per cent. of demand, a material amount. However that is dwarfed by the contribution to metals markets, where for some metals China can account for well over 50 per cent. of demand. As such, metals prices plummeted as stocks grew rapidly. However, that particular exposure to China actually benefited metals markets going the other way, as China exited the pandemic lockdowns much more quickly and effectively than other economies, allowing for a rapid boost to consumption.

Aluminium

LME 3 month forward aluminium prices fell rapidly towards the end of 2014, breaking through their average for the year of less than USD 1,900 per metric tonne (USD/MT) and continued to fall in 2015, reaching its lowest point in November below USD 1,450/MT, with the exception of a brief spike in May 2015 towards USD 2,000/MT. Prices stayed low in the early part of 2016, before beginning a sustained upward rally mid-year, along with the rest of the commodities complex. Prices averaged just under USD 2,000/MT in 2017, but saw a sharp rally in early 2018 to over USD 2500/MT as the result of sanctions being placed on Rusal in April 2018, one of the largest producers of aluminium in the world. Prices then steadily headed downward, trading below USD 2000/MT by the end of 2018 and reaching a low point around USD 1,700/MT during second half of 2019.

New uses for aluminium, including in transportation and in high-voltage electricity grids, have meant that demand both inside and outside of China has been rising steadily, outperforming other base metals in 2015. Similarly in 2016, stronger vehicles sales in the US and Europe in particular contributed to this rising demand as companies such as Ford moved their most popular models to aluminium-based designs.

China, however, moved from being the world's largest importer to being a growing exporter, as low-cost capacity built during the boom years continues to come online and add to global supplies, reversing the dynamic of the last decade to some extent. The shift left the market as a whole in surplus, which combined with significantly lower energy prices, brought prices down to the lowest levels since the global financial crisis. China began reducing aluminium capacity in late 2017, both in response to over-capacity concerns and also to target the atmospheric emissions from the sectors. The result was that the aluminium market begun to tighten for the first time in many years, providing a floor for prices in 2018 and beyond.

The much anticipated environmental closures over the winter of 2017/2018 turned out to have very muted impact on overall production, resulting in a sell-off and a widening of the Chinese export arbitrage, as a solution was sought for winding down the large stock pile of metal built up in the country. Further disruption followed, with the US applying tariffs on the import of aluminium from March 2018, which sent US premiums soaring, and later applying sanctions on the largest shareholder of Russian smelting giant Rusal, which potentially could have left a significant gap in global supply.

Volatility came from raw materials as well, with the world's largest alumina refinery in Brazil having to curtail output following an environmental incident. While this put upward pressure on alumina prices, the raw material cost increase did not fully pass through to smelters, leading to margin contraction. This was felt in China in particular, where curtailed output finally allowed stocks to draw back towards more normalised levels.

Global demand for aluminium contracted in 2019, for the first time in ten years. Weak demand from the automotive sector was primarily to blame, as car sales were weak in both China and Europe over the year. In the preceding several years, the automotive industry had been the largest contributor of demand growth in the aluminium industry. In 2020, car sales were expected to improve and aluminium demand in transport expected to rise. However, the advent of COVID-19 saw demand drop sharply, both in China and in the rest of the world. Aluminium was also far less impacted by supply disruptions, unlike copper and zinc, and therefore inventories built quickly. Coming out of 2020 and into 2021, demand has started to increase, and prices have moved back above USD 2,000/MT for the first time since just after the Rusal sanctions in 2018, but the surplus needs to be reduced further by improved demand.

Looking forward, aluminium continues to see increased use in vehicle light-weighting and in transmission grid build-outs. Unusually, aluminium growth is beginning to be driven more by demand outside China rather than in it, providing a solid base for future growth.

Copper

In 2015, the copper price averaged approximately USD 5,500/MT, just less than 20 per cent. below its previous year average of approximately USD 6,830/MT. The year 2016 saw two distinct phases, with prices remaining around USD 4,700/MT for most of the year, before jumping up to average USD 5,600/MT after the US presidential election.

The steep change upward in prices hinged on hopes for increased infrastructure stimulus from the Trump administration. However, against the backdrop that the last few years had been a situation of oversupply due to increased production and the decline in Chinese demand growth rates, prices declined following the disappointment of the scale of the Trump administration stimulus.

The structural changes that China is experiencing as it moves from an investment-led model to a more consumer-based economy saw copper demand stagnate for most of 2015 in the world's biggest consumer of the metal. Electricity grid build-out in particular was much lower than expected in 2015, due in no small part to an ongoing corruption crackdown that appears to have stymied decision making. Furthermore, as the pace of China's urbanisation slows from breakneck to merely rapid, real estate activity slowed as well, leading to less demand for copper in housing. Over the medium term, the excess housing inventory in China should be absorbed, as workers continue to move from the countryside into cities. As inventories drop, construction activity should begin to pick up.

However, against this backdrop of structural slowing, the Chinese authorities put an unprecedented infusion of liquidity into the economy in 2016, amounting to over USD 3 trillion, with USD 1 trillion coming in Q1 2016 alone. Economic activity was thus given a sharp jolt upwards. Industrial production, real estate activity and infrastructure development all rebounded sharply after the slumps in late 2014 and across 2015. The government then kept liquidity conditions loose throughout 2016 and 2017, allowing economic activity to rebound across the board, boosting demand for copper and other industrial materials.

Suppliers responded to the low price environment by announcing supply cutbacks and project delays which they hope will see them through to a more balanced market. Glencore in particular announced major cuts at the time, totalling some 400,000 MT, but others including Freeport McMoRan and First Quantum, followed suit as well. These cuts, combined with a general rebound in commodity prices due to the proposed infrastructure plan from the Trump administration, meant copper prices rebounded to trade above USD 6,000/MT in 2017. Copper demand in 2017 was mostly boosted by the recovery in Chinese real estate and by an accelerated build-out of the Chinese electricity grid.

Copper then started the 2018 fiscal year strongly, with prices rising to a high of USD 7,200/MT, a level not seen since 2014. The prices then dipped below USD 6,000/MT for a short time before recovering to between USD 6,200/MT and USD 6,400/MT. In 2018, despite concerns about slowing macro-economic trends demand remained healthy and import of cathode were strong. In June 2018, sentiment shifted as concern over the economic slowdown and the impact of deteriorating trade relations with the US led to broad sell-off in commodities.

Mine supply appeared to be tightening for most of 2018, with spot treatment and refining charges dropping to five-year lows in April. However, unexpected smelter outages and generally stronger mine supply led to the market softening into the summer months. On the mining side, expected disruptions due to labour disputes failed to materialise, allowing the concentrates side to stay fairly well supplied and mitigating some of the upside price risk.

In 2019, copper was really driven by the trade war narrative, as prices rose from USD 5,700/MT at the start of the year to a high of just under USD 6,600/MT on the expectation of a possible Chinese stimulus effort to combat the trade war. However, the stimulus did not materialize, and instead the trade war escalated beginning in May. As a result, demand concerns came to the fore, and copper prices fell, reaching a low of around USD 5,600/MT in September. Prices began to recover along with the prospects for a deal on the trade war front, and the temporary resolution reached in December pushed prices back towards USD 6,300/MT as expectations for more positive demand growth and likely tighter supply are painting a tighter market picture. Again, as with all commodities, the brighter macro outlook for Copper was derailed by the impact of COVID-19, as China locked down and demand plummeted. Copper had the additional problem of smelters in China not being able to dispose of sulphuric acid waste (a by-product of the smelting process) due to the restrictions on inter-provincial movement, and therefore the affected smelters had to shut down operations for the duration of the lockdowns. However, while normally that lack of demand from smelters would have meant a surplus of copper concentrate, COVID-19 led to mine closures in Peru, Chile, Mexico and in other copper producing regions, thereby reducing the concentrate availability and keeping that part of the market from going into significant surplus. The refined side of the market was also under pressure, as China rebounded quickly from the lockdown period, thanks in large part to the extraordinary monetary and fiscal stimulus the country undertook, increasing liquidity and boosting infrastructure spending as well as incentivising more consumer purchases, all of which led to much higher demand for the refined metal. As such, global inventories have dropped over 60 per cent. from their level in March 2020, down to the lowest levels since 2008.

The reality of low stocks is running into forecasts for significantly higher demand (from EVs, 5G projects, etc.) in coming years, with a limited pipeline of copper mine projects. This will likely result in a significant copper supply gap that will drive prices higher to incentivise new production.

Lead

Lead finished 2014 at an average yearly low of approximately USD 1,860/MT after peaking at USD 2,300/MT in July. Prices in 2015 averaged just under USD 1,800/MT, before seeing a steady upward climb to average USD 1,900/MT in 2016. In 2017, the average price for lead has been above USD 2,200/MT. The main driver for the price rises was a reduction of primary production in China due to a combination of tight concentrates and environmental pressures. Meanwhile, local demand had grown by 2 per cent., primarily from the battery replacement sector. However, moving into 2018, LME prices eased from USD 2,590/MT in January to around USD 2,000/MT in September. In 2019, lead prices started and finished the year around USD 2,000/MT, reflecting a relatively balanced market.

In lead concentrates, the market transitioned from a tighter supply scenario in 2014 to a more balanced condition throughout 2015. The transition came as a result of the closure of the La Oroya smelter in Peru, which reduced competition for concentrate demand. In 2015, the lead concentrates market was impacted by the Chinese economic slowdown. After two years of stagnation, Chinese demand decreased year-on-year. Since Chinese consumption accounts for up to 70 per cent. of global lead concentrates demand, this led to a softer concentrate market. Similar market conditions to those experienced in 2015 were expected in 2016, with Chinese demand under pressure given financial constraints on consumers and increasing focus on environment impacts. However, lead rallied in 2016 along with other key commodities such as zinc and iron ore, as the expectation for demand growth on the back of a brighter macroeconomic picture boosted price outlooks and that rally continued into 2017 as mine supply constraints tightened the market.

In 2018, lead mine supply showed no sign of recovery after significant decreases in recent years, and the concentrates market remained tight. To add to the pressure, environmental inspections in China targeted secondary lead producers directly. The metal falls within two major categories that face scrutiny from the central government: solid waste and heavy metal. This impacted smelters' ability to produce, while demand has remained strong, driven by replacement battery needs.

In 2019, the market began the year with a very low stock base, particularly in China. Despite a relatively balanced market forecast, sporadic periods of tightness throughout the year were expected, particularly through the higher consumption season. As the year progressed, weak global consumption, exacerbated by Chinese vehicle sales that fell in 15 of the 16 months to September 2019, became the dominant factor, offsetting the unexpected supply disruption from the prolonged force majeure at Nyrstar's Port Pirie operation – which caused lead price to almost reach USD 2,300/MT late October. As a result, at year-end, the market remained balanced.

Lead prices increased at the slowest rate of the major metals in 2020 but fell the least during the peak of the pandemic. This underperformance was not due to the physical market, which tightened into year-end as consumers have begun buying automotives again to avoid taking public transport (due to virus concerns) or because they are moving out of cities and into areas that require driving. The strong rebound in the automotive market, coming also after a weak 2019, has helped tighten lead fundamentals.

Zinc

The refined zinc market presented a difficult environment for trading in 2018, as supplies of both concentrates and refined metal remained tight for much of the year and refined price was backwardated, after showing strong performance in 2016 and 2017 with prices averaging around USD 2,700/MT. As the market tightened, price surged to almost USD 3,600/MT in February 2018 but supply recovered. By the end of September 2018, prices dropped back to USD 2,500/MT. In 2019, zinc prices followed a similar trajectory as copper prices, rising in the early part of the year to over USD 2,900/MT before slumping on weak demand and trade war-related concerns, and falling down to USD 2,200/MT, the lowest levels since 2016. Unlike copper however, prices are yet to fully recover and have continued to trade in a relatively narrow range, in the USD 2,300-2,400/MT level.

Concentrates supply had been constrained for two years as a result of the closure of the Century and Lisheen mines. However, as the year progressed this tightness started to ease as new zinc mine projects came on stream, while smelters within and outside China moved closer to producing at full capacity.

On the demand side, weakness in Chinese construction in 2018, which impacts steel and demand for the iron ore and zinc that go into galvanized steel, also put downward pressure on zinc demand and prices. At the time, the decline in zinc also took lead down. This weakness continued in 2019, but low stocks globally helped keep a floor under prices so did not result in the lows of 2015-2016. While supplies of zinc metal grew in China due to capacity additions, a decline in production from the rest of the world meant that the supply picture was tighter than it might have otherwise been, helping to keep the market relatively more balanced in the face of weak demand (including in the automotive industry).

After closing at a 4-year low in March 2020, at USD 1,815/MT, zinc prices rebounded with the general recovery, reaching a high just under USD 3,000/MT in early January 2021 (at USD 2,888/MT). While the zinc market remains in surplus, a rebound in demand due to rising automotive sales and infrastructure spending has helped reduce the surplus and push prices higher heading into 2021.

Looking ahead, global zinc consumption is estimated by Wood Mackenzie to grow by 4 per cent. in the medium term. The market expects the increased demand to be met by increased Chinese supply as very few new viable pure zinc mines exist and new mining prospects have proven to be highly capital intensive. Smelting capacity is also limited, particularly in the short term, meaning that even though concentrates look to be well supplied, refined metals prices are likely to be strong.

Nickel

After falling by 50 per cent. in 2015, nickel prices proceeded to rally over 40 per cent. after the Philippines announced limits on nickel mining activity. The ban has constrained the market supply, especially in China, of high quality nickel ore with no natural market substitute readily available. As such, LME nickel inventories decreased markedly and prices have endured significant bouts of volatility.

Supply growth in China has been constrained by environmental policy-related restrictions, leaving Indonesia as the main source of new nickel units, almost exclusively in the form of nickel pig iron. Longer-term concerns over the availability of supply were tempered somewhat by the announcement of low-cost, Chinese-led, high pressure acid leach projects. The feasibility of these plans remains is uncertain and the speculative community has turned against nickel for now.

In 2018, the nickel market saw its third consecutive year of significant deficit, with exchange stocks down by 350,000 tonnes from their peak in Q4 2015. In 2015, nickel was the hardest hit amongst the non-ferrous metals group over the year. Nickel inventories rose substantially on the back of weak demand, substantial de-stocking of stainless steel and less supply disruption than had been anticipated due to the ban on ore exports from Indonesia, leading to a price correction. The lowest point was reached in November 2015, at USD 8,300/MT. Over 2016 and 2017, stainless steel production recovered, allowing stocks to draw and nickel has traded in a range of USD 9,000/MT to USD 13,000/MT. In 2018, nickel traded in a range USD 10,750/MT to USD 15,750/MT with the peak price reported in June 2018, after which prices slipped all the way to USD 10,750/MT. Nickel prices then increased to USD 18,000/MT in mid-year on the back of supply restrictions imposed by Indonesia, but then fell to USD 13,000/MT as the impact of the supply restrictions appeared to be less serious than first anticipated.

On the demand side, stainless steel production was strong over the year, although worries about an economic slowdown in China hurt consumption and prices later in the year. Asian stainless steel markets felt the pressure of rising low-cost Indonesian exports more broadly and the further addition of Filipino and Indonesian stainless steel capacity remains a key risk factor.

Battery demand continued to grow at a healthy rate. Electric vehicle production and sales beat consensus expectations, with China leading the increase in adoption rates. Despite the impact of the virus, nickel prices performed very well in 2020, coming into the year around USD 14,000/MT, falling to just under USD 11,000/MT during the peak of the virus but then rising steadily to end the year, and trading above USD 18,000/MT to start 2021. This is being driven by increased electrical vehicles battery demand, as well as a rebound in stainless steel demand, although going forward it is the battery demand that is expected to continue to push prices higher.

Cobalt

After several years of relatively weak demand, cobalt has been one of the best performing mined commodities over 2016 and 2017, with the LME cash price rising by almost 220 per cent. over the period. Traditionally, demand has been subdued due to the elevated price of the product – 50-60 per cent. of global reserves are owned by the Democratic Republic of the Congo (Congo) where the industry is largely driven by small-scale artisanal miners, other than a few larger players. These small miners are typically price-sensitive and, in the past, we have seen them cut supply if prices drop below a certain level. Political instability in the country has also acted as a barrier to entry for global players, with limited investment in infrastructure meaning that margins come under pressure as soon as prices drop. Beyond the Congo market, supply has remained relatively limited as cobalt is typically obtained only as a by-product of nickel and copper-mining activities and cuts to base metals Capex in recent years, in the face of low copper and nickel prices, have had a knock-on impact on cobalt output from this source.

Cobalt prices were less volatile but nonetheless moved substantially in the first part of the 2018 fiscal year before moving back down in the second half. Essentially, the market moved from concern over impending shortages to realising that short-term production can and had been ramped up, specifically in the Congo. We witnessed a move in the price of cobalt from USD 60,000/MT to USD 95,000/MT between September 2017 and March 2018, and then a retracement from USD 95,000/MT to USD 60,000/MT between March 2018 and September 2018, as a result of higher supply and macroeconomic concerns. Prices are likely come under pressure in the short term as new supply continues to increase. However, in the longer-term, cobalt still looks to be undersupplied given the expected growth in electric vehicles and other uses. As such, prices are expected to recover at some point.

Battery demand is crucial in terms of the evolution of global cobalt demand, with cobalt an important element within lithium-ion batteries, traditionally used in mobile phones, laptops, digital cameras etc. Demand from industrial sources and Electric Vehicles ("**EVs**") has been an important catalyst for the recent rise in prices and will be a key driver of demand in the years to come. Batteries remain expensive, and reducing costs is a critical precondition to boost EV sales. Changing metal intensities has been a focus for this, with reducing reliance on the expensive cobalt a particular focus, and many manufacturers are shifting from batteries with a 1:1:1 nickel/manganese/cobalt mix to a mix of 6:2:2 or even 8:1:1. Clearly, the mix of metal loadings will be a key factor in cobalt demand growth going forwards, with nickel, in particular, likely to be the key winner if the industry settles on the 8:1:1 weighting.

For much of the year 2019, the cobalt market was looking for direction as it worked through the oversupply built up in recent years. Then Glencore halted production at its Mutanda cobalt mine in the DRC towards the end of the year. This, together with a decrease in artisanal supplies, triggered a much-needed market correction further fuelled by a pick-up in cobalt demand in Q4. The fundamentals for the metal remain extremely strong. In 2021 we expect demand growth to exceed incremental supply, pushing the recovery of the market and revealing the need for additional units at a time when the EV growth projection is becoming a reality.

Iron ore

For bulk commodities, where 40-50 per cent. of costs were energy-related at the peak, the collapse in oil prices late 2014 led to a strong decline in prices. For iron ore, a slowdown in Chinese demand in 2014, along with a 180 MMT supply increase from global suppliers, sent the market on a downward trend. Prices in 2015 came down by over 55 per cent. from 2014 average levels of USD 97/MT, ending 2015 trading around USD 44/MT, which had decreased 68 per cent. against average 2013 levels.

Despite depressed prices, major producers continued their ramp up stages in 2015 in an attempt to cut per tonne production costs and maintain revenue streams. Smaller producers and mines, however, which could not cut costs as easily and were forced to shut down. As a net effect, seaborne iron ore supply seemingly saw almost no growth in 2015. Yet, this masks a battle for market share between Australian and Brazilian suppliers that increased exports by 50 million tonnes in 2015, and a long tail of smaller producers that were displaced.

The year 2016 saw iron ore rally sharply, from under USD 40/MT to nearly USD 70/MT, as traders piled in on hopes that Chinese stimulus measures would boost demand. The election of Donald Trump in November 2016 spurred another leg upwards to over USD 80/MT on renewed optimism for the demand outlook in this market.

Better demand from both within China and externally has led to a sustained increase in volumes traded, although early in 2017 stockpiles began to build up in China as mills slowed activity due to Chinese New Year and also to pollution concerns, leading to a reduction in capacity. During 2017, the price of iron ore fluctuated in a range between USD 90/MT and USD 50/MT, reaching a price of USD 70/MT at the end of September. Against the backdrop of reduced capacity, margins in China look to be robust ahead.

Iron ore saw its usual seasonal ups and downs over the winter of 2017-2018. Prices rose into February 2018 as mills restocked ahead of a spring production ramp-up. Then with restocking complete, prices sank and from there, benchmark prices saw a period of historically low volatility. China's iron ore imports ended up being weaker in 2018. Part of the shortfall was filled by running down stocks of ore that had built up at ports, but 2018 also saw a large increase in the use of scrap steel as a raw material in China. Scrap metal offset is likely to remain a long-term theme in iron ore and steel markets in China. However, with rising consolidation and structurally higher capacity use in the global blast furnace fleet, demand for productive iron ore looks set to remain strong.

In 2019, the iron ore market was heavily influenced by supply side disruptions including the tragic collapse of the tailings dam at Vale's Brumadinho mine in Brazil in January 2019, which significantly reduced Brazilian ore exports in Q2 and generally created a volatile pricing environment. In April, Brazil exported just 17.6 million tonnes – the lowest monthly total in more than 10 years. Australia was hit by a cyclone that disrupted supply of ore from Rio Tinto, BHP and FMG. Knock-on effects included a sharp fall in Chinese stocks and a jump in spot prices from USD 75 per tonne in February to USD 120 per tonne in July. We had expected the iron ore market to return to balance in 2020 as Brazilian supplies normalise, but instead those supplies disappointed in volume terms and demand increased out of China on the back of construction and infastructure spending, leading to record price levels.

Coal

Coal followed a trajectory similar to iron ore, falling throughout 2014 and 2015 before rallying sharply in 2016 and 2017 following Chinese supply reform and global economic recovery. Prices of major seaborne indices for thermal coal range between USD 90/MT and USD 100/MT in 2017, after touching below USD 50/MT in early 2016. In 2018 thermal coal traded in the range of USD 90/MT to USD 120/MT as the coal markets remained tight, a situation shaped by little incremental supply growth outside of Indonesia and the adverse effect of ongoing safety and environmental inspections on domestic Chinese production.

Prior to the closures, the world was looking to be long on supply, hence the drop in prices. Most of this supply has been generated in Australia, where supply has been strong throughout the past two years as producers look to improve cost efficiency by maximising throughput. Australian supply had been supported by a weaker Australian dollar and improved cost efficiencies. Russian supply had also been strong, helped by a plunging rouble. Elsewhere, supply growth has been more muted. South Africa remains limited by infrastructure bottlenecks, Colombia failed to grow substantially from 2013 levels and US exports slowed as legacy hedge programmes have been exited. Indonesian supply also appears to have slowed down, hampered by a number of regulatory interventions and by market conditions.

Very strong Australian production coincided with a fundamentally weak China, which changed the recent flow of material around the world. Since the mid-2000s, coal flows have moved increasingly to the east, with up to one third of South African material flowing into Asia, as well as periods where both Colombian and the US tonnes have moved out of the Atlantic and into the Pacific market. There are almost no South African tonnes moving past India and there are more Australian tonnes having to flow west.

The weakness that has afflicted global coal markets for several years as a result of a structural surplus in supply, dramatically worsened in 2015. Demand for seaborne coal imports in China – previously the largest market by far – fell sharply as the weakness of the Renminbi rendered foreign coal uncompetitive with surplus domestic supplies. Prices dropped to levels last seen in 2007, increasing pressure on producers. However, currency weakness in many producing countries, coupled with lower fuel costs, enabled many mines that would otherwise have gone out of business, to carry on.

In 2018, demand for coal grew further for the two largest emerging economies, China and India. This resulted in strong seasonal price movements, with sharp increases over the winter period and ahead of the summer season. In addition, with supply growth limited to low-to-mid calorific qualities, the premiums for higher-quality coal widened sharply. Furthermore, efforts on the part of the Chinese to limit the coal imports and continuing rail logistics issues in India added brought uncertainty and volatility to the market.

After a strong 2018, global thermal coal prices collapsed in 2019, as switching from coal to gas in power generation, combined with a mild winter and less hot summer, led to a significant supply overhang. Low-cost gas supplies from the US became an attractive alternative to coal on a global basis (it was the first time power utilities outside the US had switched baseload fuel) and demand suffered in all regions, including North America, Europe and Asia. Even in India, consumption dropped on the back of weaker macroeconomic performance.

The year 2020 in the thermal and coking coal markets was characterised by an abrupt contraction in demand as industrial activity was impacted by COVID-19 and prices fell sharply. This was subsequently followed by a corresponding correction in supply. The main thermal coal indices of API2, API4 and Newcastle traded towards lows not seen since 2015, and in the case of Indonesian indices, to levels not seen since they were first created. For much of the year, thermal coal continued to be priced out of the generation stack by cheap gas wherever utilities could make the switch.

X. GROUP MANAGEMENT OF THE COVID-19 PANDEMIC

COVID-19 Impact

The onset of the COVID-19 pandemic in the first two months of 2020 created a global economic and financial shock that had not been seen in nearly one hundred years. The resulting dislocations of economic activity and trade were a severe test for global commodity markets. For the Group, these dislocations were an opportunity to demonstrate the relevance and resilience of its services to clients, and its capacity to help balance commodities supply and demand.

The pandemic, government measures to curb its spread and the consequent sharp reduction in global economic activity impacted almost all the commodities the Group trades - either on the supply side, the demand side or, in most cases, a combination of the two. In the oil market, we saw, for a time, prices and curves moving from backwardation to contango and back again. Volatility broke all records.

Physical commodity trading firms are structured to deal with volatile conditions. The role of commodity traders is to address and rectify disconnects between supply and demand in global commodities markets, and the past few months have seen the largest-ever disconnect in the oil market, as a glut in supply collided with a drastic drop in demand. Those firms that operate on a global scale, with access to infrastructure, ample credit and a broad network of counterparties, were able to stabilise the market by storing various commodities, and then working to bring those inventories back into the market as demand has picked up.

Latest Updates

Sections on Oil market and Metals and Minerals market below provide a general industry overview for Oil and Metals and Minerals markets, respectively. Please refer to our '2020 Annual Report' (https://www.trafigura.com/brochure/2020-trafigura-annual-report) and to our '2021 Interim Report' (https://www.trafigura.com/brochure/2021-trafigura-interim-report) for an updated '*Marketplace review*' covering Trafigura's 2020 financial year and 2021 half-year, respectively.

Ensuring business continuity

As any company operating across the globe, the Group has adapted its activities and working methods to manage the constantly evolving circumstances related to the outbreak of the COVID-19, which was declared a pandemic on 11 March 2020 by the World Health Organisation.

The first challenge was to ensure that the Group would continue running its global operations with minimal disruptions and on an unhindered basis. Due to a strong Business Continuity Plan (BCP), tested on a regular basis, the Group was able to manage the lockdown, which started in early February in China, then followed by similar measures in Europe and the rest of the world, ensuring steady operations with a strong focus on its risk management framework.

The Group adopted a management plan with the aim to manage the response to COVID-19 in a responsible and pragmatic way. The Group's policy is to comply with, or go beyond when considered necessary, governments' advice and recommendations, and to protect employees and contractors while maintaining business continuity. The Group adopted a policy of social spacing at many of its locations across the world, in line with guidances to limit the spread of the pandemic as much as possible. Significant numbers of employees have worked, currently work or will work for some time, from home. At a number of locations related to our industrial assets, advanced continuity plans have been put in place to cope with social distancing requirements and heightened level of absenteeism due to the pandemic.

Over the last few months, restrictions have been lifted and put back in place in many places around the world where the Group operates. Social distancing is expected to continue for months, though the Company also faces continued lockdown in a number of countries.

Unprecedented volatility and contango structure in the oil market

The Group's business model benefits from volatility in the markets, as well as from a contango market structure. Oil market over fiscal year 2020 combined these two conditions, which created favorable environment for the Group's profitability.

The commodity sector has seen unprecedented levels of volatility and dislocations in oil markets over the first months of 2020, which was profitably exploited by the Group's trading teams. The graph above shows the clear connection between high volatility and gross profit generation since 2008, together with the extraordinary level of volatility (through the VIX index) observed over 2020.

The switch from backwardation to contango in the oil markets started in February 2020, when spot market prices for oil decreased and became cheaper than contracts for delivery in the future (e.g. 6 months). This contango structure steepened in March, when oil prices significantly dropped following the combination of a shock in demand – due to the shock of the coronavirus pandemic to the global economy – and in supply – as some countries decided to defend their market share (Saudi Arabia and Russia, in particular). This situation triggered a need to absorb excess supply and place it into storage. Companies such as the Group were able to store significant volumes of crude and oil products across the globe due to access to important storage capacities (which had been secured prior to the peak of the crisis).

In March and April 2020, at the peak of the global lockdown, oil demand destruction was estimated between 30 and 35 mbpd according to Trafigura's Research Team. However, noting that the Company has not witnessed a reduction of its oil traded volumes during those months, which were generally in line with previous period – or slightly higher for some oil products as the Group took advantage of the contango opportunities.

During the Group's first half of 2021, oil prices increased by more than 50 per cent. supported by announcements of vaccine breakthroughs and continued supply discipline from OPEC+. With the strong pick-up in demand, the oil markets switched back from contango to backwardation towards the end of 2020. While those are less favourable market conditions for commodity traders, the Group still benefited from sustained volatility and higher traded volumes, as a result of market share gains during 2020, when the Company was able to leverage its logistical, risk management and financial capabilities to help its customers.

Group funding model has proven to be resilient during the COVID-19 crisis

A key advantage of this financing model is that short-term uncommitted transactional facilities (which finance most daily trading activities) and the securitisation programmes (which finance trade receivables and inventories on a non-recourse basis) are self-liquidating, i.e. they are repaid directly from the proceeds of the underlying transaction. Lenders initially retain security over the stock, and then over the associated receivables. As cash from the receivables is collected, the bilateral loan is repaid. As such, loans under bilateral lines are not repaid from cash flow generation by the company, but rather from the transaction itself. Hence, banks view bilateral financing favorably and are generally more willing to lend under (uncommitted) bilateral lines than other forms of financing. This ensures bilateral lines are a reliable form of financing even in distressed credit markets. Since early 2011, the Group has grown its bilateral lines by approximately USD 25 billion, with total transactional lines now amounting to around USD 45 billion.

During the COVID-19 crisis, the Group has maintained a strong liquidity position, with low utilisation level under trade finance lines due to the low price environment. As a result, the Group had ample room to continue to trade and notably capture the contango arbitrage opportunities in the oil markets. Moreover, prior to the COVID-19 crisis hitting Europe and Western countries, the Group had successfully refinanced three important facilities: two major transactions in the international syndicated bank loan market and a US private placement with long tenor notes (as presented in details on pages 78-79).

Credit risk management

The Group has taken some preventive measures when the COVID-19 crisis emerged. A detailed portfolio review was done by the Credit team, using on the following approach:

- Targeting sectors with the most important underlying risk in current environment – i.e. E&P and aviation business;
- Identifying companies with a weak credit profile;
- Reducing other credit lines (in relation to other sectors) in some instances, typically due to low commodities prices.

Following this portfolio review, a number of credit lines were adjusted by the Credit team. However noting that these reductions barely affected the Group's trading business, especially given current lower price environment.

Trafigura's Credit team assesses on a case-by-case basis the merit of requests from some counterparties to extend their payment terms. Counterparties which were granted such payment extension have paid their due amount in time. As a result, as of March 2021, the overall amount of overdue receivables remained within the range of the last few years.

The Credit team continues to review the portfolio an ongoing basis, with a number of automatic triggers for a review set in our systems (usually market driven). The Group as a whole is fully focused on credit risk monitoring as the environment is expected to remain difficult and uncertain in the coming months. In addition, in line with normal course of business, the Group mitigates an important portion of counterparty risk with the use of credit mitigants, such as bank letters of credit, silent payment guarantees or insurance.

May 2020 WTI Contract turning negative

How did the May 2020 WTI Contract turn negative?

The May 2020 contract for WTI Cushing e was expiring as at 21 April 2020. The WTI contract is a physical contract, so unlike an equity or other financial instrument, when the contract comes to expiry and has not been closed out, there is a delivery of a physical quantity of the commodity in question. For physical players like the Group or its peers, who can access storage tanks, ships, pipelines and so on, and who also have existing contracts to sell oil to refineries and other end-users, this is part of the company's day-to-day business.

However, a financial player almost never wants to take physical delivery of the product, because then it becomes a logistical issue to deal with. What was seen on 20 April 2020 was the culmination of the trend that was observed during the 1.5-2 month period before, which is that there was too much oil still being produced in a world that actually needed a third less of it (rough estimate) compared with the start of the crisis.

As a result, storage tanks had been filling up at a breakneck pace globally. Cushing, which is where WTI oil is physically delivered to, is the most visible storage hub in the world. Therefore, what these price movements told us is that Cushing was effectively full already and was not able to take any more physical oil.

It is important to note that the entire oil complex did not go negative, just this one contract. Brent, the other major marker grade, continued to trade above USD 20/bbl as at 20 April 2020. This was the market responding to a physical problem at the Cushing storage and delivery hub, reflecting broader issues in the market as a whole but with the crux at this one location at that time.

What did it mean for the Group?

This negative price was an opportunity for companies like the Group, which is used to dealing with these type of logistics issues. The Group's primary role as a physical commodity trading firm is to address disconnects and inefficiencies in the markets and service its global customer bases complicated needs. As such, the Group has been acting throughout this crisis to help manage the oversupply that has been building and provide tailored solutions to its customers.

XI. COMPETITION

The Group's three main sources of competition are:

- Producers or integrated companies such as the oil majors or integrated giants;
- Global traders (the Group's peer group); and
- Small(er) independent traders focused on niche markets defined either geographically or by individual commodities. For example, in the oil sector some companies are more competitive in a particular region or commodity in which they are specialised.

The Group sees its two main competitors as Vitol Group of Companies and Glencore plc. Vitol is mainly focused on large and liquid oil markets whereas the Group's trading activities are spread more globally, resulting in more diversified profit generation. Glencore focuses primarily on metals and concentrates and energy. With the merger in 2012 between Glencore International and Xstrata plc, the commodities world has witnessed a major change in that Glencore is increasingly acting as a mining corporation, with the company marketing its own production.

Over the 28 years that the Group has been in operation, it has seen competition in the global commodities market alter as a result of a number of structural changes in the industry. These changes have created challenges, but have also opened opportunities for trading companies large enough to take advantage of them. They have included:

- The mergers of large integrated producers (e.g. Total, Exxon Mobil, ConocoPhillips), which has often resulted in reduced trading activity by the merged company, providing opportunities for commodities traders in balancing global demand and supply;
- A move away from vertically integrated business models by some of the majors, which has resulted in the disposal of some infrastructure and logistical assets and which has enabled some commodity traders to build up their capabilities in logistics;
- Regulatory changes in the banking sector, which have led to more stringent restrictions enforced on the lending activities of banks. This has also increased the cost of lending and has reduced the liquidity available to some smaller competitors who, unlike the Group, might not have strong bank group support. This has led to the disappearance or contraction of mid-sized companies, creating opportunities for larger traders such as the Group;
- Changes and developments in the geo-political environment, particularly in relation to sanctions regimes, have meant that incumbent market participants must be able to not only demonstrate their abidance to these rules, but also that they have strict controls in place to prevent any breaches from occurring to satisfy the requirements of banks and other stakeholders;
- Increased operating costs and the inability of smaller players to integrate the supply chain; and

- The erosion of physical traders' superior price information, as a result of increased transparency in pricing and the sophistication of commodity producers in the commercialisation of their products. This has opened opportunities for traders such as the Group, which has been steadily growing its industrial fixed asset base and reducing its reliance on pure trading activities as well as offering integrated logistical services yielding higher margins.

XII. THE ROLE OF COMMODITY TRADERS IN THE FINANCIAL SYSTEM

Allegations have been made that global physical commodity trading companies should be considered as systemically important to the world economy, claiming that they could pose a threat to global financial stability similar to that created by the 'shadow' banking system during the global financial crisis of 2007-2009.

In 2013, a study was commissioned by the Global Financial Markets Association ("**GFMA**"), an organisation representing the interests of the world's leading financial institutions, to review the so-called 'shadow' banking system and financial institutions considered as systemically important. This study found that although global commodity trading companies do indeed compete with certain banks active in the physical commodities trading space, they do not pose a systemic threat to the system as a whole.

The report, which was never officially released, was aimed at the Financial Stability Board ("**FSB**"), a group of global regulators who had been discussing the imposition of stricter regulation and capital requirements on commodity trading companies. This could have been seen as a tactic by some banks active in the commodity trading space as a way of creating greater equality between market participants by seeking to usher in further restrictions on pure commodity trading companies.

The main argument was, and continues to be, that commodity traders engage in shadow banking, stemming from the fact that commodity trading companies (i) extend credit and working capital to their customers, as well as (ii) use securitisation programmes.

In response to the first point, trading firms do indeed provide funding to producers but this is in the form of prepayments and other similar arrangements. It is quite common that traders advance-fund volumes of commodities in exchange for receiving the agreed volumes when they are extracted. The commodities essentially form collateral for the advance-financing. The associated performance and credit risk of the producers are in most instances covered by insurance, limiting the exposure of the commodity firm extending the credit. Moreover, such financing typically relies on specialised commodity finance banks, which will carefully assess the terms of a prepayment transaction before putting their own capital at risk.

In response to the second point, the securitisation structures used by physical commodity traders such as the Group are very different to the financial structures that were the root cause of the global financial crisis of 2008.

To further elaborate on this, commodity traders' securitisation platforms do not involve the kind of maturity mismatch that was the flaw of arbitrage securitisation vehicles such as SIVs or CDOs. Indeed, to the extent there is maturity transformation involved in the commodity securitisation platforms, it is the opposite of the type that proved problematic during the financial crisis. The underlying assets are extremely short dated (such as trade receivables) and/or very liquid (such as inventories of base metals in LME warehouses). The assets typically have shorter maturities than the liabilities issued to fund them. Traditional SIVs had to rollover their liabilities, whereas commodity trade securitisation programmes must replenish their assets. The former is far more problematic than the latter because the run risk is far greater.

Furthermore, default rates on securitised trade receivables are very low and in one respect, the development of securitisation programmes such as those operated by the Group, have helped free the capital demanded of commodity trade finance banks, since risk is transferred to the capital markets instead.

Given that the main focus of commodity traders is not in providing financial intermediation, but rather in providing logistical services and because their assets could be quickly re-deployed if necessary, it is difficult to envisage how more stringent regulations and capital requirements would be of benefit to the wider financial system.

Additionally, following the recent developments in the banking market over 2014, which caused banks to reduce lending in the commodity trading sector, large commodity traders, which have been able to maintain sound access to the banking market by virtue of their size and sound risk management practice, are increasingly seeing their ability to extend prepayment financing options to smaller counterparties as a key differentiator and a way of developing their access to new markets and increased volumes. Bearing this factor in mind, more stringent regulation on commodity trading companies would likely have the knock-on effect of disrupting the global trade that commodity traders facilitate.

In 2014, as a direct result of these debates, the Group took a pre-emptive decision to better inform all stakeholders about the business model, inherent risks and financing of the firms operating in the commodities trading industry. To do so, the company commissioned two white papers including *The Economics of Commodity Trading Firms and Foundations for Growth – Infrastructure Investment in Emerging Markets*. The papers were independently written by Craig Pirrong, Professor of Finance at the Bauer College of Business at the University of Houston and by Russell Jones and Camille Viros at Llewellyn Consulting to shed light on the differences between commodity trading firms and financial institutions. They have been presented to and referenced by regulators, politicians, and competitors alike; and in early 2015, the Group published an additional white paper published by Professor Pirrong, *Not Too Big to Fail – Systemic Risk, Regulation and the Economics of Commodity Trading Firms*, which further explored the difference between physical commodity trading firms and financial institutions. This was discussed with senior European and North American regulators during that year.

In 2016, the Group also published and distributed to a wide public audience an educational guide to the purpose and practices of physical commodity trading firms entitled Commodities Demystified: A Guide to Trading and the Global Supply Chain. The second edition was published in 2018.

XIII. OPERATIONAL ORGANISATION AND PROCEDURE

The main commercial and operational responsibilities are split geographically between Athens, Calgary, Geneva, Houston, Johannesburg, Lima, Montevideo, Singapore, Shanghai and Stamford. Those offices have trading and operations departments and most have a finance function to support local trading activities. Trafigura Global Services Private Limited ("**TGS**") handles most middle office and back office functions, and is located in Montevideo and Mumbai. The Shanghai office manages all China related activities.

All of the Group operational responsibilities are subdivided into three main categories: the front, middle and back office. The front office consists of traders on the different trading desks. The middle office provides a broad range of necessary support functions to the front office (Deals desk, Chartering, Contracts administration, Traffic operations and Finance). The back office provides diversified services to the Group's operations as well as to the Group (Accounting, Compliance, Tax, Corporate Affairs, IT, Legal and HR).

The segregation of duties found between the front, middle and back offices, and in between the departments, is a key to the effective management of data collection and accuracy and therefore key to manage operational risk. Each department has its own clearly defined set of responsibilities and accountabilities.

Business Transformation Team

As the Group's commercial footprint continues to grow in scale and scope, there is an increasing need to optimise the efficiency of business processes, the capabilities of its employees and capacity to leverage technology. Consequently, the Business Transformation team was formed in 2017 to review all aspects of the Group's operations, covering the front, middle and back office. Its objective is to re-engineer internal processes to support the Group's next five years of growth in three broad aspects:

- Streamlining and standardising business processes to optimise efficiency and scalability, while retaining the flexibility to deal with a rapidly changing industry environment and with widely varying trade life cycles;
- Optimising technology and IT infrastructure as a competitive tool to secure maximum commercial benefits; and
- Enhancing human capital via bespoke talent development programmes to support the new business processes and IT improvements.

The Business Transformation team is also responsible for all elements of the on-boarding process covering new business structures, as part of the ongoing business development strategy of the Group. Those responsibilities cover:

- monitoring of projects that introduce new business to the Group;

- coordination with heads of departments to develop the staff support structures required to transition business opportunities from a project to the 'business as usual' state;
- coordination of technology and business support department to ensure the alignment of 'people, process and systems'; and
- manage the resourcing and budget for each project and maintain transparent reporting on these throughout the delivery process.

The Business Transformation team reports directly to the Chief Operating Officer (the "COO") and is supported by a senior team drawn from across the Group.

Operational Departments

Front Office

Traders

Traders initiate any sale or purchase transaction, either directly with a customer or through a commodity broker. In both cases, the contracts are negotiated directly with the contracting party. The Group trading operations are organised by product desk. The main desks are:

- crude oil, fuel oil, biodiesel, middle distillates, gasoline, naphtha, LPG, LNG, natural gas, condensates for the oil trading business; and
- copper (refined metal and concentrates), lead and zinc (refined metal and concentrates), alumina and aluminium and nickel and cobalt, with silver and gold as by-products of refined metals, for the metals division; and the iron-ore and coal desks on the minerals trading side.

Trading positions are not established individually by each trader but managed on a book basis. Each book generates its profitability by exploiting natural/physical arbitrages in the market place.

For all trades (whether sales or purchases), the trader must verify the financial conditions, check the credit authorisations and request risk cover if needed. In the case of an existing customer, risk limits and acceptable credit terms are available on the Group's IT systems. Any transaction involving a new customer will trigger the Group's KYC procedure. The finance department has a final veto on any transaction.

There are established risk control procedures in place for the traders. For example, once a trader has entered into a transaction, he/she is required to enter a deal ticket into the system within 24 hours. Failure to do so will be discovered through:

- Receipt of supply contract with no corresponding deal ticket in the case of a physical purchase;
- Protest from the contractual counterparty for non-receipt of a contract for physical sale;
- Failure to issue a letter of credit on time; and
- Failure to nominate a vessel on time for the contracted cargo.

Middle Office

Deals Desks

The Group's deals desks (the "**Deals Desks**") ensure that trading profits and exposure are correctly reported. Deals Desks professionals verify that the results are accurate and reflect the true profit and loss of the trading activities. This data is also used to compile the Group's statutory accounts. The Deals Desk's organisational structure mirrors that of the trading book structure, with the Deals Desk staff physically sitting on each trading desk and assigned to specific product books. It is important to underline that the Deals Desk individuals are independent from the trading departments and that they report directly to the head of department who in turn reports to the Group's Chief Operating Officer.

The Deals Desk is responsible for the following main areas:

- Preparation of provisional profit and loss ("**P&L**") statements, monitoring daily variance in trading P&L, volumetric as well as economic exposure to price quotes and production of a written commentary on variances;

- Ensure that all market price risks are captured and hedge actions are executed as well as the timely allocation of physical, swap and futures trades;
- Daily mark to market of P&L, initially based on cost estimates, and later adjusted for actual costs as they become available; and
- Monitoring of derivatives trading.

For all open positions, the Group has a very strict, two pronged risk policy that sets both a stop loss position and VaR limits. Furthermore, the Group has a Chief Risk Officer ("**CRO**") who further enhances the Group's market risk management on a Group-wide basis. The Group's CRO is responsible for ensuring a full and accurate awareness of risk throughout the Group and that these risks are professionally reported, analysed and managed. The CRO reports to the Group's COO and works closely with Deals Desk staff.

Traffic/Operations Department

The traffic/operations department role is to accurately follow each given transaction from inception to completion by focusing on the overall shipment procedure and the related upstream and downstream sub processes. Its organisational structure mirrors that of the book structure. This means that individuals from the traffic/operations department are located on each trading desk and have a portfolio of transactions within a specific product book. The traffic/operations department is also responsible for the safety of the operational transactions and the compliance with relevant regulations. Each representative is responsible for following a given set of transactions, from inception to completion, including involvement and co-operation with the related departments for the following aspects of a trade:

- Invoicing;
- Reviewing the purchase/sale contract;
- Vessel vetting;
- Instructing the ship's Master;
- Lay time calculations;
- Appointment of inspection companies;
- Insurance declarations;
- Ensuring load, voyage and discharge occurs safely in line with relevant regulations;
- External liaison; and
- Timely IT system data entries and updates.

Chartering Department

Physical trading of commodities involves the port-to-port shipment of cargoes under charter parties. The Chartering Department provides shipping and freight services to the Group's various trading teams and to third-party clients. It operates as a service provider securing competitive and reliable freight for the Group's in-house oil, metals and minerals traders; noting that wet and dry freight desks also operate respectively as profit centres in their own right.

The Chartering Department consists of specialised professionals based in the Group's main trading offices. All post-fixture operations, which include issuing voyage orders, completing stowage plans, negotiating with port agents and handling demurrage claims are managed centrally from the Group's Athens office. Chartering staff maintain a close liaison and good relations with traders, the traffic/operations department and tanker brokers, as well as with ship owners.

Contracts Administration

The contracts administration department's main function is to draft all physical sales agreements and to review all physical purchase agreements to ensure that the Group is fully and legally protected. The contracts administration department works closely with the traffic and operations staff. Furthermore, they advise traders and other staff in the middle office about potential problems that may arise as a result of any potential non-standard contractual terms.

The contracts administration staff seek authorisation from the traffic/operations department and the insurance and trade finance teams in the finance department on each trade prior to completing the documentation. The Group ensures that the contracts for each trade are either sent or received (depending on whether the Group is acting as the buyer or the seller) within 48 hours after a deal ticket is entered into the Group's system. Each standard template is adapted to reflect the terms of the individual trade.

Finance Department

The finance department supports the activities of the whole Group and is involved at the earliest stage of transactions and projects. Beyond sourcing and structuring funding lines, the Finance Department is responsible for the financial risk assessment and has the capacity to veto any transaction. Its main functions are broken down into the following subdivisions:

- Corporate Finance;
- Structured Finance;
- Trade Finance;
- Credit;
- Insurance;
- Corporate Funding, and
- Treasury

Corporate Finance Department

The corporate finance team is located in Geneva and acts as the Group's internal investment bank, focusing on medium and long term financing for the Group. The corporate finance team is mainly responsible for the origination and execution of corporate facilities (including Revolving Credit Facilities ("**RCFs**"), capital markets transactions and general corporate purpose facilities, securitisation, etc.), the financing of the Group's fixed assets as well as coordination of overall bank and investor relationships.

The team is in charge of providing advice on balance sheet management and financial forecasting to the Management Committee. The team works closely with other teams in the finance department, including the structured finance and trade finance departments as well as the Investments/M&A team, and the dedicated finance teams for the Group's main industrial assets.

Structured Finance Department

The Structured Finance Department is based in Geneva with representatives in Johannesburg, Mumbai, Singapore, Shanghai, Montevideo and Houston. The team is responsible for structuring complex trade finance transactions supporting commercial operations. The Structured Finance professionals are regionally specialised and deal with a diverse range of funding requirements. The team has a varied role and plays a significant part in the transactions, working with traders from inception to conclusion, adding value to the commercial proposal. They have regular meetings with the Trade Finance and Credit Departments in which they review all trading activities and key exposures. The Structured Finance Department is also involved in the KYC procedure.

Trade Finance Department

The trade finance department is primarily based in Geneva, with representatives in Houston, Singapore, Montevideo and Shanghai, providing a wide range of trade finance services. The trade finance department is responsible for arranging all necessary financing for the Group's trading operations, as well as ensuring that credit decisions are properly implemented. The Group's trading transactions, sales and purchases, can be financed by various instruments (i.e. open accounts, documentary collections, Letters of Credit ("**L/C**"), guarantees, Letters of Indemnity or advance payments).

They ensure that all contracts are consistent with the recorded system entries to prevent P&L losses and to ensure that all documentary and financial instruments are issued correctly. The trade finance department works closely with different operational departments at an early stage in all transactions to identify and avoid any possible financing problems. Crucially, a vessel can only be instructed to load or discharge once approval from trade finance has been obtained.

Credit Department

The Group's credit department performs fundamental credit analysis, with a team primarily based in Geneva, with representation in eight other offices worldwide. The Credit Department's key role is to safeguard the receivables assets on the Group's balance sheet. It assesses the credit risk associated with the Company's counterparts, sets appropriate internal limits, monitors exposures and ensures that relevant related documentation is completed and maintained.

The Credit Department establishes credit limits for all counterparties and reviews them at least once a year, or when a credit risk trigger is hit. Any exposure above the credit limits is covered on the insurance or financial markets. The Credit Department has the role of final approval as to whether an unsecured transaction can be entered into. The Credit Department is also involved with setting credit limits for new trading counterparties, working closely with the trading team.

Insurance Department

The insurance department is responsible for arranging adequate cover for all types of operational risks and liabilities of the Group. The insurance department sets up and monitors various global insurance policies to provide coverage for a broad range of risks and liabilities, including but not limited to:

- Marine cargo in respect of the Group's physical cargo/stock cover for various risks, including, but not limited to: fire, contamination, loss, environmental damage, leakage, etc.;
- Third party insurance cover for liabilities associated with stocks, industrial assets, employees and pollution;
- Property insurance and directors and officers liability insurance; and
- Political and credit risks insurance cover, depending on specific characteristics of a single transaction in collaboration with the structured finance and/or the trade finance department.

Aside from arranging insurance cover, the insurance department is also responsible, in the event that an insured risk occurs, for handling the resulting claim. When a cargo accident occurs (e.g. contamination, damaged cargo, shortage etc.) or a legal claim is made against a Group company, the insurance department will handle the claim from the outset and will manage the recovery of proceeds under the appropriate insurance policy.

Back Office

Trafigura Global Services

Trafigura Global Services Private Limited (TGS) is the Group's fully owned shared service centre ("**SSC**"), established in July 2011 with the mandate of centralising the Group's operations, yielding efficiency gains, driving process consistencies and providing support to front offices roles. TGS houses an array of teams carrying out middle and back office functions. Main support teams include accounting operations, deals desk, treasury, trade finance, compliance, insurance and operations settlement and provide critical support to other teams located in offices around the world. Furthermore, TGS supports Group functions, including IT (on application, infrastructure support) as well as HR.

TGS has offices in Mumbai and Montevideo to take advantage of time zones, to enable a 'follow-the-sun' approach to business operations, supporting main offices in Singapore, Geneva, the US and South America. TGS teams communicate with banks, brokers, vendors, counterparties, inspection companies etc. In addition, TGS maintains a culture and work environment that is on par with the other commercial functions of the Group, despite being a relatively new addition. This helps facilitate a culture of innovation, growth and ownership in the business.

Accounting Department

The accounting department is present in a number of offices, but mainly based in Geneva, Amsterdam, Montevideo and Mumbai. The department's main objectives are the maintenance of accounting ledgers, balance sheet management, legal entity management overhead reporting and the production of the resulting reports. Its responsibilities include producing annual statutory accounts, debtors, creditors and intercompany accounts as well as completing the normal day to day accounting tasks. In addition to these regular accounting functions, the department acts as an important second entity of control, after the middle office, mitigating the risk of inaccurate and incomplete deal capture.

The accounting department is subdivided into three areas of responsibilities; Group accounting, oil and energy accounting as well as metals and minerals accounting. Within the accounting department there is also a Group cost management ("**GCM**") team which is based in Mumbai and deals with central overheads such as office costs and expense claims.

Legal Department

The legal department has lawyers based in Geneva, Singapore, Shanghai, Johannesburg, Montevideo and Houston. It is staffed by experienced lawyers who are primarily lateral hires from law firms, investment banks and industry and secondees. The department relies on a limited number of leading law firms to provide additional resources and expertise. The department provides and manages legal support across all of the Group's businesses and activities. It manages all contentious matters, any investigations or inquiries as well as the Group's commercial transactions – for instance, M&A, joint ventures, significant transactions, financings, competition and regulatory matters.

Compliance Department

The Compliance Department is a global team of highly experienced Compliance Managers, Compliance Officers and KYC administrators. The KYC administrators ensure that appropriate due diligence is undertaken on all new and existing counterparties and work closely with the commercial teams, the Finance Department and the Credit Department to build a complete understanding of the counterparty risk to which the Group is exposed.

The compliance officers act as advisors to employees on any compliance related matters including the application of the requirements and principles set out in the code of conduct. The department is also responsible for establishing proportionate procedures and controls in order to manage the compliance risk to the business and to ensure the timely escalation of issues, risks and breaches to senior management and the relevant Compliance Committee.

The Compliance Department is at the forefront of implementing key compliance polices designed to ensure the company remains aligned with all applicable laws and regulations. In order to ensure consistent understanding and accountability amongst the Group employees the following steps are taken:

- The Code of Business Conduct is signed by all members of staff. All staff receive mandatory training to ensure they understand its implications;
- The Trading Policy is signed by all staff and face to face training is provided by compliance to all those in the front office;
- Online mandatory training completed by all staff not only on the Code but also key compliance areas such as AML and Competition law;
- Guidance sent out regularly to the business as new laws and regulations are implemented and policies and procedures amended; and
- Compliance works together with the business and looks to foster relationships that lead to open and honest communication.

Internal Control Department

The Internal Control department maps, tests and enhances the control framework implemented by the Group in order to manage a wide range of risks. The Group’s control framework details the risks and associated controls for all material business processes, and was designed using widely accepted internal control model prescribed by COSO (business process and entity level controls) and COBIT (IT general controls).

The internal control process to create and maintain a framework involves phases of:

- Understanding a process and its objectives;
- Identification and assessment of risks;
- Defining mitigating controls;
- Test of key controls; and
- Remediate test failures.

Periodic measurement and reporting of the Group's control framework is based on the following key phases:

- Management identifies and measures the inherent business risks on an annual basis (financial reporting, operational, and compliance risks);
- Annually, management identifies and adapts the necessary controls and risks considering business changes;
- Quarterly, the key controls are tested to ensure operational effectiveness;
- At the end of the year residual risk is assessed considering the results of the control tests and reported to management;
- Continuously, possible opportunities for improvement identified during the previous steps and review visits are followed up to monitor progress.

The work developed in these phases is managed using the Group's Governance, Risk and Compliance tool called BWise. This tool is not only a repository of the risks and controls but also serves as a means to schedule and review risk assessments and control assessments involving the whole organisation in the internal control framework. External auditors can make use of the framework to gain an understanding of the business processes they are evaluating, and make use of the internal control test results during interim visits to aid their work.

The Internal Controls department also assists local management in improving controls over local risks, and to promote increased standardisation of procedures across the Group by performing targeted and focussed review of processes and/ or locations.

The Internal Controls department plays a crucial role in assisting management and maintaining an effective control environment whenever a process undergoes a major change such as a new system implementation.

Treasury Department

The Treasury Department is split up across Geneva, Houston, Singapore, Shanghai, Montevideo and Mumbai. The principal objective of the Treasury Department is to handle all cash management activities for the trading business and monitor its cash flows, in particular to report the cash flows and forecasts to the Corporate Funding team who consolidates the information on a Group basis. The Treasury Department also has the responsibility to maintain the integrity of payments. The Treasury Department monitors, on a daily basis, the use of the trading cash including the management of margin calls in relation to the Group's hedging requirements. It is also responsible for reconciling the cash flows to the P&L statements produced by the relevant Deals Desk staff and centralising the Deals Desk reports so that all cash is realised on each deal, as soon as possible.

Corporate Funding Department

The Corporate Funding Department is located in Geneva and Mumbai and is tasked with ensuring that the Group has access to maximum liquidity. Key activities of the department include:

- The monitoring of available cash balances in AAA rated money market funds and main trading accounts;
- Corporate facility utilisation (including, but not limited to, the Group's revolving credit facilities and securitisation programmes);
- Group liquidity forecast reporting and various inter-group loans relating to both trading and asset divisions, to ensure cash consumption is kept to a minimum, yet allowing each business to trade in an effective manner and anticipating the future liquidity requirements of the various business units on a global basis;
- The production of a monthly Group Capex forecast based on information collected from respective business divisions; and
- Operating and monitoring the securitisation programmes' platforms on a day-to-day basis.

Corporate Affairs Department

The corporate affairs department ("**Corporate Affairs**") has representatives in Geneva, Montevideo and Houston. The responsibility of the team is twofold: to create and sustain frameworks for an increasingly responsible and effective company, and to protect and promote the business interests and reputation of the Group and its subsidiaries globally. In addition, the Group is instrumental in continuing to improve and implement the Group's HSEC business principles.

IT Department

The IT department is distributed across the main offices around the world with Geneva being the main office. The department's over-arching responsibility centres on the development, support and maintenance of business supporting applications, and underpinning the IT infrastructure. The Group's core IT functions globally comprise of Trading IT, Security and Infrastructure. Together, these functions provide a cohesive and well integrated organisation that supports the Group's businesses. The Trading IT function is largely outsourced with the majority of the technology and support function based in India. Trading IT also has presence in Moscow and Montevideo.

In order to support the growing business, the Group continues to enhance its enterprise systems adding new modules and enhancing the existing functionality. Significant investment is also underway to upgrade the technical architecture and enable faster integration of future IT systems. Annually, the Group spends around 20-25 per cent. of its overhead budget on IT, which shows the importance of technology to the Group and the value of benefit we derive from it.

The core business is captured and managed by the Group's two key bespoke information systems "Pluto" for the oil business and "Titan" for concentrates and refined metals business. Each of these systems offers a fully integrated approach to the Group's needs. As such, every step in the lifecycle of each transaction is generated, executed, monitored and controlled through the related information system, from the time the trader enters the details of the trade, to the allocation of funds received from the customer.

XIV. RISK MANAGEMENT

Risk Management and Corporate Responsibility

Prudent risk management is an integral element of the Group's business and has been institutionalised since the Group's foundation. Guidelines are established at senior management level and the credit and finance teams retain an absolute veto right on any transaction.

The various risks are managed through a combination of internal procedures, such as strict control mechanisms and policies, as well as external third parties such as the derivative, insurance and bank markets.

Price Risk and Basis Risk

Fundamental principles

The Group's policy is to hedge all price exposure related to physical transactions on a deal by deal basis. The purpose of the Group's physical hedging activities is to protect the Group against the risk of physical transactions being adversely affected by changes in (commodity) prices. The Group systematically enters into hedging contracts to cover index price exposures in its physical trading activities. In particular, 100 per cent. of stock is at all times either pre sold or the commodity index price risk is hedged. Hedges are performed through either futures markets and/or a variety of traded derivatives instruments (e.g. swaps, options).

Beyond that, basis risk cannot be mitigated perfectly. Basis risk meaning, in this context, the risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other. This imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position. The Group, therefore, carefully monitors all its hedging positions on a daily basis, thus avoiding excessive basis risk.

Concurrently, to the extent that basis movement cannot be eliminated completely, basis risk can be reduced through diversification. In particular, given that basis movements in different commodities are driven by different fundamentals, they are likely to exhibit little correlation. Hence, this provides a natural advantage to a large firm like the Group, which trades a diversified portfolio of commodities.

Price Risk Management

There are two formal committees responsible for different aspects of the Group's market risk management process. The risk committee reports to the Management Committee and is tasked with ensuring that the Group is technically and operationally prepared to deal with the risk issues it faces. The derivatives trading committee also reports to the Management Committee and is responsible for applying the Group's risk management capabilities to improving the overall performance of the group.

The Group's chief risk officer ("**CRO**") and the risk team work proactively with the trading teams to make the Group's risk management forward looking, by analysing new opportunities and changing market conditions. This team develops computationally intensive nonlinear risk simulations and advanced statistical models that incorporate the non-normal market price dynamics that are an important feature of commodity markets. Particular attention is paid to modelling the mean-reverting nature of term structure and inter-commodity spread dynamics. The advanced statistical models developed by the risk team are continuously and automatically calibrated and back tested to ensure that their out of sample performance adheres to well defined targets. In addition, these models are regularly updated to ensure they reflect the current observed dynamics of the markets where the Group is active.

The risk team's models drive the Group's risk reporting system, which automatically distributes customised risk reports throughout the firm on a daily basis. These reports provide up-to-date information on each team's risk using industry standard measures such as 95 per cent. and 99 per cent. Value at Risk (VaR) and performance indicators such as "Sharpe Ratios". VaR is a statistical estimate of the potential loss in value of the Group's positions and unsold in-transit material due to adverse market movements. The Group uses an integrated VaR model which captures risks including commodity prices, interest rates, equity prices and currency rates. This model facilitates comparison of VaR across portfolios comprised of a range of different risk exposures.

The Group's risk reporting system automatically highlights exposures that are nearing their VaR limit and also when 10 per cent., 20 per cent. and 30 per cent. drawdowns occur. VaR limits are reduced when drawdowns occurs. All books have well defined VaR risk limits and management is notified whenever a book nears its risk limit, as well as whenever a VaR overage occurs, resulting in automated emails to the relevant trader, desk managers and the Risk Committee. In addition, the Group's deals desk management team is automatically notified whenever statistically anomalous changes occur in the profit and loss of any deal.

For senior management, the daily reports provide a comprehensive view of the Group's risk, classified according to various risk factors. These reports emphasise the risk diversification created by the group's varied activities and highlight any excessive risk concentrations. Numerous indicators detail how the Group is performing relative to a wide range of benchmarks.

Energy

All futures markets are cash markets meaning that price differences are settled in cash on a daily basis ("**margin calls**") after the payment of an initial margin the day of the trade. Swaps or options are usually traded OTC.

Hedges are executed through a number of brokers. The Group works with ten main clearing brokers. The staff involved perform the equivalent functions as the operations department on the physical side: they receive or issue contracts, receive or issue invoices, control and order payment as well as following receipt of proceeds. The accounts department is also involved in swap administration as the department is responsible for the reconciliation of positions on a daily basis.

Hedges are performed through a Central Execution Desk by TPTE. Each hedge is individually monitored by the Deals Desk. Most oil contracts become fixed price around the shipment's loading date. Typically one or two days before such date, the Deals Desk liaises with the operations representative in charge in order to estimate the loading (i.e. price fixing) date and start hedging on time. The same applies for other instruments including as swaps and geographical spreads (for example Brent versus WTI).

As soon as a hedge has been put in place, a deal ticket is created and input into the system. The ticket is either attached to an existing physical deal or a new deal will be created if no such physical deal exists already. All positions are reconciled daily with the brokers' positions by the accounts department. Cash is settled daily by the Treasury Department.

The Collateral Management team is responsible for monitoring counterparty exposures across the OTC swaps and options portfolios. On a daily basis, the mark to market positions are cross referenced against pre agreed credit thresholds set by the Geneva credit team at a counterparty level. Excesses are covered by collateral called in the form of cash or standby letters of credit ("**SBLCs**"). The Collateral Management team works with the treasury trade finance teams to manage the collateral requirements, issued and received.

Another important aspect of the work undertaken by the credit team is their involvement in the negotiation of standard Master agreements such as International Swaps and Derivatives Association ("**ISDA**") and Master Netting Agreements (“**MNAs**”). These documents provide a trading framework for the execution of OTC transactions and are negotiated with each counterparty with the assistance of the Group's Documentation Specialist and the Legal Department.

Each ISDA includes a margin threshold within the Credit Support Annex. These are conservatively set on a case-by-case basis by the Group's Credit department and regularly reviewed. Recent regulatory changes have resulted in reduced OTC trading across the market as positions are increasingly cleared on recognised exchanges.

Metals

In Europe, the main futures market for metals, the London Metals Exchange, is not a cash market. The consequence is that brokers negotiate credit limits with their customers to cover initial and variation margins above which cash is required. In the same manner, customers run a credit exposure on their broker when positions are generating a positive balance.

Hedges are executed by the Metals desk in Geneva at the request of the operations staff when transactions are priced. Hedges are also followed on a transaction by transaction basis in the system. However, because pricing periods in metals are typically longer than in oil (one month), the quantity per contract to be hedged on a daily basis is small. This means that the derivative team hedges as a pool on the market, the system splitting such hedges back to each contract. Positions are reconciled by the Group Metals Derivatives desks with brokers on a daily basis.

This reconciliation shows daily credit exposures the Group has on its brokers as a result of its margin position. Contracts can be moved from one broker to another, if necessary, to reduce such risks.

Metal contracts often contain pricing options which allow the trader to decide on which month pricing will happen (i.e. when the "**quotation period**" is defined). Such options are sold by the physical department to TPTE at market price in order to provide more transparency in the management and results of such options.

Credit Risk

To manage its credit exposure the Group uses internal credit limits set up by the Credit department. Credit limits reflect the Group's own appetite for risk and are based on a credit analysis of the client as well as the respective size of the transaction when compared to the Group's balance sheet. Exposures in excess of a credit limit are covered through the insurance or bank markets. Typically, this cover is arranged by the Trade Finance/Structured Trade Finance teams.

The Credit department works in complete independence from the trading business. Credit reviews follow a formal process as described in the Group's Credit Policy and Process document. As part of the annual credit review process, the Credit Department uses the S&P Capital IQ rating model to set internal credit ratings for all credit exposures to counterparties and banks. This model relies on fundamental credit analysis to determine credit ratings, which are expressed using a 26-point letter scale of AAA, AA+, AA, AA- and so forth. The proposed rating forms part of the approval of the credit review and must be supported or modified, with supporting justification, by the credit analyst.

Credit review is undertaken at least annually in local offices with smaller credit limits (up to a specified maximum) also being set locally. Larger credit limits are generally approved in Geneva, ultimately by a credit committee if required – the credit committee meets on an *ad hoc* basis and consists of a minimum of three senior finance managers, including the Group's global head of credit and a chief financial officer. An automated process is instituted where interim reviews of counterparties are conducted when risk triggers are breached, such as ratings agency downgrades, share price declines, adverse publicity etc. Credit limits are always set and monitored on an aggregate basis of the Group's worldwide exposure.

Performance and Country Risk

Performance risks are evaluated on a counterparty and country basis. As such, deals are considered on a case by case basis, and performance risks where the exposure is above the Group's appetite will be laid off to the bank and insurance markets. Typically, the Group will run an internal analysis to assess the country and political risk, and CEND (Confiscation, Expropriation, Nationalisation and Deprivation) insurance coverage will be contracted for assets that are deemed exposed to country risk above the limit. The Counterparty limit is set to reflect the rating of the counterparty, the extent risk to which mitigation insurance is contracted on the financial and insurance markets and/or collateral obtained to cover excess exposure.

Freight Risk

The hedging of freight costs is managed systematically by the chartering department. In a time charter scenario, the Group hedges its price risk using a combination of Forward Freight Agreements ("**FFAs**") and bunker swaps. When the chartering department chooses the vessel, the Group looks to sell FFAs and buy bunker swaps. This way, if spot charter rates for the vessels fall, the Group is covered as such a fluctuation in price is offset by the difference on the FFAs. Furthermore, the chartering department enters bunkers on the spot market. This is done with a view to safeguard the Group's price exposure under the following scenarios: spot charter rates remain at the same level, or they go up, but banker fuel prices rise simultaneously, hence leaving the Group's price assumptions uncertain, unless adequately hedged through bunker swaps.

The procedure between the oil and metals and minerals handling of vessel chartering and the respective risk management strategies are very similar. A combination of FFAs is used to hedge forward freight commitments. Bunker swaps cover forward freight commitments in addition to locking prices for bunkering levels which are required on re-delivery of the vessel at the end of the charter. When a vessel is fixed on the spot market with cargoes, the chartering department unwinds both legs of the hedge for the period that the boat is going to be occupied.

Operational Risk

The operations department has representatives in key locations around the world and is responsible for a number of tasks including contract issuance and booking of vessels. Operators are also responsible for ensuring that industry, environmental, safety and internal policies and procedures are complied with at all times. Detailed procedure manuals are implemented throughout the Group and all operators receive regular training on operational matters and additional training covering subjects such as contracts, charter parties and clauses, environmental policies and legislation, insurance declarations, reviewing due diligence reports, dealing with claims, and demurrage handling. This ensures that operators are kept up to date with procedural, legal, regulatory and industry changes.

The Group continues to move towards using a younger fleet of vessels, both in terms of time charters and voyage charters, and as such applies a strict vessel vetting procedure which complements insurers' requirements and focuses on the vessel age, classification, Protection and Indemnity club and pollution insurance cover. A similar procedure has also been introduced for both railcar and truck movements. The Group also has a storage procedure which involves full due diligence being undertaken of every proposed storage location including a site visit to the storage location, the tanks or warehouse and its financial position and management. Regular stock analysis is undertaken to avoid losses such as theft and contamination, and each approved location is checked annually to evaluate the on-going situation.

Third Party Asset and Liability and Charterers Liability Risk

The Group maintains a level of inventories for supply efficiency purposes, and to benefit from cash and carry opportunities. The Group's total inventories were USD 20.2 billion as at 30 September 2020 (compared to USD 13.4 billion as at 30 September 2019, although it can vary substantially due to seasonal trading plays in energy as well as forward price structure (contango, backwardation and overall price levels) in both energy and metals. Inventories reported in the Group's financials (i.e. from an accounting perspective) also include cargoes in transit for which title transfers at discharge port.

With regards to stock value, inspection reports are regularly received detailing the quality and the quantity stored.

Various global insurance policies provide coverage for both assets and third party liability risks. These are described below:

- Stock Throughput Policy (oil and metals);
- Charterers Legal Liability Policy; and
- General Liability and Terminal Operators Liability Policies.

The Stock Throughput Policy covers all declared Oil & Metal goods while subject to transport, shipment or storage. The limit is USD 100 million per event with excess layers providing total coverage of USD 500 million per event.

The Charterers Legal Liability policy covers legal and contractual liability for property damage and bodily injury (main risks covered: liability for damage to the vessel, bodily injury, damage to property of third parties, damage caused by the cargo, stevedoring, pollution of the environment, general average). The limit of USD 1 billion for any one accident or occurrence.

The General Liability Policy covers bodily injury and property damage incurred by third parties (the policy covers both legal and contractual liability and applies to general liability, employer's liability and product liability). The Limit is USD 500 million for any one occurrence with an annual aggregate of USD 500 million for product liability and pollution liability. For owned terminal assets the Group also has USD 500 million of Terminal Operators Liability insurance covering the marine operations and potential third party exposures arising therefrom.

Risk Limits

On the physical side, each transaction has its own profit and loss record, which is established at the inception of the transaction and remains open over the entire life of the trade. Physical deals are continuously monitored by Deals Desk which acts entirely independently from the trading business. Each P&L is individually marked to market on a daily basis and updated with the actual transaction costs such as purchasing costs, hedging, insurance and financing as these costs become known. On any day, changes of +/- USD 25,000 (in either direction) are reported and explained to senior management, allowing the Group to closely monitor its basis risk.

In addition on the physical side:

- No specific limits are set outside any credit requirements; and
- The head trader on each desk liaises the respective oil or metals management committee on a daily basis, highlighting current issues and new business opportunities.

On the speculative side:

- In addition to its physical trading business, the Group enters into limited speculative positions (using paper derivatives) which involve spread risk when it identifies price or time differentials between markets and products related to its physical flows. Such speculative positions are continuously monitored and subject to Value at Risk ("**VaR**") and stop-loss limits per position. As a rule, the Group maintains conservative consolidated risk limits and ensures that its overall risk exposure remains well within these limits;
- Strategies are also given specific stop losses (e.g. USD 1 to 2/bbl), which are monitored by the Deals Desk; and
- Positions are marked to market on a daily basis (during volatile periods positions are marked to market multiple times during the day). If a stop loss is hit, senior management is notified immediately. A decision is then taken to liquidate or keep the position and set a new stop loss limit.

Market Risk Management Reporting

The Group's CRO is responsible for ensuring that there is a full and accurate awareness of risk throughout the Group and that these risks are professionally analysed and managed. The CRO works closely with the trading teams to make the Group's risk analysis forward looking, particularly by proactively analysing new opportunities and changing market conditions. The CRO ensures that the Group's Board of Directors are aware of these evolving risks and their financial implications. The CRO also sets the priorities of the risk systems development team so that the Group is able to systematically manage its risks through industry standard measures such as VaR, in conjunction with computationally intensive nonlinear risk simulations and advanced statistical analysis. The Group's CRO reports to the Group's chief operating officer.

Mark to market

Mark to market reports are regularly produced for traders and management. The reports aim to show transaction profitability based on the aggregate mark to market of all outstanding transactions. Variations are carefully analysed and key items are discussed during weekly Risk Committee meetings (or on ad hoc basis if necessary).

Market Risk and Stress Testing

During 2020, the average 1-day 95 per cent. value at risk ("**VaR**") was USD 26.4 million, an increase compared to the financial year 2019 (USD 11.6 million), but still well below the Group target of maintaining it below 1 per cent. of Group equity. One of the key component to maintain this VaR at such low levels is the diversification benefits from managing the Group's exposures to a broad range of commodity markets.

All trading books have well defined VaR risk limits and management is automatically notified whenever a book nears its risk limit, as well as whenever a VaR overage occurs. In addition, the Group's deals desk management team is automatically notified whenever statistically anomalous changes occur in the profit and loss of any deal.

The Group's policy is that basis risk should be kept to a minimum. If a trader wants to take on a specific position, he has to report in a speculative book where VaR and associated stop losses can more easily be monitored.

XV. GROUP FINANCING

Funding Model

A key reason for the Group's leading competitive position is its access to capital and liquidity. The Group sources funds from a number of markets including the syndicated bank loan market, securitisation markets, US private placements, corporate bond markets and through trade finance lines. The strength of the Group's liquidity and access to capital is derived from its unique financing model which is based on three main pillars:

- **Long term corporate credit facilities**: revolving credit, term loan facilities and capital market issuances that are used to meet liquidity requirements outside of day to day activities;
- **Shorter term transactional facilities**: uncommitted, secured bilateral trade finance lines are used to finance the day to day activities of the Group; and
- **Securitisation**: the Group operates one of the largest trade receivables securitisation programme in the world, which was established in 2004 (the "**Initial Trade Receivables Securitisation Programme**" or "**TSF**"). In May 2020, the Group put in place a new securitisation programme to finance its receivables currently not eligible under TSF (the "**Non-traditional Trade Receivables Securitisation Programme**", together with TSF, the "**Trade Receivables Securitisation Programmes**"). The Trade Receivables Securitisation Programmes allow the Group to fund its receivables once an invoice has been issued and all the Group's obligations under the contract have been performed. Following the success of the Initial Trade Receivables Securitisation Programme, the company also launched its first inventory backed securitisation programme in November 2017, leveraging inventories of oil products and refined metals, and whose structure is similar to repurchase agreements (the "**Inventory Securitisation Programme**").

The main advantage of this financing model is that short term uncommitted transactional facilities (which finance the daily trading activities) and the securitisation programmes (which finances trade receivables and inventories on a non-recourse basis) are self-liquidating, i.e. they are repaid directly from the proceeds of the underlying transaction.

The Group sources funds from various markets including Europe, Asia Pacific as well as the US and continues to enjoy strong support from a network of around 140 financial institutions, with credit lines totalling approximately USD 63.9 billion. As of March 2021 end, the Group's top 10 banks provided approximately 47 per cent. of the Group's available bank funding. In order to keep strengthening its funding model, the Group aims to continue diversifying its funding sources in order to ensure the unhindered growth and profitability of its trading divisions and industrial assets, and the maximisation of its liquidity.

Bilateral trade finance lines, borrowing bases and revolving credit facilities make up the majority of the Group's funding. The weighted average maturity of the Group's corporate (non-trade related) credit facilities as at 31 March 2021 was approximately 2.2 years. To mitigate refinancing risk the Group has diversified its long term funding base to reach different investor groups. Furthermore, under its revolving credit facilities the Group has extension options in place.

The Group maintains two main revolving credit facilities ("**RCFs**"), an Asian RCF and a European RCF. These are generally refinanced annually.

The Group had around USD 61.5 billion of available credit facilities as at 30 September 2020, and USD 63.9 billion as at 31 March 2021.

Long Term Financing

The Group's liquidity requirements outside of day to day trading activities are financed by committed corporate credit facilities including the Group's revolving credit, term loan facilities and capital market issuances. The corporate facilities, which amount to 22 per cent. of the Group's total credit facilities as at 30 September 2020, finance requirements such as initial margin deposits and margin call with hedge brokers and bridge financing of capital expenditure. The majority of the Group's corporate credit facilities are denominated in U.S. dollars because this is the functional currency of the Group's business. In the Asian RCF, the Group has included a CNH denominated tranche since 2013 to capture the growing offshore RMB liquidity. Similarly, the Group has been present in the Japanese domestic syndicated bank loan market since 2012 with a 3-year term facility denominated in JPY (the "**Samurai loan**"). In addition to this, in May 2018, the company raised a Swiss franc senior bond for CHF 165 million priced at 2.25 per cent., with a maturity of 5 years – followed by a second smaller issuance in September 2019 (the "**CHF bonds**"). Finally, over 2018 and 2019, the Group raised renminbi-denominated bond in total of RMB 2,240 million (approximately USD 335 million) in four tranches under its Panda Bond programme, each issuance having a 3-year maturity (with the last tranche issued in May 2019).

Capital Markets, Capital Issues and Private Placements

Historically, the Group has been proactive in tapping new markets to diversify its funding sources and extend the terms of its debt profile. Some facilities which have been closed in recent years and which are outside of the Group's traditional corporate facilities are outlined below.

November 2017 – the Company launched a tap of its USD 600 million 6.875 per cent. perpetual subordinated bond issued in March 2017, and raised an additional USD 200 million in November 2017. The bond was consolidated and forms a single series with the initial perpetual securities. This was the Group's third perpetual bond, having issued its first one in April 2013 for USD 500 million and its second one in February 2014 for SGD 200 million. A key feature of these bonds is their equity-like treatment under IFRS, improving the balance sheet ratios of the Group. They also extend the maturity of the Group's debt and have brought many entirely new investors to the Group, particularly in the Asian market. Those bonds are listed on the Singapore Stock Exchange.

March 2018 – The Group issued its inaugural US Dollar senior bond for USD 400 million with a 5-year maturity, priced at 5.25 per cent. Despite a volatile market backdrop, the level of 5-year T + 254bps was the tightest credit spread ever achieved by the Company on any senior private or public bonds. The transaction was issued by Trafigura Funding S.A. under its EUR 3 billion European Medium Term Notes

(EMTN) programme and is listed on Euronext Dublin. This new issuance was distributed globally with 44 per cent. placed in Asia and 56 per cent. in Europe.

April/May 2018 –The Group successfully placed two tranches out of a 2.35 billion Renminbi-denominated programme (Panda Bond) approved by the National Association of Financial Market Institutional Investors (NAFMII). In April, the first RMB 500 million tranche was placed in the Interbank Market under a private placement format for a 3-year maturity. It was followed by a second tranche of RMB 500 million in May 2018 with similar terms. With this pioneering transaction the Group became the first international commodity trading company and one of the first non-Chinese corporates to access the domestic renminbi-denominated bond market. This transaction enables the Group to access a deep and diversified pool of Chinese investors comprised of commercial banks, asset managers, insurance companies and securities firms.

May 2018 – The Group raised USD 140 million through US private placements of bonds (USPP) from 8 investors across 5, 7 and 10 year tenors to refinance USD 124 million of maturing USPP. Total amounts of USD 53 million were allocated in the 5-year notes, USD 67 million in the 7-year notes and USD 20 million in the 10-year notes, with a pricing of 5.50 per cent. (T+275bps), 5.72 per cent. (T+280bps) and 5.86 per cent. (T+290bps), respectively.

May 2018 – The Group issued its inaugural Swiss franc senior bond for CHF 165 million with a 5-year maturity. The bond, priced at 2.25 per cent., was issued under the Company's Euro Medium Term Notes programme and is listed on the SIX Swiss Exchange.

September 2018 **–** The Group successfully issued RMB 700 million bond in China’s mainland debt market. This third issuance was part of a RMB 2,350 million Panda Bond programme, which, like the first two tranches issued in April and May 2018, was placed in the Interbank Market under a Private Placement format for a 3-year maturity.

May 2019 **–** The Group successfully issued a new RMB 540 million bond in China’s mainland debt market, with a 3-year maturity. The final coupon significantly tightened since the first tranche issued in April 2018, confirming the strong appetite of the Chinese market for the Group’s long-term debt. The total amount raised under the company’s Panda Bond programme is approximately USD 335 million.

September 2019 **–** The Group issued a further CHF 55 million 5-year bond into the Swiss retail market, priced at 3.25 per cent. This incremental transaction allowed the company to increase liquidity raised in the Swiss market to CHF 220 million, following its inaugural bond issued in May 2018. By tapping the CHF bond market, the Group succeeded in optimising its long-term funding costs, showing again the benefit of the funding diversification strategy followed by the Group.

March 2020 **–** The Group raised USD 203 million of notes in the US Private Placement (USPP) market with tenors of 5, 7 and 10 years. It was the fifth issuance of the Group in the USPP market and the second largest in size. The Group achieved its tightest ever all-in financing level with coupons of 4.01% (T+295bps), 4.17% (T+300bps) and 4.60% (T+460bps). Proceeds were used to refinance USD 51.5 million of maturing USPP notes and to support the refinancing of the Group’s EUR 550 million bond repaid in April 2020.

September 2020 – The Group issued a USD 400 million senior bond with 5-year maturity. The bond priced at 5.875 per cent., 50 basis points tighter than the initial price talk, thanks to a strong support from institutional investors and private banks. About 90 investors distributed across Asia and Europe participated in the transaction, with significant oversubscription (more than two times). The transaction was issued by Trafigura Funding S.A. under its EMTN programme and is listed on the Irish Stock Exchange.

January 2021 – The Group issued a EUR 400 million senior bond with a 5-year maturity. The bond priced at 3.875 per cent., a tightening of 37.5 basis points from the initial price talk, due to strong support from institutional investors and private banks. About 120 investors participated in the transaction which was oversubscribed by approximately two times after the price was revised, enabling the Group to increase the size of the transaction. This transaction marked the return of the Group to the Euro bond primary market after a hiatus of six years since the last Euro denominated issuance in 2015. In March 2021, the Group proceeded with a tap of this Euro bond for a further EUR 50 million.

February 2021 – The Group successfully issued its inaugural Schuldschein loan. The EUR 110 million loan was increased from an initial EUR 75 million following strong investor demand and is split over 3 and 5-year maturities. This transaction marked the Group's entry into the Schuldschein loan market, which the Group sees as a prospective source of future capital, and demonstrates its continued ability to attract funding from a wide range of investors.

April 2021 – The Group raised USD 204 million of notes in the USPP market with tenors of 5, 7 and 10 years. It was the sixth issuance of the Group in this market and the largest sustainability-linked financing on record in the USPP market to date. The transaction incorporated KPIs designed to incentivise the Group to meet ambitious targets related to the reduction of greenhouse gas emissions. Proceeds were used to refinance a USD 98 million USPP maturity and also raised over USD 100 million of additional liquidity for the Group. The transaction was upsized from an initial USD 100 million following strong investor demand, with over half of the total amount raised in the 10-year tranche.

Revolving Credit Facilities

Over the last 15 years, the Group has maintained two revolving credit facilities, an Asian RCF and a European RCF.

In March 2021, the Group refinanced its flagship 365-day European RCF at approximately USD 1.85 billion, as well as the 1-year extension and increase of its USD 3.65 billion 3-year facility. The facilities, which include the Company's first sustainability-linked loan structure, were very well received by the bank market partly thanks to the Company's record performance in 2020. The 365-day ERCF was initially launched at USD 1.5 billion and closed substantially oversubscribed. Similar to previous years, the facility was used to refinance the maturing facility, as well as for general corporate purposes.

In October 2020, the Group refinanced its Asian RCF and term loan facilities for approximately USD 1.6 billion-equivalent. The facility was oversubscribed and upsized from their initial launch amount of USD 1.0 billion-equivalent, with 24 banks participating in the transactions. It comprises of a 365-day USD revolving credit facility (USD 730 million), a 1-year CNH term loan facility (approximately USD 590 million equivalent) and a 3-year USD term loan facility (USD 278 million). The syndication was supported by the Group's strong business and financial performance, amid the COVID-19 pandemic, and the Group's partnership-driven approach with its financing partners, resulting in a closing amount above 2019's level despite market turmoil.

Other Corporate Facilities

In March 2020, the Group returned for the fifth time to the Japanese domestic syndicated bank loan market, following the first close in 2012. The Group raised JPY 76.8 billion (approximately USD 720 million-equivalent) via a JPY-denominated term loan. In addition to the historical three-year tranche, which the Group has refinanced every two years since 2012, the Group introduced an inaugural five-year tranche. Twenty Japanese financial institutions supported the Samurai loan, demonstrating the continued interest of domestic lenders in the Group's credit. Five new institutions joined the syndicate, while the majority of existing lenders continued to participate and increased their amount invested. This transaction continues to increase the diversification of the Group's funding base and strengthens its banking presence in Asia, in particular in the Japanese domestic lending market.

The Trade Receivables Securitisation Programme

The Group manages two trade receivables securitisation programmes through separately capitalised special purpose vehicles: TSF and the recent Non-traditional Trade Receivables Securitisation Programme.

The Group's Initial Trade Receivables Securitisation Programme (TSF) was launched in November 2004 and enables the Group to fund its receivables once an invoice has been issued and all the Group's obligations under the contract have been performed, subject to strict eligibility criteria. The programme currently has ten bank-sponsored conduits. Since most physical transactions are financed on a transactional basis with letters of credit or loans under existing lines, the securitisation of the Group's receivables accelerates the rotation of these existing credit lines, since secured bilateral loans are repaid faster with the programme proceeds following the sale of the receivables. This mechanism frees financial resources, enabling the Group to grow existing activities and develop new businesses.

The implementation of the securitisation programme achieved the following objectives:

- Diversify and increase borrowing sources;
- Maximise borrowing base and amount of net financing;
- Benefit from attractive funding costs, thanks to TSF's investment-grade ratings from Moody’s and S&P (including a senior Aaa/AAA tranche);
- Create a scalable funding program that can grow in size as the Group's volume of receivables increases; and
- Extend borrowing maturity.

Over time, the external funding of TSF has increased significantly in size while incorporating a longer term committed funding element, principally through the issuance of Medium Term Notes (MTN), as well as retaining a significant proportion of variable funding purchased by bank-sponsored conduits, reaching USD 4,328 million of external funding as at 31 March 2021 – a USD 1.0 billion increase year-on-year reflecting the Company’s needs for additional working capital financing in a market with generally higher commodity prices. The maturity of the TSF Variable Funding Notes (VFN) have been staggered to diversify the maturity profile of such notes. The aim of this is to mitigate the ‘liquidity wall’ risk associated with a single maturity date for a significant funding amount. As a result of the Group's stringent risk management philosophy, the programme has not suffered any write-offs since its inception in November 2004 and has become the largest AAA/Aaa publicly rated securitisation programme of trade receivables in the industry.

In September 2018, TSF issued a new series of public notes (TSF 2018-1) on the US 144A and Reg S asset-backed securities (ABS) markets. This was the fifth MTN issuance under the programme. The 3-year tenor USD 500 million of public notes were placed with US and European investors. The transaction was very well received, with the participation from a total of 32 institutional investors in the fixed and floating rate tranches.

In May 2020, the Group put in place an innovative securitisation programme to finance its receivables currently not eligible for the TSF securitisation programme. This USD 295 million programme is enhanced by an insurance policy and initially syndicated with three financial institutions. It is currently funded through short-term variable funding notes only. As per the other securitisation programmes, the main purpose is to ultimately syndicate this product with institutional investors, with a potential medium term notes issuance, in order to continue the diversification of funding sources.

In July 2021, Trafigura Securitisation Finance Plc successfully priced a new series of notes on the 144A/Reg S Asset-Backed Securities market. This is the Group’s sixth public ABS transaction since the inception of the programme in November 2004, with TSF becoming the largest AAA/Aaa publicly rated securitisation programme of trade receivables in the world. A total of USD 300 million of public notes (3-year tenor) were placed with US investors including: USD 139.5 million floating rate Class A1 notes (AAA/Aaa), USD 139.5 million fixed rate Class A2 notes (AAA/Aaa) and USD 21 million fixed rate Class B notes (BBB/Baa2). The transaction was well received with participation from a total of 16 investors in the fixed and floating rate tranches.

The Inventory Securitisation Programme

Following the success of the trade receivables securitisation programme, the Group pioneered an inventory securitisation programme in November 2017. Trafigura Commodities Funding Pte. Ltd. ("**TCF**"), a standalone vehicle was established in Singapore to raise non-recourse funding backed by inventories of crude and refined metals. A second vehicle, Trafigura Global Commodities Funding Pte Ltd (“**TGCF**”), was added to the structure in February 2020 to permit the purchase of U.S. commodities.

TCF/TGCF issued USD 365 million of senior variable notes which were placed on a private basis with five financial institutions. The proceeds of the notes enables TCF/TGCF to purchase oil products and refined metals inventories from the Group across twelve jurisdictions in Europe, Middle East and Asia-Pacific, together with the U.S. which became an eligible jurisdiction in February 2020, as part of an amendment process in cooperation with noteholders. This recent improvement, together with market conditions in 2020, allowed programme utilisation to reach record levels and paves the way for the implementation of the next phase: seeking committed term financing in the asset-backed securitisation markets.

The commodities are sold on a ‘true sale’ basis under a purchase agreement, granting TCF/TGCF the right to sell each commodity back to the Group at the expiry of the underlying contracts or earlier at the option of the Group. The transaction structure addresses risks related to the ownership of the commodities such as price, liquidity, basis risk, damage and theft of goods and storage control. The programme was designed to withstand a potential default of the Group via collateral and liquidation agency agreements.

Transactional Financing

A large proportion of the Group's financing is derived from trade related transactional financing arrangements, which finance day to day activities. This involves the financing of individual physical commodity transactions with uncommitted secured bilateral bank lines. The debt created in these transactions is secured on the commodity that is being purchased and subsequent receivable.

In their most simple form, bilateral trade finance lines are a means of financing physical trading activity whereby a single trade finance bank initially opens up a letter of credit in favour of a commodity trader, followed by a loan to the commodity trader once the purchase invoice has been paid, to finance a specific single physical transaction. The loan is repaid by the commodity trader using cash received from the sale of the specific stock being financed. It is important to note that these transactions are self-liquidating in that the debt is repaid from the proceeds of the sale of the commodities (or by the sale of a related receivable).

A key feature of these financial arrangements is that financing is generally provided at 100 per cent. of the value of the underlying assets and adjusted on a weekly basis. In the event of rising prices, the Group marks to market the collateral held by the banks, who in turn provide additional liquidity to the Group on a weekly basis or more often if requested by the Group (or *vice versa* in case of declining prices). Given that the Group hedges its physical trading books, the cash flows on the hedging positions can be matched with the change in value of collateral which are marked to market under the corresponding loans. Without bilateral lines, such liquidity could only be realised at the time of the payment under the final sales contract by the client.

The main advantages of bilateral trade finance lines are as follows:

- *Self-liquidating nature*: Lenders initially retain security over the stock, then over the associated receivable. As cash from the receivable is received, the bilateral loan is repaid. As such, loans under bilateral lines are not repaid from cash flow, but rather from the transaction itself.

- *Flexibility*: Bilateral lines are also a very flexible form of financing and can be drawn for funding or the issue of credit instruments such as letters of credit and can be easily increased in case of high commodity prices.

- *Reliability*: Banks view bilateral financing favourably and are more generally more willing to lend under bilateral lines than other forms of financing. This ensures bilateral lines are a reliable form of financing even in distressed credit markets. Since early 2011, the Group has grown its bilateral lines by approximately USD 25 billion, with total lines now amounting to approximately USD 45 billion as of 31 March 2021.

- *Strong liquidity tool*: As transactions are generally 100 per cent. financed and the level of such financings is adjusted on a weekly basis margin calls can be recovered more quickly.

- *Mark to market*: Ability to make weekly drawdown in transactional secured loan to reflect a change in value of the underlying collateral; this provides liquidity to balance out margin call requirements on futures positions.

- *Scalability*: Ability to grow lines and to increase/decrease usage according to market conditions and price environment helps the Group react quickly to changing market conditions.

Main Recent Transactions

In September 2020, the Group established a 'low-carbon aluminium' financing platform of USD 500 million, with two financial institutions supporting the design and structuring of this instrument. As the first financing of its kind for the Group and for the wider market, the facility has been designed to meet growing demand from downstream manufacturers for low carbon aluminium and to support upstream producers in accelerating their transition to low carbon technologies. The platform will enable the Group to access financing at a preferential interest rate and, in turn, to pay a premium to low carbon aluminium producers. It follows the Group's establishment of a low carbon aluminium-trading desk in 2019.

In June 2021, Trafigura Trading LLC successfully renewed its North American borrowing base credit facility. The Group initially launched a USD 4.0 billion 2-year facility (in line with the existing size of the transaction) and received over USD 4.5 billion in total commitments, but the Company decided to close at USD 4.425 billion. This increased liquidity positions the Group to continue to grow its market share in trading crude, petroleum products, natural gas and natural gas liquids, as well as expanding its power and renewable energy trading. The Group continues to be one of the largest domestic marketers and exporters of crude and petroleum products in North America, supported by its vast network and logistic assets, as well as its access to crude supplies from Eagle Ford to the Permian Basin.

These financing arrangements on an individual transaction basis are only possible with the Group's highly developed and integrated IT systems. Various stages of these transactions need to be monitored and reported to the bilateral banks. The banks involved also need to be able to monitor the transactions and ensure proper management.

Today, the Group is unique among its principal peer group in the way it finances its business activities. It provides the Group with a competitive advantage and has proven to be resilient even during highly volatile market conditions.

The utilisation of the bilateral trade finance lines tends to track the underlying oil price. Between September 2014 and September 2015, when average oil prices fell below USD 43/bbl, utilisation of bilateral lines also tapered off. As we saw oil prices increasing from early 2016 to mid-2018, the headroom under our trade finance lines contracted. Increases in traded volumes are also reflected in higher utilisation levels (in USD terms): since March 2015, traded volumes increased from approximately 2.7 mbpd to 6.4 mbpd on average over first half of 2021. However, despite price fluctuations and traded volumes increment, the Group was able to maintain significant headroom in its bilateral lines (albeit with a slower pace of growth in overall size).

The divergence between total short-term transactional lines and net utilisation from mid-2018 to mid-2020 is testament to the ability of the Group to not only diversify its sources of funding, but also to expand its banking group leading to increasing capacity in short-term transactional lines. Noting that this trend stopped since mid-2020 due to the recent rally in commodities prices, in particular on the metals side combined with higher traded volumes as global demand grows with the progressive recovery from the pandemic.

Transactional Finance compared to Unsecured Lenders

The Group's use of bilateral trade finance lines does not negatively impact the position of unsecured lenders. Since financing is generally provided at 100 per cent. of the value of the underlying assets and marked to market on a weekly basis, there is no issue of over-collateralisation. This means that no cash (flow), working capital or equity is trapped under the bilateral facilities. In case of an unforeseen problem with the Group, the bilateral lenders would simply liquidate the underlying transaction and as they are financing 100 per cent. of the collateral value, current asset and short-term debt would simply cancel out, i.e. the balance sheet would shrink without impacting the net working capital that is available to the unsecured creditors (USD 8.4 billion as at March 2021, excluding (i) current assets and liabilities of the securitisation programmes and (ii) current assets and liabilities in respect of operating leases).

The Group and the Banking Environment

As a privately owned company, the Group funds itself primarily from the banking and debt capital markets. Whilst the Group (in common with the rest of the commodity sector) has not been completely insulated from the turbulence in the banking environment, the consequences for the Group have been very limited due to its diversified sources of funding and a pro-active approach with its banks.

In 2010 and 2011 during the Eurozone crisis, there was scarce liquidity in the loan markets, particularly for borrowers looking to raise funds denominated in US Dollars. A combination of high commodity prices, with supply of and demand for liquidity polarised, meant borrowers saw pricing creep significantly higher. Between late 2012 and early 2015, steps to restore liquidity (e.g. quantitative easing etc.) and a generally improving banking environment meant loan volumes picked up, which enabled borrowers to (re)finance their facilities at lower pricing, with the increased liquidity resulting in significant oversubscription, allowing borrowers to increase facility sizes and even scale back commitments. Within the industrial and commodity financing spaces, this trend began to tail off in mid- to late- 2015 as the fall in commodity prices and slowing growth in some key markets such as China and Brazil have put pressure on commodity producers and integrated producer/marketers. This understandably caused some nervousness among banks. Since the end of 2016 until 2019 the stabilisation in oil prices led to a rise of available credit facilities.

In 2020, turbulent markets, amid the Covid-19 pandemic and US-China trade conflict, raised worries about risks to the financial and trading system. Given the scale of recent price movements, attention has naturally turned to the commodities trading sector. This attention was further sharpened by the difficulties experienced by some trading firms, mostly in Singapore. However, large physical commodities trading firms, such as the Group, are playing a central role in managing the inherent financial and other risks that arise in such volatile markets, and smoothing over the disruptions resulting from such supply and demand shocks.

The Group has, and expects to continue to benefit from being one of the top names in the commodity sector and has been able to maintain healthy levels of committed and uncommitted facilities throughout the various banking and commodity market cycles with strong and continued support from its banking partners.

In recognition of the market trends mentioned above, the Group has sought to manage its banking group in the following ways:

Pro-active and Clear Communication with Banks

The Group maintains a clear and open communication channel with banks. At the end of 2012, the Group carried out a survey on members of its lending group to gauge the perception of external stakeholders towards the Group and its operations. A 70 per cent. response rate was achieved, which highlighted key differentiators of the Group in comparison to its peer group and the challenges faced by the Group, as well as the main positive and negative drivers of the Group's reputation with lenders. The study has proved helpful in developing and shaping the Group's communication channels and strategy.

Following the successful engagement in 2012, the Group conducted a further survey in 2015 to gain an improved understanding of the operational and reputational risks and opportunities that the financial community, namely lending stakeholders, ascribes to the commodities sector as a whole and to the Group in particular. The exercise was also used to measure any tangible improvements following the learning outcomes of the 2012 survey. A total of 35 banks, spread across Europe, North America, Asia Pacific and Africa, were contacted for comment regarding various metrics and personal experiences with the Group. Overall, the lenders acknowledged the significance of the Group as a key player in the industry and highlighted its high level of transparency and communication in topics ranging from strategic objectives to risk management and compliance.

In April 2018, the Group commissioned a third assessment with about fifteen of its key relationship lenders and investors to re-evaluate the Group's reputation, as well as to ascertain their opinions on the impact and quality of the Company's reporting suite. The general consensus from respondents was that the Group is seen to act as if it was a 'public company' and is considered to be at the forefront of the responsibility agenda for the sector and decisive in shaping it. The Group's reporting is considered to embody transparency, from a more ambitious Responsibility Report through higher financial transparency in the Annual Report and to industry thought leadership with various white papers such as Commodities Demystified.

The Group values highly this type of feedback and will repeat this exercise in the future, applying recommendations in order to keep shaping and improving its business practices, banking relations and reputation.

Track record of building strong relationships

For a number of years and throughout various commodity cycles and financial market environments, the Group has cemented strong relationships with its lending banks. Regular meetings are held between the Group's board members and/or management committee members and senior management of the Group's major banks. Top management at those banks have reiterated their commitment to the Group as they re-focus available capital to the leaders in each sector. Therefore, despite a client portfolio rationalisation being undertaken by such banks which has mainly affected non-core and small(er) clients in the commodities space, the Group has not suffered any material reduction of available lines and in a number of cases has actually seen available lines increase.

Diversification of Group funding sources

Diversification is a key pillar of the Group's funding strategy. For many years, the Group has actively sought to diversify its banking pool, which now consists of 140 banks across the world. The Group has developed strong banking relationships in regions which have been spared some of the consequences of the European sovereign debt crisis (e.g. North America, Japan, Australia and South East Asia). Historically, European banks have been prominent in commodity trade financing and are therefore an important part of the Group's bank group. In the unforeseen case that available credit lines from certain European banks were reduced, the Group would be in a position to mitigate the effects of such a reduction through corresponding increases of its banking lines in other regions.

Additionally, the Group is in a strong position having developed its trade receivables securitisation programme into the largest in the industry. Since this programme is funded from the USD capital markets (whether directly or indirectly via conduits) this significantly reduces the amount of USD liquidity required from its banks in the form of traditional lending. Another milestone was achieved in November 2017 when the company successfully launched its first ever inventory-backed securitisation programme (non-recourse funding), leveraging existing assets and diversifying the funding pool.

The Group has successfully tapped various markets for long term unsecured funding such as the Eurobond market (2010, 2013, 2014, 2015, 2020 and 2021), the US private placement markets (2006, 2011, 2013. 2018 and 2021), and the hybrid capital market (2013, 2014 and 2017). Since the beginning of the Group's fiscal year 2018, the Group has also been active in a number of different markets, tapping new sources of liquidity through senior USD bond, CHF bond and Panda bond (as presented above). Moreover, the Group also has a Japanese Yen denominated 3-year term loan which it has now refinanced four times (last in March 2020), upsizing the loan each time (see "*Other Corporate Facilities*").

Financial Discipline

Although unrated by an international rating agency, the Group aims to manage its business and financial profile in a manner consistent with an investment grade profile. The Group has a track record of raising financing from multiple sources on an unrated basis even in the most volatile and challenging market conditions.

Financial discipline is critical to the Group's business model due to its reliance on debt markets for capital and liquidity. The Group's significant expansion of its sources of financing over the years has been achieved on the basis that the Group can maintain an acceptable and sustainable credit standing consistent with an investment grade profile.

As a private company, the Group values long term relationships with all its financial stakeholders and provides access to all information necessary to reach an independent view on the Group's creditworthiness. The Group has always strives to disclose to its financial stakeholders information necessary to understand its business model and financial performance. As a testament to this approach, the Group also releases its interim and full year financial reports publically on its website (www.trafigura.com/financials). The Group believes its stakeholders' scrutiny and continuous involvement provide a strong oversight and control on the Group's financial health and is consistent with the Group's strategy to build value in the long run, which is reinforced by its ownership model.

Such discipline is reinforced by the financial covenants that are granted to some of the Group's unsecured lenders.

XVI. LEGAL PROCEEDINGS

The Company and its subsidiaries are parties to a number of legal claims and proceedings arising out of their business operations. The Group believes that the ultimate resolution of these claims and proceedings will not, in the aggregate, have a material adverse effect on the Group's financial position, consolidated income or cash flows. Such legal claims and proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is unpredictable. It is possible that the Group could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

XVII. OWNERSHIP STRUCTURE

The Group is owned by approximately 850 senior employees who are therefore focused on the long-term success of the business, promoting management depth and stability, and encouraging prudent risk management. The decision as to which employees may become shareholders is discretionary based upon management's evaluation of the individual's performance, seniority and future potential. This assessment is made on a yearly basis, with adjustments up or down, depending on the employee's overall (current and expected) contribution to the Group's results.

Shares are issued and redeemed by TBBV. Upon ceasing employment with the Group, any shares in TBBV held by an employee will be repurchased, under certain conditions. In case of shareholdings in excess of USD 1 million, an employee's shares are bought back in five separate instalments (the first one at the time of departure and then at the end of each of the following four years).

The Group operates a limited discretionary share redemption programme for non-departing employees in order to provide liquidity in the shares and ensure that employees hold shareholding positions commensurate with their overall contribution to the business. However, all share redemptions (for both departing and non-departing employees) are strictly discretionary and can be deferred indefinitely; noting that employees do not have the right to freely sell their shares. Redemptions are strictly subject to the Group maintaining its financial covenants.

Finally, as has been the case since inception, no dividend or profit distribution is paid to final shareholders of the Group other than through share redemptions at the level of TBBV (noting that, as a first step, dividends are paid from the Company to TBBV).

XVIII. MANAGEMENT STRUCTURE, CORPORATE GOVERNANCE AND RESPONSABILITY

Board of Directors

As part of the corporate re-organisation described above, there was a change in the Group's governance arrangements. The reason for this is because Singapore law does not specifically provide for locally registered companies to have a two-tier Board structure. As a consequence, with effect from 30 September 2015, the Group established a single Board of Directors to oversee the Group. The Board of Directors has overall responsibility for the strategic direction and management of the Group across all its investments and activities. This encompasses the roles previously occupied by the Group’s two-tier board structure which was comprised of a Supervisory Board and a Board of Directors prior to the Group re-organisation. The Board is chaired by Jeremy Weir, Executive Chairman and CEO. Members of the current Board of Directors are listed below:

BOARD OF DIRECTORS				
Name	**Position**	**Other relevant activities outside the Group (Past or Present)**	**Years with the Group (as at 1 January 2021)**	**Years in Commodities**
Andrew Vickerman	Director	Former member of the Operating and Executive Committees of Rio Tinto; Former Global Head of Communication & External Relations of Rio Tinto	10	29
Jeremy Weir	Executive Chairman and Chief Executive Officer	None	20	28
Jose Larocca	Executive Director and Co-Head of Oil Trading	None	27	29

BOARD OF DIRECTORS				
Name	**Position**	**Other relevant activities outside the Group (Past or Present)**	**Years with the Group (as at 1 January 2021)**	**Years in Commodities**
Mark Irwin	Director	Former Financial and Corporate Controller	Since inception	29
Mike Wainwright	Executive Director and Chief Operating Officer	None	25	25
Pierre Lorinet	Director	Former Group Chief Financial Officer	19	20
Sipko Schat	Director	Former member of Executive Board of Rabobank Non-Executive Director of various companies	5	5

The business address of each member of the Board of Directors is 10 Collyer Quay, Ocean Financial Centre, #29-00 Singapore 049315. As at the date of this Offering Circular, to the best of the Company's knowledge, no potential conflicts of interest exist between the duties to the Company of any director, and its private interests and/or other duties.

Management committee

The Management Committee was created in April 2018, subsuming the Trading Committee and Investment Committee. The Management Committee is responsible for the execution of the Group's business plan including management of the day-to-day trading, commercial and operational functions as well as the Group's investment portfolio. The creation of the Management Committee marked a further development of the Group governance and enlargement of the leadership of the Group. Members of the Management Committee are listed below:

Name	Position / Background	Years with the Group (as at 1 January 2021)	Years in Commodities
Ben Luckock	Co-Head of Oil Trading	13	23
Christophe Salmon	Group Chief Financial Officer	9	20
Jeremy Weir	Executive Chairman and Chief Executive Officer	20	28
Jesus Fernandez	Head of M&A	16	16
Jose Larocca	Executive Director and Co-Head of Oil Trading	27	29
Julien Rolland	Head of Power and Renewables Division	15	24

Name	Position / Background	Years with the Group (as at 1 January 2021)	Years in Commodities
Mike Wainwright	Executive Director and Chief Operating Officer	25	25
Hadi Hallouche	Co-Head of Oil Trading	9	16

Other committees

Below the Management Committee sit a number of more narrowly focused management committees which are focused on the day-to-day management of the Group, as opposed to the Group strategy. Each committees maintains regular contact with the Group's Management Committee and Board. They are comprised as follows:

- Oil and Petroleum Products Trading Committee: Group CEO, Co-Heads of Oil Trading and a group of senior oil traders;
- Metals and Minerals Trading Committee: Group CEO and senior metals and minerals traders;
- Finance Committee: Group CFO, Regional CFOs, Head of Structured & Trade Finance, Group Treasurer, Head of Credit Risk Management and Head of Trade Finance;
- Accounting Steering Committee: Group COO and Group Financial Controllers;
- IT Steering Committee: Group COO, and other board-level representatives;
- Market Risk Committee: Group CEO, Group COO, Co-Heads of Oil Trading and Chief Risk Officer;
- Compliance Committee; and
- HSEC Steering Committee.

Corporate Responsibility

The Group has set an important ambition: to become acknowledged as a sector leader in the way that it manages corporate responsibility. This commitment is endorsed by the Group's Management Committee, shareholders and by employees across the Group. It is also based on the following commercial logic:

1. The Group knows it has to earn and maintain a social licence to operate in the many countries and communities where the Group is active.
2. As a Group specialising in the logistics of moving large volumes of potentially dangerous or polluting materials around the world, it needs to operate a systematic and rigorous approach to the management of Health, Safety, Environment and Community ("**HSEC**") risks, both in operations under direct control and in selection of contracting partners.
3. The Group's partners rightly require assurance that the Group operate to the highest standards. Demonstrating leadership in responsibility will support the development of business and enhance access to capital and liquidity. In that sense, the Group see good performance in this area as a means of securing a competitive edge.

Different parts of the Group have distinct challenges and priorities across the HSEC and compliance agenda. All are required to implement, measure and report performance against the priorities and targets agreed at Group and operating levels.

The Group reports annually on its corporate responsibility performance. For further information, please refer to our website: https://www.trafigura.com/responsibility/responsibility-performance/2020-responsibility-report/

Comprehensive Framework for Responsibility

The sustainability of any policy is contingent on how it is developed, embedded and monitored.

In 2016 Responsibility Report, the Company described the adoption of a new Corporate Responsibility Policy, together with updated Business Principles covering human rights, health and safety, environment and community engagement. Publication followed extensive consultation with employees, business partners and other stakeholders. These documents are all available here at https://www.trafigura.com/hsec-resource-centre/.

At a strategic level, the Group′s Corporate Responsibility Policy articulates the leadership team′s priorities and commitments for social and environmental governance. Operationally, it outlines what is expected from everyone in the Group, its divisions and operating companies.

The Group policy and principles are cognisant of emerging best practice for multinational corporations and in particular with authoritative frameworks such as the UN Guiding Principles on Business and Human Rights (the UNGPs or 'Ruggie Principles'). They also reflect the evolving expectations of many of the stakeholders, from financing institutions to local communities.

The Group actively encourage business partners and other entities directly linked to its business operations, products and services to align with and implement comparable standards.

2020 Responsibility Report

The Group reports annually on its corporate responsibility performance. In January 2021, the Group published its sixth Responsibility Report which accounts for the Group’s 2020 ESG performance. The report presents a practical perspective on how the Group is working independently and in collaboration with its many suppliers and counterparts to manage its ESG impacts and the Group’s progress during the year implementing responsible business practice.

In this sixth Responsibility Report, the Group reflected a year of strong progress in improving transparency, engaging openly with a broad range of stakeholders and continuing to take a leadership position in progressing responsibility standards in commodities trading. The Group continued to focus on four key areas. First, the health and safety of those impacted by the Group’s operations. Second, the environmental and climate change strategy, reflecting the Group’s first greenhouse gas emissions reduction targets, where it has decided to reduce absolute emissions from its operations by at least 30 per cent. over the next three years. Third, the Group’s growing responsible towards stakeholder engagement, including a wide range of industry bodies, governments and regulators, community representatives and civil society; and fourth, the company’s efforts to continue to extend and rigorously enforce its robust compliance programme.

The Group’s safety performance has continued to improve over the course of 2020. The Group’s Lost Time Incident rate fell by 13 per cent. to 1.53 per cent. (compared to 1.76 per cent. in 2019), following reductions of 27 per cent. and 34 per cent. in 2019 and 2018 respectively.

The Group’s reporting of greenhouse gas emissions extended in 2019 to include all activities and the company reported good progress towards reporting emissions intensity.

In 2020, the Group announced its first greenhouse gas emissions reduction targets, targeting to reduce Scope 1 and 2 greenhouse gas emissions by 30 per cent. against its 2020 baseline on an absolute basis within the next three years.

In 2019, the Group eliminated the practice of using intermediaries or agents for business origination and development purposes, an important step expedited by the geographical scale that the Group has now reached. The company has continued to strengthen its compliance programme, and the Group’s Know-Your-Counterparty (KYC) due diligence programme extended to 10,576 counterparts, up from 8,672 in 2019.

Health, safety and environmental (HSE) diligence by the Group extended to 1,268 contractors, up from 683 in the previous year. In 2020, the Group undertook a full revision of its Responsible Sourcing Programme, setting ambitious objectives for the future and extending the scope of due diligence to cover to all metals and minerals traded from point of- origin to point-of-sale. Additionally, the Group is working to align the programme with the international ISO 20400:2017 standard. The Group's responsible sourcing programme expanded significantly, which is noted in the report as 'reflecting a growing industry trend towards enhanced supply chain diligence. The Group has made specific disclosures relevant to its Tailings Storage Facilities, in accordance with the Investor Mining and Tailings Safety Initiative.

In recent years, the Group has played an active role in support of commodities trading transparency and, in particular, the Extractive Industries Transparency Initiative (EITI). In 2019, the Group became the first commodity trading company to join the board of the EITI. The Group is committed to advancing the mission of the organisation and extending its reach internationally In 2020, the Group extended the scope of its disclosures in order to better align with new disclosure guidance issued by the EITI. The Group's reporting aligned with the EITI related to payments of USD 2.2 billion in 2019 to national oil companies (NOCs) in EITI countries (2018: USD 3.2 billion), against total payments of USD 30 billion in 2019 to NOCs in non-EITI countries (2018: USD 35.8 billion).

HSEC Steering Committee

The Group's HSEC Steering Committee is responsible for ensuring Group's Corporate Responsibility Policy and Business Principles are implemented consistently across organisation. It includes a Board member, the Heads of Corporate Affairs, HSE, and Corporate Responsibility as well as COOs and HSEC Heads from across the organisation.

The Group's HSEC Steering Committee is supported by cross-company HSEC Working Groups, focusing on particular challenges or work programmes.

The mandate of the Group's HSEC Steering Committee is to manage a robust, yet streamlined approach to HSEC issues across the Group with an emphasis on implementation and performance improvement at an operating company and local site level.

Transparency

The Group take the view that transparency is indispensable in its corporate responsibility journey. There are increasing demands for greater disclosure of payments to governments by commodity trading firms as well as mining companies and upstream oil producers. Disclosure can assist in improving governance in resource-rich countries.

As a major facilitator of global trade, the Group also believe that natural resource wealth should be an important engine for economic growth that contributes to sustainable development and poverty reduction. Being open about how the Group manage natural resources gives the populations in countries where it operate the tools to hold governments and business to account.

Since the Group's first bond issuance on the international debt capital markets in 2010, the Group has taken significant steps to provide greater transparency to stakeholders. The Group believe that driving greater transparency and accountability is in the best interests of those impacted by it activities, whether national governments and their citizens or sector leaders through to small businesses. Transparency is an important pillar of the company's core business and is increasingly viewed both internally and externally as a business enabler and a competitive differentiator.

Extractive Industries Transparency Initiative ("EITI")

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. In 2014, the Group became the first independent commodity trading company to publicly support the EITI and to develop a disclosure policy in collaboration with the organisation.

The EITI Standard requires the disclosure of information along the extractive industry value chain from the point of extraction, to how revenues make their way through the government and how they benefit the public. By doing so, the EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management, and provide data to inform reforms for greater transparency and accountability in the extractives sector.

In each of over 50 implementing countries, the EITI is supported by a coalition of government, companies and civil society. Company-level disclosures support transparency efforts by the state and their State Owned Enterprises (SOEs) complementing information on receipts published at the country level. Disclosures on purchases from governments allows buying companies to demonstrate their financial contribution to the economies of the countries from which they purchase. Improved transparency not only builds trust with producer governments and civil society it also helps facilitate access to capital from financial institutions. For the Group, its commitment to transparency also yields an important competitive edge.

Over recent years, the Group has taken a number of important steps to advance commodity trading transparency. Beyond our participation in the International Board of the EITI, as well as the Working Group on Transparency in Commodity Trading, we frequently engage with our existing as well as prospective commercial counterparts on such matters.

Society

The Group is a major facilitator of global trade. The Group believes that natural resource wealth should be an engine for economic growth that, when used prudently, contributes to sustainable development and poverty reduction.

The Group's activities stimulate development in local communities and national economies. The Group creates employment, develop skills, build infrastructure and procure from local suppliers. At the same time, it recognises that its activities and those of its business relationships can also have adverse impacts.

The Group monitor and seeks to manage risks where it has indirect supply chain impacts. The Group endeavours to mitigate such risks by acting responsibly and by exercising diligence in appointing suppliers and contractors. How the Group acts is codified through its Responsibility Policy, Business Principles and, where appropriate, specified operating expectations.

Internationally, the Group contributes to the expanding conversation on and response to impacts related to its sector, the geographies in which it trades, the business relationships that it keeps, the products that it handles and the services that it delivers.

Earning and maintaining its social licence in communities where it operates reduces risk, supports the development of its business and enhances its access to talent, capital and liquidity. Promoting greater linkages with the community and driving greater levels of transparency locally and internationally are vital components. Where its activities impacts others, it acts to avoid infringing their rights and to address adverse impacts with which it is involved.

Health and Safety

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

The Group's robust, targeted approach is increasingly informed by solid data. The Group are asserting the primary importance of safe, healthy working conditions through strong governance supported by an active network of HSEC practitioners. The Group aims to eliminate or mitigate operational risks to as low as reasonably practicable, whether they relate to its employees or to others carrying out or overseeing duties on their behalf.

The Group approach has its foundations in its Corporate Responsibility Policy and Business Principles. The Group expectations for HSEC performance and behaviours are set out in the HSEC Management Systems Framework which applies to all employees and all the Group operated facilities. The Group meeting these commitments through strong governance at the Group and operating levels. The Group is strengthening its assurance and formalising its processes. The Group focus on skills development and risk management, and share good practice across the organisation.

A thorough update on 2020 achievements is available in our 2020 Responsibility Report.

Environment

The Group is entrusted with the safe handling, storage, blending and transportation of significant volumes of commodities every day, including oil and petroleum products, ores, concentrates and refined metals. It is the Group's duty to prevent, minimise or remediate any unintended releases of these products to the natural environment.

The Group divisions and operating companies that manage industrial assets aim to eliminate or mitigate any adverse environmental impacts associated with their activities. The Group seek to reduce emissions, explore ways in which it can create supply chain efficiencies in logistics, and adapt its operations to meet the reality of climate change.

In 2019, the Group established the Climate Change Group to guide the strategic approach to climate-related risks and opportunities. This year the Group set the ambitious target to reduce operational greenhouse gas emissions (scope 1 and 2) by 30 per cent. within 3 years as well as to install two gigawatt of renewable power within 5 years. The Group also intend to set a scope 3 target within 3 years. The Group is positioned to adapt as the world transitions to a low carbon economy.

A thorough update on 2020 achievements is available in our 2020 Responsibility Report.

People

We set high standards for ourselves and for our partners in our day-to-day activities. We work in an environment based on respect, diversity and performance where people can flourish and maximise their potential.

Trafigura people combine entrepreneurialism with responsibility. Devolved decision-making gives employees significant autonomy. Increasingly robust systems and processes ensure full accountability and control.

It is an approach that aims to motivate staff, promote agility and allow close-knit teams to operate effectively across diverse businesses with differing norms and in varying socio-economic conditions.

Trafigura's Human Resources (HR) team oversees our people strategy on behalf of the Group. The Global Head of HR reports to Trafigura's COO who sits on Trafigura's Management Committee and Board of Directors.

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

Conduct and Compliance

The Group focuses on promoting and sustaining a sound compliance culture where all staff recognise both a personal and a collective responsibility for meeting Group compliance objectives. The Group's Code of Business Conduct defines what is expected of its people.

The Group's business is conducted within national and international laws and regulations. Wherever the Group operates, it aims to ensure its conduct is in line with applicable and relevant internationally recognised standards. The Group's Code of Business Conduct is a cornerstone of the Group's approach. It defines what is expected of the business and its employees. It promotes good business judgement and compliance with relevant laws and regulations.

Ethical business conduct is a pre-requisite for sustained success. The Group has adopted five key principles that define the way the Company conducts itself worldwide. The Company's Compliance Department has developed global systems and safeguards that ensure the Company adheres to these principles wherever the Group operates.

1. *Integrity* - honest and straightforward in business dealings;

2. *Care and diligence* - due skill, care and diligence in the management of its business;

3. *Best practice* - compliance procedures that meet best practice standards, not just minimum legal or regulatory requirements;

4. *Market conduct* - business dealings in accordance with high standards of market conduct; and

5. *Management and control* - appropriate procedures in place to manage and control the business effectively and meet the requirements of its Code of Business Conduct.

The Group's Compliance Department oversees Group activities. It operates in partnership with front office functions to ensure the Group's controls are relevant and robust. The Group's Head of Compliance reports directly to the Group's COO who sits on the Group's Management Committee. The Group's Compliance Committee meets twice a year.

Know Your Counterparty Process

The Group is dedicated to forming strong, enduring and mutually beneficial relationships with its customers. Therefore, the Group takes great care in selecting its business partners, a commitment that is clearly articulated within the Company's 'Know Your Counterparty' programme. Before transactions can proceed, a prospective new counterparty must provide extensive information about its operations, directors and financial status. After these details have been analysed by the Group's internal compliance team, the data is verified by authoritative external agencies including Complinet and Dun & Bradstreet. Following this, the credit department verifies the credit status of the counterparty. Only after these checks are successfully undertaken can the Group enter into transactions with a new counterparty. These responsibilities are shared by a comprehensive compliance plan, monitoring programme and involvement of senior management through Compliance Committees.

Trafigura Foundation

The Trafigura Foundation was established in 2007 to coordinate and support the Company's philanthropy. What began as a handful of projects managed by staff has progressed into a systematic philanthropic organisation with global interests. Today, Trafigura Foundation provides financial and technical support to long-term development programmes that respond to specific local needs and delivers long lasting results. Over the past decades, it has engaged in projects involving around USD 58 million in nearly 100 programmes in 29 countries of operations.

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

The Foundation's governance structure ensures decisions are entirely independent and guided by genuine philanthropic motivations. The executive team selects, manages and monitors the programmes to which the foundation grants its support and is led by the Executive Director. The Foundation's Board of accomplished professionals' guides and supports the Foundation in its strategic decisions and investments.

Membership Organisations

In order to facilitate honest and open engagement with stakeholders on a range of social and environmental topics, The Group have joined a number of corporate responsibility initiatives worldwide. Current memberships include:

- UN Global Compact « (UNGC) » at an international level.
- World Economic Forum (WEF) - An international organisation for public-private cooperation engaging political, business and other leaders of society to shape global, regional and industry agendas. The Group is a member of the WEF's Global Battery Alliance.
- Global Maritime Forum: An international not-for-profit foundation dedicated to shaping the future of global seaborne trade to increase sustainable long-term economic development and human wellbeing.

- Global Business Initiative on Human Rights « (GBI) »: A not-for-profit organisation established to advance human rights in the business context by informing policy and promoting cross-industry peer learning, outreach and capacity building.
- Extractive Industries Transparency Initiative « (EITI) » (as mentioned above).
- Oil Spill Response Ltd.
- Other membership includes: International Swaps and Derivative Association, Futures Industry Association, Commodities Markets Council Europe and OECD Multi-Stakeholder Group.
- The Group's participation in these initiatives is enhancing the Company's ability to meet its obligation to respect human rights in practice.

XIX. FINANCIAL YEAR

The financial year of the Company ends on 30 September.

XX. AUDITORS

For the financial years ended 30 September 2020 and 30 September 2019, the auditor of the Company was PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, 1211 Geneva, Switzerland. PricewaterhouseCoopers SA, Geneva branch, is registered in the commercial register of the Canton of Geneva under number CHE-390.062.005. PricewaterhouseCoopers SA is a member of EXPERTsuisse – Swiss Expert Association for Audit, Tax and Fiduciary.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Offering Circular and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the Securities. Each prospective Securityholder or beneficial owner of Securities should consult its tax adviser as to the tax consequences of any investment in, or ownership, disposition of and receiving payment of interest, principal and/or other amounts under the Securities.

Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, administrative guidelines and circulars issued by the relevant authorities in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts may later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any Securityholder or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive nor exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective Securityholders of the Securities are advised to consult their own professional tax advisers as to the Singapore tax consequences of the acquisition, ownership or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Joint Lead Managers and any other persons involved in the issue and offer of the Securities accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

Classification of the Securities

An advance tax ruling will be requested from the IRAS to confirm whether the IRAS would regard the Securities as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the QDS Regulations and that interest (including Arrears of Interest and Additional Interest Amounts) arising from the Securities will be regarded as debt interest, and whether subject to satisfying the governing conditions for qualifying debt securities, the Securities would be regarded as qualifying debt securities and the Securityholders will enjoy the tax concessions and exemptions under Section 43N and Section 13(1)(a) of the ITA respectively. The disclosure below on "Interest and Other Payments" is on the assumption that this confirmation is obtained from the IRAS. Should the IRAS, in giving its confirmation, impose additional tax disclosure requirements on the Issuer or other conditions and the Issuer does not or is unable to, for any reason, comply with these additional tax disclosure requirements or conditions, the Securities may not be regarded as qualifying debt securities and the Securityholders thereof may not be eligible for the tax concessions and exemptions under Section 43N and Section 13(1)(a) of the ITA respectively.

There is no guarantee that a favourable ruling will be obtained from the IRAS. If the IRAS rules that the Securities are not debt securities for the purposes of Section 43N(4) of the ITA and Regulation 2 of the QDS Regulations and/or the interest (including Arrears of Interest and Additional Interest Amounts) arising from the Securities are not regarded as debt interest, the Securities would not be regarded as qualifying debt securities and the Securityholders will not enjoy the tax concessions and exemptions under Section 43N and Section 13(1)(a) of the ITA respectively, and the tax treatment to Securityholders may differ depending on the characterisation and treatment of the Securities by IRAS.

No assurance, warranty or guarantee is given on the tax treatment to Securityholders in respect of the interest (including Arrears of Interest and Additional Interest Amounts) payable to them. Securityholders should therefore consult their own accounting and tax advisers regarding the Singapore tax consequences of their purchase, holding and disposal of the Securities.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person tax resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. Where the payment is derived by a person not tax resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties. Where the payment is not so derived, the rate at which tax is to be withheld for the payment to non-tax resident persons (other than non-tax resident individuals) is 17 per cent. The applicable rate for non-tax resident individuals is 22 per cent.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

Subject to the IRAS's confirmation that the Securities would be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the QDS Regulations, and that the interest (including Arrears of Interest and Additional Interest Amounts) arising from the Securities are regarded as debt interest and on the basis that each of the joint lead managers is either a Financial Sector Incentive (Capital Market) Company or a Financial Sector Incentive (Standard Tier) Company (as these terms are defined in the ITA) at such time, and the Securities are issued before 31 December 2023, the Securities would be, pursuant to the ITA and the QDS Regulations, qualifying debt securities (subject to further comments below) for the purposes of the ITA, to which the following tax treatment shall apply.

(i) Subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in the prescribed manner in respect of the Securities within such period as the MAS may specify and such other particulars in connection with the Securities as the MAS may require to the MAS, the Securities are not issued to any person who is not a tax resident of Singapore in connection with or for the purposes of enabling that non-tax resident person to issue securities, directly or indirectly, to investors, and the inclusion by the Issuer in all offering documents relating to the Securities of a statement to the effect that where interest, discount income (not including discount income from secondary trading), prepayment fee, redemption premium or break cost (collectively, the "Qualifying Income") from the Securities is derived by a person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if such person acquires the Securities using funds and profits of that person's operations through a permanent establishment in Singapore), Qualifying Income from the Securities paid by the Issuer and derived by a Securityholder who is not tax resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Securities are not obtained from funds from Singapore operations, are exempt from Singapore income tax.

(ii) Subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in the prescribed manner in respect of the Securities within such period as the MAS may specify and such other particulars in connection with the Securities as the MAS may require to the MAS), Qualifying Income from the Securities paid by the Issuer and derived by any company or a body of persons (as defined in the ITA) in Singapore is generally subject to income tax at a concessionary rate of 10 per cent. (except for certain holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates).

(iii) Subject to:

(aa) the Issuer including in all offering documents relating to the Securities a statement to the effect that any person whose Qualifying Income derived from the Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing to the MAS of a return on debt securities in the prescribed manner in respect of the Securities within such period as the MAS may specify and such other particulars in connection with the Securities as the MAS may require,

payments of the Qualifying Income derived from the Securities and made by the Issuer are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(a) if during the primary launch of the Securities, the Securities are issued to fewer than four persons and 50.0 percent or more of the issue of the Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Securities would not qualify as qualifying debt securities; and

(b) even though the Securities are qualifying debt securities, if, at any time during the tenure of the Securities, 50.0 percent or more of the issue of such Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer,

then Qualifying Income derived from the Securities held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire the Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Securities by any person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the ITA shall not apply if such person acquires the Securities using funds and profits of that person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Securities is not exempt from tax (including for the reasons described above) is required to include such income in a return of income made under the ITA.

Gains on Disposal of Securities

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore or received in Singapore, or deemed as such, may be taxable as such gains are considered revenue in nature.

In addition, Securityholders who apply or are required to apply Financial Reporting Standard 109 (Financial Instruments) ("FRS 109") or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) ("SFRS(I) 9") for Singapore income tax purposes may be required to recognise gains or losses on the Securities, irrespective of disposal, in accordance with FRS 109 or SFRS(I) 9, even though no sale or disposal is made. Please see the section below on "Adoption of FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes".

Adoption of FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Securityholders who may be subject to the tax treatment under Section 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

Citigroup Global Markets Singapore Pte Ltd., Credit Suisse (Singapore) Limited, DBS Bank Ltd. and Standard Chartered Bank (Singapore) Limited (the "**Joint Lead Managers**") have, in a subscription agreement dated 22 September 2021 (the "**Subscription Agreement**") made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, severally but not jointly agreed to subscribe for, the Securities at their issue price of 100 per cent. of their principal amount, plus accrued interest from, and including, 24 September 2021 to, but excluding, the Issue Date less certain fees. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Securities. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Securities.

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

From time to time, in the ordinary course of business, certain Joint Lead Managers and their affiliates have provided advisory, lending and investment banking services, and entered into other commercial transactions with the Issuer, its Subsidiaries and affiliates for which customary compensation has been received. It is expected that the Joint Lead Managers and their affiliates will continue to provide such services to, and enter into such transactions with, the Issuer and its Subsidiaries and affiliates in the future. The Joint Lead Managers or certain of their affiliates may purchase the Securities and be allocated Securities for asset management and/or proprietary purposes and not with a view to distribution.

Selling Restrictions General

Neither the Issuer nor the Joint Lead Managers have made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Securities, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Joint Lead Managers have agreed that, to the best of its knowledge and belief it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any related offering material, in all cases at its own expense.

United States

The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the Offering Circular, an offer or sale of Securities within the United States by a dealer, whether or not participating in the Offering Circular, may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed with the Issuer that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Securities to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

    (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"*)*; or

    (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

Each Joint Lead Manager has also represented and agreed that: (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FMSA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

European Economic Area

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular to any retail investor in the European Economic Area.

For the purposes of this provision:

the expression "retail investor' means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Singapore

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase,and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289) Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

(c) securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

    (1) to an institutional investor, or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

    (2) where no consideration is or will be given for the transfer;

    (3) where the transfer is by operation of law;

    (4) as specified in Section 276(7) of the SFA; or

    (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of the Commonwealth of Australia (the "**Corporations Act**")) in relation to the Securities has been, or will be, lodged with the Australian Securities and Investments Commission ("**ASIC**"). Each of the Joint Lead Managers has represented and agreed that it:

(a) has not (directly or indirectly) offered, and will not offer for issue or sale and has not made or invited, and will not make or invite, applications for issue, or offers to purchase, the Securities in or to the Commonwealth of Australia (including an offer or invitation which is received by a person in the Commonwealth of Australia); and

(b) has not distributed or published, and will not distribute or publish, this Offering Circular or any other offering material or advertisement relating to any Securities in the Commonwealth of Australia,

unless:

    (i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in other currencies, in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;

    (ii) the offer or invitation is not made to a "retail client" as defined for the purposes of section 761G of the Corporations Act;

    (iii) such action complies with all applicable laws, regulations and directives; and

    (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority.

Belgium

The Securities are not intended to be sold to Consumers in Belgium, and each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, such Securities to Consumers in Belgium, and has not distributed or caused to be distributed and will not distribute or cause to be distributed, the Offering Circular or any other offering material relating to such Securities to Consumers in Belgium.

For these purposes, a "**Consumer**" has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (Wetboek van 28 februari 2013 van economisch recht/Code du 28 février 2013 de droit économique), being any natural person acting for purposes which are outside his/her trade, business or profession.

Denmark

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer, sell or deliver any of the Securities directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Capital Markets Act (*Kapitalmarkedsloven*), as amended from time to time, and Executive Orders issued thereto.

France

Each of the Joint Lead Managers has represented and agreed that it has only offered or sold and will only offer or sell, directly or indirectly, Securities in France to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the French *Code monétaire et financier* and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Offering Circular or any other offering material relating to the Securities.

Germany

The Securities may not be offered and sold to the public, except in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Circular has not been and will not be submitted to, nor has it been nor will it be approved by, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). The Issuer has not obtained, and does not intend to obtain, a notification from the German Federal Financial Supervisory Authority or from another competent authority of a member state of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 29(3) of the German Securities Prospectus Act. The Securities must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this Offering Circular and any other document relating to the Securities, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Securities to the public in Germany. Consequently, in Germany, the Securities will only be available to, and this Offering Circular and any other offering material in relation to the Securities are directed only at, persons who are “qualified investors” (*qualifizierte Anleger*) within the meaning of Section 2 No. 3 of the German Securities Prospectus Act, Article 2(e) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This Offering Circular and other offering materials relating to the offer of Securities are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

Hong Kong

Each of the Joint Lead Managers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (“the **C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Republic of Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, each of the Joint Lead Managers has agreed that no Securities may be offered, sold or delivered, nor may copies of the Offering Circular or of any other offering material relating to the Securities be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Legislative Decree No. 58 of 24 February 1998 (the "Consolidated Finance Act") and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Consolidated Finance Act, of Regulation No. 11971 or any other Italian laws applicable from time to time.

Any such offer, sale or delivery of the Securities or distribution of copies of the Offering Circular or any other document relating to the Securities in the Republic of Italy under paragraph (i) or (ii) must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Finance Act, the Legislative Decree No. 385 of 1 September 1993 (the "Consolidated Banking Act") and CONSOB Regulation No. 20307 of 15 February 2018 (all as amended from time to time);

(b) in compliance with Article 129 of the Consolidated Banking Act and the implementing regulations issued by the Bank of Italy, all as amended from time to time, pursuant to which the Bank of Italy may request information and impose certain reporting obligations on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy and/or any other Italian authority.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**") and accordingly, each of the Joint Lead Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Securities in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Jersey

Each of the Joint Lead Managers has represented, warranted and agreed that it will not circulate in Jersey any offer for subscription, sale or exchange of the Securities except in compliance with all applicable Jersey laws, orders and regulations, including, without limitation, the Control of Borrowing (Jersey) Order 1958.

The Netherlands

Each of the Joint Lead Managers has represented and agreed that it will not make an offer of Securities which are the subject of the offering contemplated by this Offering Circular to the public in The Netherlands and in reliance on Article 3(2) of the Prospectus Directive, unless such offer is made exclusively to persons or legal entities which are qualified investors (as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**FSA**") and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands, **provided that** no such offer of Securities shall require the Issuer or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Norway

The Securities have not been registered with the Norwegian Central Securities Depositary (the "**VPS**"). Accordingly, each of the Joint Lead Managers has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, Securities in any circumstance which would require the Securities to be registered with the VPS pursuant to Norwegian law and regulations. In addition, each of the Joint Lead Managers has represented and agreed that it will comply with all laws, regulations and guidelines applicable to the offering of Securities within Norway or to or for the account or benefit of persons domiciled in or citizens of Norway.

Grand Duchy of Luxembourg

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, the Securities to the public within the territory of the Grand-Duchy of Luxembourg ("**Luxembourg**") unless:

(a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**") pursuant to the Luxembourg law of 16 July 2019, on prospectuses for securities, as amended from time to time, which implements the Prospectus Regulation (the "**Luxembourg Prospectus Law**") if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law;

(b) if Luxembourg is not the home Member State as defined under Luxembourg Prospectus Law, the CSSF and the European Securities and Markets Authority have been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Securities has been duly approved in accordance with the Prospectus Directive and with a copy of that prospectus; or

(c) the offer of Securities benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus under the Luxembourg Prospectus Law, as amended from time to time.

Korea

The Securities have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act of Korea and the decrees and regulations thereunder (collectively, the "**FSCMA**"). Each of the Joint Lead Managers has represented and agreed that the Securities may not be offered, sold or delivered, directly or indirectly, or offered or sold for re-offering or resale, directly or indirectly, in Korea or to, or for the account of, any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and the decrees and regulations thereunder (collectively, the "**Foreign Exchange Transaction Law**")), except as otherwise permitted by the applicable Korean laws and regulations, including the FSCMA and the Foreign Exchange Transaction Law.

People's Republic of China

(a) Each of the Joint Lead Managers has represented, warranted and undertaken that the Securities may not be offered or sold directly or indirectly within the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) ("**PRC**"). This Offering Circular, the offering material or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Offering Circular, the offering material, any information contained herein or the Securities have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Securities in the PRC.

(b) The Securities may only be invested in by PRC investors that are authorised to engage in the investment in the Securities of the type being offered or sold. PRC investors themselves are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the People's Bank of China, the China Securities Regulatory Commission, the China Banking Regulatory Commission, the China Insurance Regulatory Commission and/or other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant PRC foreign exchange regulations and/or overseas investment regulations.

Republic of China (Taiwan)

Each of the Joint Lead Managers has represented and agreed that the Securities have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Securities in Taiwan. The Securities may be made available outside Taiwan for purchase outside Taiwan by Taiwan resident investors, but may not be offered or sold in Taiwan.

Spain

The Securities may not be offered, sold or distributed in Spain to qualified investors (*inversores cualificados*) as this term is defined in Royal Decree 1310/2005 of 4 November (*Real Decreto 1310/2005, de 4 de noviembre*), and in compliance with the provisions of the Restated Text of the Spanish Securities Market Law approved by Legislative Royal Decree 4/2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended, and further developing legislation. Neither the Securities nor this Offering Circular have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore this Offering Circular is not intended for any public offer of the Securities in Spain.

Switzerland

Each of the Joint Lead Managers has undertaken and agreed that it has not publicly offered, sold or advertised and will not publicly offer, sell or advertise any Securities, directly or indirectly, in, into or from Switzerland and acknowledges that any offering or marketing material relating to the Securities does not constitute a prospectus as such term is understood pursuant to article 35 of the Federal Act on Financial Services (FinSA) or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and that any offering or marketing material relating to the Securities may not be publicly distributed or otherwise made publicly available in Switzerland.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each of the Joint Lead Managers has represented and agreed that the Securities have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each of the Joint Lead Managers has represented and agreed that it has not offered and will not offer the Securities to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**"); and

(b) made only to persons who meet the "**Professional Client**" criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module.

GENERAL INFORMATION

Listing

1. Application has been made for the listing of the Securities on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Securities will be traded on the SGX-ST in a minimum board lot size of SGD 200,000 (or its equivalent in foreign currencies) for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGXST is not to be taken as an indication of the merits of the Issuer, its Subsidiaries or the Securities.

2. For so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Securities may be presented or surrendered for payment or redemption, in the event that a Global Security is exchanged for Definitive Securities. In addition, in the event that a Global Security is exchanged for Definitive Securities, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Securities, including details of the paying agent in Singapore.

Authorisation

3. The creation and issue of the Securities has been authorised by the board of directors of the Issuer, in resolutions adopted on 8 September 2021.

Legal and Arbitration Proceedings

4. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant/Material Change

5. Since 30 September 2020 there has been no material adverse change in the prospects of the Issuer or the Group nor any significant change in the financial or trading position of the Issuer or the Group.

Auditors

6. The consolidated financial statements of the Issuer for the years ended 30 September 2020 and 30 September 2019 have been audited without qualification by PricewaterhouseCoopers, avenue Giuseppe-Motta 50, CH-1211 Geneva 2, Switzerland, independent auditors as stated in the respective auditors' reports, incorporated by reference in this Offering Circular.

Documents on Display

7. Copies of the following documents may be inspected during normal business hours at the offices of Trafigura Group Pte. Ltd. at 10 Collyer Quay, #29-00 Ocean Financial Centre, Singapore 049315, Singapore for six months from the date of this Offering Circular:

   (a) the articles of association of the Issuer;

   (b) the Agency Agreement and the Trust Deed;

   (c) this Offering Circular

   (d) the audited consolidated financial statements of the Issuer for the years ended 30 September 2020 and 2019; and

(e) the unaudited consolidated financial statements of the Issuer for the six months ended 31 March 2021.

ISIN and Common Code

8. Securities: The ISIN is XS2385642041 and the common code is 238564204.

The Legal Entity Identifier

9. The Legal Entity Identifier (LEI) code of the Issuer is 549300HJ8VS88NIO3006.

REGISTERED OFFICE OF THE ISSUER

Trafigura Group Pte. Ltd
10 Collyer Quay
#29-00 Ocean Financial Centre
Singapore 049315
Singapore

GLOBAL COORDINATOR AND JOINT LEAD MANAGER
Credit Suisse (Singapore) Limited
One Raffles Link
#03-01/04-01 South Lobby
Singapore 039393

JOINT LEAD MANAGERS

Citigroup Global Markets Singapore Pte Ltd.
8 Marina View, Asia Square Tower 1
Singapore 018960

DBS Bank Ltd.
12 Marina Boulevard, Level 42
Marina Bay Financial Centre Tower 3
Singapore 018982

Standard Chartered Bank (Singapore) Limited
Marina Bay Financial Centre, Tower 1
8 Marina Boulevard, Level 20
Singapore 018981

PRINCIPAL PAYING AGENT AND CALCULATION AGENT
Citibank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

TRUSTEE
Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

LEGAL ADVISERS

To the Issuer as to English law:
Duane Morris
Citypoint
One Ropemaker Street
London EC2Y 9AW
United Kingdom

To the Issuer as to the laws of Singapore:
Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

To the Joint Lead Managers as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Trustee as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

AUDITORS TO THE ISSUER

PricewaterhouseCoopers SA

avenue Giuseppe-Motta 50

CH-1211 Geneva 2

Switzerland