



2015  
*UN GLOBAL COMPACT*  
*COMMUNICATION*  
**ON PROGRESS**

REPORTING ENTITY: TRAFIGURA GROUP PTE LTD





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*Trafigura has become one of the world's leading commodity trading firms by delivering reliable and efficient services to its customers and by making the global supply chain work better. Integral to this process is our commitment to acting responsibly.*

I am pleased to confirm Trafigura's ongoing support of the UN Global Compact and, as presented in this Communication on Progress, our commitment and efforts to continuously integrate the 10 principles in the areas of Human Rights, Labour, Environment and Anti-Corruption within our business strategy, management frameworks, organisational culture and values. We also commit to sharing this information with our stakeholders using our principal channels of communication and engagement. Trafigura is a committed and active member of the Swiss and International UN Global Compact communities and supports the advancement of the broader development goals of the United Nations.

As one of the world's leading commodity trading firms, we are leveraging our experience and expertise to develop a more responsible business. We have set ourselves an important ambition: to be acknowledged sector leaders in corporate responsibility. Each division and operating company of the Trafigura Group are required to implement, measure and report performance against our health, safety, environmental and community (HSEC) priorities and targets determined by the Trafigura HSEC Steering Group and endorsed by the Trafigura Management Board.

Our 2015 Responsibility Report forms part of our first formal Communication on Progress to the UN Global Compact, which should be read alongside supporting documents that feature online at <http://www.trafigura.com/responsibility>. Trafigura's HSEC Policy and HSEC Business Principles, along with our Code of Business Conduct, encapsulate our approach to corporate responsibility and align with the UN Global Compact principles.

**Jeremy Weir**

Chief Executive Officer  
Trafigura Group PTE. LTD.



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# INTRODUCTION

At Trafigura, we are constantly leveraging our experience and expertise to develop a more responsible business. We are committed to being an active member of the UN Global Compact and to the ongoing implementation of its 10 principles in the areas of Human Rights, Labour, Environment and Anti-Corruption within our business strategy, management frameworks, organisational culture and values. Trafigura's HSEC Policy and HSEC Business Principles, along with our Code of Business Conduct, encapsulate our approach to corporate responsibility.

We are continually strengthening our approach to Health, Safety, Environment and Community (HSEC) risk screening, management and performance assurance across our direct operational activities and relationships with our business partners across our value chain. We face growing expectations from stakeholders. Our partners and investors are increasingly risk-sensitive. Governments and regulators are more conscious of the commodities sector. Counterparties, lenders, NGOs, local communities, insurance providers and the media, amongst others, expect us to demonstrate that we are operating responsibly. Our engagement with internal and external stakeholders is critical to

informing our business strategy, decision making processes and management approach to promote continuous improvement in HSEC performance across the group. We are building a more robust and resilient business model by taking account of what matters most to our stakeholders.

Trafigura's governance framework aims to ensure our HSEC Policy, HSEC Business Principles and Code of Business Conduct are implemented consistently across our diverse organisation. Our HSEC Steering Group promotes best practice and drives HSEC performance. A Supervisory Board member and the Global Head of Corporate Affairs are the co-chairs. It includes Trafigura's CEO as well as COOs and functional Heads from across the organisation.

The following index tables have been designed to show our stakeholders how Trafigura is upholding the principles of the UNGC and demonstrates Trafigura's commitment to transparency and accountability. This document is to be read alongside Trafigura's 2015 Responsibility Report available at [www.trafigura.com/responsibility](http://www.trafigura.com/responsibility).

2015/16 UN Global Compact Communication on Progress, covering the period October 1st, 2014 – September 30th, 2015.



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# HUMAN RIGHTS

## ASSESSMENT, POLICY, GOALS

Physical trading is at the core of our business. With a significant fixed asset base in developing economies, we are acutely aware of the impacts of our operations on nearby communities. Understanding local contextual issues and engaging respectfully in our operating environment is critical to maintaining our social licence to operate. Our activities stimulate socio-economic development in local communities and for their national economies. We create employment, develop skills, build infrastructure and procure from local suppliers. At the same time we recognise that our activities can also have an adverse impact on local communities and their way of life. We seek to minimise or mitigate such negative consequences.

Basic human rights are understood as the rights outlined in the United Nations Universal Declaration of Human Rights. Trafigura is committed to respecting human rights across all of its business operations and value chain activities. Our approach is enshrined in our HSEC Policy, HSEC Business Principles and Code of Conduct and is informed by the UN Guiding Principles on Business and Human Rights (UNGPs) and other internationally recognised principles and standards. Our expectations in relation to human rights are detailed within employee (and selected contractors) HSEC awareness raising training in English, French, Spanish, Portuguese and Chinese. In addition, we require business partners to apply comprehensive, comparable and complementary policies and principles, as outlined in our contractor HSEC code of conduct, contractor screening and engagement processes.

We are committed to continuously strengthening our social performance. Our focus in 2016 will include:

- Deepening our understanding of human rights issues amongst our contractors and business partners.
- Strengthening our human rights due-diligence approach and social performance in line with the UNGPs and other internationally recognised principles.
- Contributing to the development of UNGPs for the commodities trading sector.
- Developing a Group-wide community engagement standard and social strategy to support its implementation in strategic locations.
- Strengthening community-level incident reporting, investigation and responses.
- Assessing the local social and economic benefits associated with key infrastructure development projects.
- Formal implementation of our Group-level grievance mechanism and strengthening of project-level grievance processes through roll out of guidance aligned with principles of international good practice.



## IMPLEMENTATION

As outlined in our 2015 Responsibility Report, Trafigura has established a human rights strategy and roadmap as part of its corporate responsibility to respect human rights. Combined with our internal and external stakeholder engagement efforts, our strategy is helping us to prioritise our human rights due diligence focus at corporate, divisional and operational levels. Furthermore, our focus on human rights, stakeholder engagement, transparency and social license to operate is helping to clarify the roles and responsibilities and organisational arrangements across the Group and its core functions in relation to respecting human rights.

We are reviewing and strengthening our grievance management processes, organisational arrangements and guidance at both Group and operational levels of the business. This work is an important element of our ongoing human rights due diligence efforts. We aim to ensure appropriate processes are in place to enable affected stakeholders to raise concerns, and for the relevant Group operation to contribute towards the resolution of grievances associated with our operations, products and services. In addition to enhancing stakeholder dialogue in 2015 at a Group level, we are rolling out a globally accessible hotline, managed by an expert third-party, for the receipt and reporting of externally generated comments, feedback and grievances 24/7 and in multiple languages. At an operational level, our larger industrial assets and infrastructure development projects have effective grievance mechanisms in place. As an example, Impala Terminals has an established grievance mechanism in Colombia as a key component of the stakeholder engagement and risk management process.

Over 2015, Trafigura's Trading Division strengthened its contractor screening and selection processes across the following activities: handling of waste materials; trucking of commodities; ship-to-ship transfer of oil products; and storage of oil products, concentrates and ores. Work included the development and launch of a 'Contractor HSEC Code of Conduct', which conveys our Group-wide social performance and broader HSEC expectations, and a 'Contractor Screening and Management Process' which outlines Trafigura's approach to the selection and management of contractors. Both are complementary to detailed 'Know Your Counterparty' checks carried out by Trafigura's Compliance Department. As part of this process, contractors are required to commit

to enhanced contractual terms and are subject to an enhanced HSEC due-diligence process managed through Safeguard, our HSEC information management system. Contractors are required to provide detailed responses and supporting documentation. Contractor responses are evaluated and verified, as appropriate, through assurance visits to contractor facilities.



## UNGC PRINCIPLE: HUMAN RIGHTS

**Principle 1** - Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2** - Make sure that they are not complicit in human rights abuses.

2015 Responsibility Report Reference	Web	Supporting business processes
<p>Our Approach (p6-13)</p> <p>Society (p20-25)</p> <p>People (p46-49)</p> <p>Transparency (p14-17)</p> <p>Health &amp; Safety (p30-37)</p>	<p><a href="http://www.trafigura.com/responsibility/">http://www.trafigura.com/responsibility/</a></p> <p><a href="http://www.trafigura.com/media/3076/trafigura-hsec-policy-in-english.pdf">http://www.trafigura.com/media/3076/trafigura-hsec-policy-in-english.pdf</a></p> <p><a href="http://www.trafigura.com/media/3144/trafigura-hsec-business-principles-in-english-tc00253e.pdf">http://www.trafigura.com/media/3144/trafigura-hsec-business-principles-in-english-tc00253e.pdf</a></p> <p><a href="http://www.trafigura.com/media/1599/20141112-trafigura-payments-to-governments-policy.pdf">http://www.trafigura.com/media/1599/20141112-trafigura-payments-to-governments-policy.pdf</a></p> <p><a href="http://www.trafigura.com/responsibility/transparency/">http://www.trafigura.com/responsibility/transparency/</a></p> <p><a href="http://www.trafigura.com/responsibility/2015-responsibility-report/">http://www.trafigura.com/responsibility/2015-responsibility-report/</a></p> <p><a href="http://www.trafigura.com/responsibility/conduct/">http://www.trafigura.com/responsibility/conduct/</a></p> <p><a href="http://www.trafigura.com/responsibility/stakeholder-engagement/">http://www.trafigura.com/responsibility/stakeholder-engagement/</a></p> <p><a href="http://www.trafigura.com/about-us/leadership/">http://www.trafigura.com/about-us/leadership/</a></p>	<ul style="list-style-type: none"> <li>• HSEC Incident Reporting and Investigation Guidelines</li> <li>• Third-Party HSEC Incident Reporting and Investigation Guidelines</li> <li>• Trafigura Employee Handbook</li> <li>• Contractor HSEC Code of Conduct</li> <li>• Trafigura HSEC Contractor Terms</li> <li>• Trafigura HSEC Contractor Screening and Management Process</li> <li>• Online HSEC Awareness Training</li> <li>• HSEC Assurance Programme</li> <li>• Group and Operational Level Grievance Mechanisms</li> </ul>

## MEASUREMENT OF OUTCOMES

Key monitoring and performance highlights in 2015 to support alignment of our business with the UN Global Compact Principles on Human Rights and UN Guiding Principles on Business and Human Rights have included:

- Roll-out of HSEC awareness training globally across the business.
- Assessment of two major infrastructure projects in Colombia and Indonesia against International Finance Corporation (IFC) Performance Standards and development of corresponding Environmental and Social Action Plans.
- Contractor HSEC Code of Conduct and Contractor Screening and Management Process developed and piloted.
- Development, piloting and delivery of an HSEC Construction Checklist, and roll out of key performance indicators.
- Strengthened Group-level and operational-level grievance mechanisms and guidance.
- Roll out of third-party HSEC Incident Reporting and Investigation Guidelines to contractors.



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# LABOUR

## ASSESSMENT, POLICY, GOALS

At Trafigura, we maintain a working environment based on integrity, ethical conduct, equal opportunity and mutual respect. We have built up a distinctive culture that binds our global organisation and drives performance across regions and disciplines. Being able to recruit, retain and develop skilled and high performing people is critical to maintaining our competitiveness. Respect, diversity and competitiveness are fundamental tenets. We engage with employees and contractors, both directly and through their trade unions and other representatives, on issues that may affect them.

We oppose discrimination of any kind. We treat all employees fairly, and with dignity and respect. We do not tolerate any form of child labour, forced or compulsory labour across our direct business activities or those of our business partners. Where there are staff grievances, whether individual or collective, we address them promptly and collaboratively. We are committed to full operational compliance with applicable labour legislation and regulations, ILO core conventions and associated company standards and requirements. Furthermore, we maintain and support the rights of our employees to bargain collectively and to freedom of association.

Our approach to managing our people and our contractors is enshrined in our HSEC Policy, our HSEC Business Principles, our Code of Business Conduct and employee handbook (which forms part of your terms and conditions of employment with Trafigura). The employee handbook provides documented coverage of employee rights, conditions and responsibilities, including work environment expectations in relation to equal opportunity and diversity, and discrimination, health and safety at work and code of conduct. Trafigura's HSEC Contractor Code of Conduct outlines Trafigura's expectations in relation respecting human rights, labour practices and health and safety.

Trafigura's Human Resources team oversees our people strategy on behalf of the Group. Our people strategy in 2016 will focus on:

- Building the technical capabilities and interpersonal skills of our staff.
- Improving the efficiency and productivity of our workforce through continuous improvement of processes, systems and work organisation.
- Career development opportunities for our employees who have demonstrated they are ready and able to take on increased responsibilities.

## IMPLEMENTATION

In July, a total of 2,193 employees from across all Group companies and geographic regions contributed to Trafigura's materiality assessment for the 2015 Responsibility Report and are helping to frame our strategy for 2016. In addition to existing grievance processes, our expectations in relation to labour practices are detailed within the employee handbook and in the HSEC awareness raising training. We respect the rights of workers to bargain collectively and associate with unions, and our managers are responsible for ensuring that the Equal Opportunities Policy and other labour principles are adhered to in their divisions.

Health and safety is of the utmost importance to the Trafigura Group. The protection and wellbeing of our employees, suppliers, contractors, partners and the communities within which we operate are non-negotiable priorities. We regard strong health and safety performance as fundamental for our sustained commercial success. Our goal is to eliminate fatalities and prevent occupational injuries and disease. We have a robust, targeted approach. We work hard to eliminate risks or keep them to a minimum, whether they relate to our employees or to others carrying out or overseeing duties on our behalf. We comply with national and international health and safety laws and the specific requirements outlined in our HSEC Policy and HSEC Business Principles. We are meeting these commitments through strong governance at Group and operating levels, supported by external assurance. We focus on skills development and risk management, and share good practice across the organisation. We make no distinction between the safety of our contractors and that of our own employees. Contractors operating at Trafigura Group owned or operated sites are included in our safety performance data.

## UNGC PRINCIPLE: LABOUR

**Principle 3** - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4** - The elimination of all forms of forced and compulsory labour;

**Principle 5** - The effective abolition of child labour; and

**Principle 6** - The elimination of discrimination in respect of employment and occupation

2015 Responsibility Report  
Reference

Web

Supporting business processes

People (p46-49)

<http://www.trafigura.com/responsibility/our-people/>

Our Approach (p6-13)

<http://www.trafigura.com/responsibility/health-and-safety/>

In Focus (p28-29)

<http://www.trafigura.com/responsibility/>

<http://www.trafigura.com/media/3076/trafigura-hsec-policy-in-english.pdf>

<http://www.trafigura.com/media/3144/trafigura-hsec-business-principles-in-english-tc00253e.pdf>

- Trafigura Employee Handbook
- Contractor HSEC Code of Conduct
- Trafigura HSEC Contractor Terms
- Trafigura HSEC Contractor Screening and Management Process
- HSEC Assurance Programme
- Employee and contractor engagement (directly and through trade unions and other representatives)
- Group and Operational Level Grievance Mechanisms
- Future Talent: Graduate Development Programme
- Leadership development programme, e-learning



## MEASUREMENT OF OUTCOMES

As detailed in our 2015 Responsibility Report, Trafigura has established a range of labour KPI's, which are aggregated at Group level and represented by division. These relate to employment statistics, including diversity in the workforce and the development of local skills and talent through company programmes (Future Talent, training and professional development opportunities). These are considered key to Trafigura's successful growth.

Trafigura's Employee Handbook outlines the key steps to be followed in relation to raising concerns and complaints pertaining to harassment, unacceptable behaviour or any other form of discrimination or violation of its company procedures, expectations and labour commitments.

At our operations we hold regular 'tool-box' sessions where we focus on sharing best practice, challenging assumptions and refining behaviour in response to specific risks. Our office-based employees participate in a six-monthly performance review. Employees and their line managers evaluate each individual's performance and discuss any development needs and how these can best be addressed. Where needed, the HR department puts in place the required training interventions. We are proud of our bespoke leadership development programme, e-learning and virtual training for employees, but these are not the only mechanisms for developing skills and capabilities. We have a strong culture of on-the-job training. Line managers devote significant time and energy to providing guidance to staff around technical and soft skills. To support the sharing of experience and deepening of skills, we frequently relocate employees and their dependents internationally to new roles. Our senior managers travel extensively to be close to our business operations and support colleagues by lending their expertise.



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# ENVIRONMENTAL

## ASSESSMENT, POLICY, GOALS

Trafigura requires that the planning, design and operation of all Group activities and facilities explicitly consider and target environmental risk in its many forms. We are committed to pollution prevention and compliance with all relevant domestic and international environmental legislation and regulations. Furthermore, we are committed to promoting environmental protection and minimising the impact of our business activities on the environment where we operate.

Our HSEC Policy and HSEC Business Principles define our commitments for our direct operations and those of our business partners in relation to environmental protection and responsibility. Our commitments are further articulated through a range of risk screening, management and performance assurance processes. Trafigura's commitments extend to our business partners, as articulated within our HSEC Contractor Code of Conduct, contractual clauses and HSEC risk screening processes.

## IMPLEMENTATION

For those divisions and subsidiaries that operate industrial assets, our goal is to eliminate or mitigate any adverse environmental impacts and maximise the opportunity to improve environmental conditions. This requires the maintenance of environmental management processes and systems appropriate to the products we handle and the activities we undertake. A number of our existing facilities are certified to the International Standard ISO 14001.

Employee training on our expectations in relation to the environment is also critical. In this endeavour, 5,143 HSEC awareness-raising modules were completed by employees in English, French, Spanish, Portuguese and Chinese in the month of July 2015 alone.

Trafigura is committed to setting indicators and targets to further enhance our management and reporting of environmental impacts, improvement measures and achieved performance. Key highlights in 2015 included:

- Strict vessel screening policy implemented for the chartering of vessels.
- Trafigura's Trading Division strengthened existing screening and selection of contractors overseeing the ship-to-ship transfer of oil products.

- Impala Terminals developed tailored oil spill response contingency plans for barging operations on the Magdalena and Paraná Rivers (Colombia and Uruguay).
- Trafigura Group developed a global Greenhouse Gas (GHG) inventory.
- Reporting and investigation requirements strengthened for environmental incidents across the Group.

Our Shipping and Chartering Desk has taken a number of measures to counter the threat of spills to the marine environment:

1. We require that ship owners undertake to comply with the International Management Code for the Safe Operation of Ships and for Pollution Prevention (The International Safety Management (ISM) Code). Every vessel we charter must have earned at least two oil major approvals using the Oil Companies International Marine Forum (OCIMF) Ship Inspection Report (SIRE) Programme within the previous six-month period.
2. Our strict vessel screening policy mandates the chartering of double-hulled vessels when storing or transporting oil products for international trade.
3. We restrict the age of chartered vessels to 25 years – promoting the use of a modern fleet not only reduces immediate cost, as vessels burn less bunker fuel, it also reduces emissions.
4. We require vessel owners to report all serious incidents, including oil spills and to follow agreed incident response and investigation protocols. Doing so enables us to make better informed decisions as to the partners we work alongside.

Our focus in 2016 will include reducing the GHG emission intensity associated with Scope 1 and Scope 2 emissions and extending the inventory to include key Scope 3 activities (e.g. contractors). For Trafigura, mitigating adverse impact also means investing in and exploring more efficient forms of transportation infrastructure, alleviating logistics bottlenecks and in so doing reducing carbon emissions.

## UNGC PRINCIPLE: ENVIRONMENTAL

**Principle 7 - Businesses should support a precautionary approach to environmental challenges;**

2015 Responsibility Report  
Reference

Web

Supporting business processes

Environment (p38-41)

<http://www.trafigura.com/responsibility/environment/>

<http://www.trafigura.com/responsibility/>

<http://www.trafigura.com/media/3076/trafigura-hsec-policy-in-english.pdf>

<http://www.trafigura.com/media/3144/trafigura-hsec-business-principles-in-english-tc00253e.pdf>

- HSEC material risk registers
- HSEC Working Group Terms of Reference
- HSEC Incident Reporting and Investigation Guidelines
- Third-Party HSEC Incident Reporting and Investigation Guidelines
- Contractor HSEC Code of Conduct
- Trafigura HSEC Contractor Terms
- Trafigura HSEC Contractor Screening and Management Process
- Online HSEC Awareness Training
- HSEC Assurance Programme
- Project level community consultation/ stakeholder engagement
- WBCSD/ UNGC industry forums



## UNGC PRINCIPLE: ENVIRONMENTAL

### Principle 8 - Undertake initiatives to promote greater environmental responsibility

2015 Responsibility Report Reference	Web	Supporting business processes
<p>Environment (p38-41)</p> <p>Our Approach (p6-13)</p>	<p><a href="http://www.trafigura.com/responsibility/environment/">http://www.trafigura.com/responsibility/environment/</a></p> <p><a href="http://www.trafigura.com/responsibility/">http://www.trafigura.com/responsibility/</a></p> <p><a href="http://www.trafigura.com/media/3076/trafigura-hsec-policy-in-english.pdf">http://www.trafigura.com/media/3076/trafigura-hsec-policy-in-english.pdf</a></p> <p><a href="http://www.trafigura.com/media/3144/trafigura-hsec-business-principles-in-english-tc00253e.pdf">http://www.trafigura.com/media/3144/trafigura-hsec-business-principles-in-english-tc00253e.pdf</a></p>	<ul style="list-style-type: none"> <li>• Trafigura HSEC Contractor Terms</li> <li>• Trafigura HSEC Contractor Screening and Management Process</li> <li>• Environmental Management Systems, including ISO14001 certification at a number of existing facilities</li> <li>• Oil spill response contingency plans</li> <li>• Greenhouse Gas (GHG) inventory</li> <li>• HSEC Incident Reporting and Investigation Guidelines</li> <li>• Third-Party HSEC Incident Reporting and Investigation Guidelines</li> <li>• Group and Operational Level Grievance Mechanisms</li> <li>• Shipping and Chartering Desk requirements and measures on ship owners and chartered vessels (including compliance with the International Management Code for the Safe Operation of Ships and for Pollution Prevention, Oil Companies International Marine Forum (OCIMF) Ship Inspection Report (SIRE) Programme approvals)</li> <li>• Oil Spill Response Ltd (OSRL) Membership</li> <li>• Oil spill response plans in place across relevant assets and associated training and desk top emergency response exercises</li> <li>• Vessel screening policy for chartering of vessels (which mandates maximum age of vessels permitted of 25 years and the chartering of double-hulled vessels when storing or transporting oil products for international trade)</li> <li>• Stakeholder engagement &amp; involvement in WBCSD/ UNGC industry forums</li> <li>• Online HSEC Awareness Training</li> <li>• HSEC Assurance Programme</li> </ul>

## UNGC PRINCIPLE: ENVIRONMENTAL

**Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.**

2015 Responsibility Report Reference	Web	Supporting business processes
Environment (p38-41)	<a href="http://www.trafigura.com/responsibility/environment/">http://www.trafigura.com/responsibility/environment/</a>	<ul style="list-style-type: none"> <li>• Vessel screening policy for chartering of vessels (which mandates maximum age of vessels permitted of 25 years and the chartering of double-hulled vessels when storing or transporting oil products for international trade)</li> <li>• Centralised fleet management processes (Transfuel, Angola)</li> <li>• Contractor HSEC Code of Conduct</li> <li>• Trafigura HSEC Contractor Terms</li> <li>• Trafigura HSEC Contractor Screening and Management Process</li> </ul>
Business Model & Structure (p4-5)	<a href="http://www.trafigura.com/media/3076/trafigura-hsec-policy-in-english.pdf">http://www.trafigura.com/media/3076/trafigura-hsec-policy-in-english.pdf</a>	
In Focus (p36)	<a href="http://www.trafigura.com/media/3144/trafigura-hsec-business-principles-in-english-tc00253e.pdf">http://www.trafigura.com/media/3144/trafigura-hsec-business-principles-in-english-tc00253e.pdf</a>	

### MEASUREMENT OF OUTCOMES

In 2015, we evaluated the Greenhouse Gas (GHG) inventory of the Group's divisions and operating companies with a view to determining our overall carbon footprint and, more importantly, charting a course for improvement targets for the years ahead. This evaluation highlighted the significance of emissions from contracted shipping and HGV transportation to the overall footprint associated with our value chain. In line with our commitment to trade responsibly, leverage greater efficiencies in logistics chains and in expectation of the introduction of carbon pricing mechanisms for global shipping in the medium term, a key improvement target for 2016 is to work with our transportation providers to deliver marked reductions in our environmental footprint across our supply chain.

Trafigura paid no fines and received no notifications of violations associated with environmental regulations in 2015. From a strategic perspective, as outlined in our responsibility report, we have taken a number of proactive measures in recent years to mitigate the risk of environmental pollution. We have a robust HSEC Incident Reporting and Investigation process in place via Trafigura's online HSEC information

management system, Safeguard, which extends to our contractors, to ensure that any environmental incidents that occur are formally reported and investigated such that appropriate mitigation action can be taken. Our performance in relation to defined key performance indicators (KPIs) is also managed via Safeguard.

In 2015, we introduced a Group-wide HSEC Assurance Programme to assess the extent to which our HSEC Policy and HSEC Business Principles are being effectively implemented. This included a comprehensive self-assessment process in which all Trafigura Group entities participated. An external advisor, ERM, was commissioned to assess the output and also undertake a programme of HSEC assurance audits. These evaluated the material HSEC risks, stakeholder concerns and significant incidents at operations and assets in Athens (Shipping and Chartering Desk), Johannesburg (Oil and Petroleum Products and Metals and Minerals Trading divisions and Impala Terminals) and the Mining Group's remote Catalina Huanca mine in Peru. Incident data and the outcomes of the assurance programme are shared with Trafigura's HSEC steering committee on a regular basis and are informing key areas of HSEC priority and focus across the business in 2016 and beyond.

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# ANTI-CORRUPTION

## ASSESSMENT, POLICY, GOALS

Trafigura is committed to doing business in accordance with high standards of ethics and integrity. Our Code of Business Conduct is a cornerstone of Trafigura's approach. It defines what is expected of our business and our people. It promotes good business judgement and compliance with relevant laws and regulations. All our employees are required to abide by our Code of Business Conduct. It is a commercial imperative for Trafigura that our business is, and is seen to be, one that acts with integrity and maintains high ethical standards.

Trafigura's Zero Tolerance Policy strictly prohibits the offer or acceptance of a bribe in any form, including kickbacks or the use of any route of which the intention is to provide improper benefits to third parties, in both public and private sectors, whether made directly or indirectly. Our management teams work together with Compliance, Legal, Human Resources and Corporate Affairs departments to promote ethical behaviour amongst our employees and business partners. Risk assessment and management processes that support our approach are detailed within the table below.

Trafigura is a global company, which operates within the local and international regulatory frameworks. We are committed to operating in accordance with international and national legislation, relevant financial standards, exchange rules, sanctions and trade restrictions. We are constantly evolving our business model to adapt to shifting cultural norms, geographies and regulatory regimes. We have adopted five key principles, namely integrity, care and diligence, best practice, market conduct, and management and control that define the way we conduct ourselves worldwide.

Our 2015 materiality review process underlined the importance that Trafigura's stakeholders ascribe to ethical business conduct. The process highlighted a need for Trafigura to significantly enhance its communication in this area. In 2016, Trafigura's Compliance Department will lead on progressing:

- Ongoing development of our KYC programme, efficiencies to the processing of associated intelligence and the programme's effective coverage of Group activities.
- Continued development and extension of anti-money laundering and anti-bribery and corruption training to all new staff members across all Group companies.
- Enhanced coverage and depth of stakeholder engagement, particularly amongst the financial community, with respect to commercial, financial and market compliance.
- Work with regulators to identify, analyse and manage any systemic risks posed by the commodities trading sector.
- Active engagement with international forums, industry bodies and trading partners on ethical business conduct.

In November 2014, Trafigura formally declared its support to the EITI – the first privately held commodities trading company to do so. In a further step, Trafigura published a 'Policy on Payments to Governments', drawn up in consultation with the EITI International Secretariat. The policy committed the company to disclosing Trafigura's payments to National Oil Companies (NOCs) for crude oil and petroleum products, including gas, as well as associated corporate taxes and, where relevant, licence payments to governments. We will continue to review our policy on payments to governments and our disclosure strategy in consultation with the EITI Secretariat and our stakeholders.

## IMPLEMENTATION

To support the implementation of our anti-corruption expectations, policies and processes, as a means of reducing the potential for our activities to be exposed to corruption risks and incidents, we undertook the following in 2015:

- Over 5,450 KYC checks carried out in 2015.
- Anti-money laundering training delivered to over 1,700 staff members in 54 locations.
- Anti-bribery and corruption training delivered to over 2,000 staff members in 54 locations.
- 1,755 vessels screened by IMO number to mitigate risk associated with the reflagging of vessels by sanctioned countries, entities or individuals.
- Over 2,780 Trafigura employees trained on our Code of Business Conduct.



Our KYC procedures, which seek to reduce the risk of collaborating with inappropriate counterparties, are directly comparable to those adopted by major banks. The Compliance Department oversees three different levels of due diligence – short, standard and enhanced – according to the perceived risk posed by each partner, supplier, customer or trading partner. We conducted over 5,450 KYC checks during 2015. Our methodology follows Joint Money Laundering Steering Groups (JMLSG) guidance for UK-regulated companies. According to their risk status, selected counterparties are required to provide details in respect of, for example, company registration, ownership structure, named directors, and business activities.

We monitor those countries that have transposed the EU's Third Anti-Money Laundering (AML) Directive (2005/60/EC) and through a further filtering process, we incorporate some of them into our own AML-approved Country list. As required by the Directive, Banks in AML-approved countries will already have conducted customer due diligence, taking into account the risk of money laundering and terrorist financing. We conduct a series of 'short-form' KYC AML checks by way of follow-up. As a matter of course, we also screen each counterparty and maintain ongoing compliance screening via the 'Thomson Reuters Accelus' enterprise risk management software. In June 2015, we moved Trafigura's KYC application process online and adopted a new best-in-class system operated by Newgen Software to complete and upload relevant documents prior to processing. This has reduced the administrative burden on compliance personnel, allowing us to focus more resources on risk assessments. We receive daily updates from Thomson Reuters World-Check on all counterparties.

## UNGC PRINCIPLE: ANTI-CORRUPTION

**Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery.**

2015 Responsibility Report Reference	Web	Supporting business processes
<p>Conduct Chapter (P50-53)</p> <p>Our Approach (p6-7)</p> <p>Grievance Management (p21)</p> <p>Transparency Chapter (p14-17)</p>	<p><a href="http://www.trafigura.com/responsibility/conduct/">http://www.trafigura.com/responsibility/conduct/</a></p> <p><a href="http://www.trafigura.com/media/3250/trafigura-2015-responsibility-report-en.pdf">http://www.trafigura.com/media/3250/trafigura-2015-responsibility-report-en.pdf</a></p>	<ul style="list-style-type: none"> <li>• Code of Business Conduct</li> <li>• Code of Business Conduct for Suppliers</li> <li>• Trafigura Compliance Committee</li> <li>• Trafigura Group Compliance Department</li> <li>• Know your Counterparty (KYC) Screening Process &amp; Procedures</li> <li>• Counterparty Due Diligence (Short, Standard and Advanced) of partners, suppliers, customers, trading partners</li> <li>• Contractor HSEC Code of Conduct</li> <li>• Trafigura HSEC Contractor Terms</li> <li>• Trafigura HSEC Contractor Screening and Management Process</li> <li>• Group Compliance Policy</li> <li>• Anti-money laundering policy &amp; training</li> <li>• Anti-bribery and corruption policy &amp; training</li> <li>• Group and Operational Level Grievance Mechanisms</li> <li>• Trafigura Employee Handbook</li> <li>• Impala Terminals Confidentiality Information Barrier (CIB) Policy</li> <li>• Vessel Screening processes</li> <li>• Engagement with Banks and other stakeholders (including involvement in debate regarding emergence and evolution of regulations relevant to Trafigura)</li> <li>• Monitoring of those countries that have transposed the EU's Third Anti-Money Laundering (AML) Directive (2005/60/EC)</li> <li>• Daily updates from Thomson Reuters World-Check on all counterparties</li> </ul>

## MEASUREMENT OF OUTCOMES

Our Compliance Department oversees Group activities and counterparty due diligence and develops risk based global systems and safeguards to ensure we adhere to our principles, code and regulatory obligations wherever we operate. The Compliance Department focuses on three main categories of exposure: commercial, financial, and regulatory (please refer to our 2015 Responsibility Report for further insights). We comply with sanctions that are applicable to our company. Our Compliance Department works closely with Trafigura's Corporate Affairs and Legal teams to track the introduction and evolution of sanctions, to raise questions where clarity is required, and to ensure we have correctly understood and applied the rules.





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