

Progressing transparency and responsibility within the trading industry

Statement from the Chair of the HSEC Steering Committee



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Trafigura's 2020 Responsibility Report marks our sixth consecutive year of reporting on our environmental, social and governance (ESG) approach and performance.

The report is an important element of our commitment to playing a leading role in progressing transparency and responsibility within the commodities trading industry. It complements our Annual Report and the further information available from our website.

Governance

The HSEC Steering Committee, mandated by the Management Committee and comprising a cross-section of senior management, oversees and guides Trafigura's health, safety, environmental and community (HSEC) performance. Together with the Climate Change Group and the Compliance Committee, and overseen by the Board, the HSEC Steering Committee's remit is a vital

component of the Group's corporate responsibility governance structure. In line with good practice, we will undertake a periodic review of the Group's HSEC governance in early 2021 to assess opportunities to further strengthen Board oversight and management input across an increasingly diversified global portfolio.

Over the past several years, we have been implementing comprehensive standards, systems and protocols to embed effective HSEC management across the Group. In 2020, we consolidated this work into a comprehensive and coherent framework for HSEC management. The HSEC Management Systems Framework is an important document within the organisation, ensuring our people work to clear and non-negotiable standards regardless of location or job role. It is equally important for our external stakeholders as a clear demonstration of our approach to HSEC management and the expectations and responsibilities of our employees.

Health and safety

In a year dominated by the global pandemic, health and safety took on an even greater significance as we strived to maintain a safe workplace for all of our employees – first by doing our best to prevent the virus from entering our workplace to the extent possible, and second, by containing its spread within our facilities. Tragically, COVID-19 related complications claimed the life of one valued member of staff in Colombia.

Separately, two incidents at our MATSA joint venture mining operation in Spain resulted in a further two colleagues losing their lives in 2020. To determine whether these safety breaches represented isolated events or more systemic underlying issues, we launched



a wide-ranging investigation into safety performance at MATSA. Based on the outcomes of the investigation, we are initiating an extensive programme to assess and improve the operation's safety culture. The lessons learnt from the findings have been shared to all HSE managers across the Group.

The sharing of lessons learnt, and the reporting of near misses, are increasingly embedded into the way we work around the world and represent important tools for improving safety performance. Overall in 2020, more than double the number of lessons learnt were shared across the Group compared to the previous year. Together with a 72 percent increase in near-miss reporting and a further 13 percent annual reduction in serious injuries, these improvements give us confidence that our strategy and efforts over recent years to embed a safety and reporting culture across the Group is working. We have again set a target of reducing our lost time injury rate by 20 percent in 2021, including across the newly-integrated Nyrstar assets, and I look forward to reporting on our progress next year.

Environment and climate change

Beyond the near-term focus on COVID-19, climate change remains a priority issue for our stakeholders. Trafigura is increasingly well positioned to play an important role in the energy transition, including through the establishment of the Power and Renewables division.

Together with the Climate Change Group, the Committee reviewed and approved the Group's first greenhouse gas emissions reduction targets, announced in this report. Reducing absolute emissions from our operations by at least 30 percent over the next three years is a challenging but achievable target. Plans to improve efficiency and invest in long-term projects to reduce our operational carbon footprint are already underway, together with initiatives that will enable us to set a meaningful reduction target for the indirect emissions associated with our business – primarily from the maritime transport of the commodities we supply - within the next three years.

Stakeholder engagement

While COVID-19 restrictions constrained face-to-face stakeholder engagement in 2020, we continued to engage with a wide range of industry bodies, governments and regulators, community representatives and civil society. International shipping is critical to our business and to global trade. As shipping is the primary source of Trafigura's greenhouse gas emissions and a major contributor to global emissions, engaging with our industry counterparts, regulators and representative bodies on the urgent topic of decarbonising maritime emissions is a priority for the Group.

We firmly believe that without a significant carbon levy, the shipping industry simply will not achieve

the reductions in emissions required by investors, governments and civil society in the timeframe made necessary by the urgent climate challenge we all face. It is for this reason that we have set out our proposal for a market-based carbon levy structured as a 'fee-bate' mechanism that incentivises rapid progress towards low- or zero-carbon maritime fuels. We continue to engage with a wide range of experts, NGOs, leading universities and the IMO, amongst others, to press for a clear regulatory and globally-applied framework that will enable the industry to make the rapid progress required. We believe that this progress is entirely possible within a relatively short timeframe.

Changing customer and wider stakeholder expectations are equally focusing our attention on improving the transparency and oversight of social and environmental performance across the commodities value chain. Our Responsible Sourcing Programme continues to represent a source of competitive value, as well as effective risk management, and again made significant progress in 2020. The alignment of our Programme with international standards for sustainable procurement will be a priority over the next three years.

Compliance

We continued to extend and rigorously enforce our robust compliance programme in 2020.

External legal counsel Quinn Emanuel Urquhart & Sullivan LLP recently conducted a review of Trafigura Group's compliance policies and procedures. The key findings of their review were reported to the Trafigura Board of Directors and found Trafigura's Compliance function to:

- represent an appropriate and proportionate approach to the compliance risks faced by Trafigura, which adequately seeks to minimise the risk of compliance failures;
- continue to improve and update its policies by, for example, reviewing and ensuring the programme had been tested against the Department of Justice's (DOJ) latest guidance issued on 25 November 2020;
- adequately meet the applicable standards and requirements of the UK Bribery Act 2010, the U.S. Foreign Corrupt Practices Act, and the European Anti-Money Laundering and Terrorist Financing Directives; and
- adopt the universal application of the highest standard of compliance required by law across all jurisdictions in which it operates, even where those standards are higher than those imposed at a domestic level.

Trafigura's approach to HSEC and corporate responsibility continued to evolve in 2020 at an accelerated pace. The momentum this provides bodes well for further significant progress in the year ahead.

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