

The background of the entire page is a photograph of a man standing in front of a white truck. The man is wearing a blue long-sleeved uniform with reflective yellow stripes on the sleeves, blue trousers, and a yellow hard hat. He has his arms crossed and is looking directly at the camera. The truck is a large white cab-over-engine model with a prominent chrome grille and headlights. The sky is blue with some clouds.

2016 RESPONSIBILITY REPORT

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TRAFIGURA GROUP PTE. LTD.

*ADVANCING
TRADE*

PERFORMANCE INDICATORS

5,033

Average number of employees*
over year (2015: 5,287)

7,785+

Online HSEC awareness raising modules
completed worldwide

\$915m

Oil payments to EITI implementing
countries in 2015 (2014: \$3.1 bn)

2

Fatalities (2015: 2)

87

Environmental incidents reported (2015: 40)

6,037

Know-your-counterparty checks
(2015: 5,450+)

153

Health and safety incidents reported
(2015: 178)

293,220tCO₂e

Scope 1 and Scope 2 GHG emissions (2015: 419,032tCO₂e)

1,030+

Employees trained on anti-bribery and
anti-money laundering (2015: 3,700+)

Trafigura Group Pte. Ltd. and the companies in which it directly or indirectly owns investments in are separate and distinct entities. In this publication, the collective expressions 'Trafigura', 'Trafigura Group', 'the Company' and 'the Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our' and 'ourselves' are used in some places to refer to the companies of the Trafigura Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

*Employee numbers include assets where Trafigura retains a 50 percent ownership stake e.g. MATSA and Porto Sudeste. Such assets are deconsolidated from Trafigura's balance sheet and as such employee numbers will vary between this report and Trafigura's Annual Report.

ADVANCING TRADE

Without trade, countries cannot develop, economies cannot grow and international business cannot function. We help make trade happen.

We move physical commodities from places where they are plentiful to where they are most needed – reliably, efficiently and responsibly.

Trafigura has been connecting its customers to the global economy for more than two decades; we are growing prosperity by advancing trade.

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ABOUT THIS REPORT

This report has been prepared with reference to the Global Reporting Initiative 'G4' core guidelines and is intended to support dialogue with our key stakeholders. Our focus is on communicating with our stakeholders on the issues they tell us matter most. We expect future responsibility reports to reflect G4 guidelines more precisely as the extent of data available to us improves. We welcome any feedback, please email us at HSEC@trafigura.com.

TRADING RESPONSIBLY



JEREMY WEIR
Chief Executive Officer

Welcome to Trafigura's second standalone Responsibility Report. Its predecessor a year ago set out our commitment to responsible and ethical business practices and plans to improve performance against these standards.

This report reflects on progress and on lessons learned during 2016, as well as spelling out measures we have put in place to strengthen implementation going forward.

In setting out our ambition to become corporate responsibility leaders within the commodities trading sector last year, I gave three reasons why this is important to our business:

First, the requirement to manage our physical impacts and industrial assets in a manner that minimises harm to people and the environment.

Second, the imperative to earn and maintain a social licence to operate in the many countries and communities where we work, by explaining our contribution to economic welfare and interacting constructively with civil society.

Third, the need to secure and underpin the many relationships on which our company depends to do business and grow.

One year on, these imperatives are stronger than ever and we feel validated in our approach by the reactions to our first report, for example from our banks, business partners and civil society organisations.

This report reflects on progress and on lessons learned during 2016, as well as spelling out measures we have put in place to strengthen implementation going forward.

That is not to say, however, that we are satisfied with our performance as detailed here: far from it. Once again, with profound regret, I have to report two fatalities that occurred as a result of incidents at Trafigura Group operations during the year – one at the Impala Terminals port facility at Barrancabermeja, Colombia, and the other at our Catalina Huanca Mine in Peru. Our deepest sympathies go to the families of the two colleagues who died.

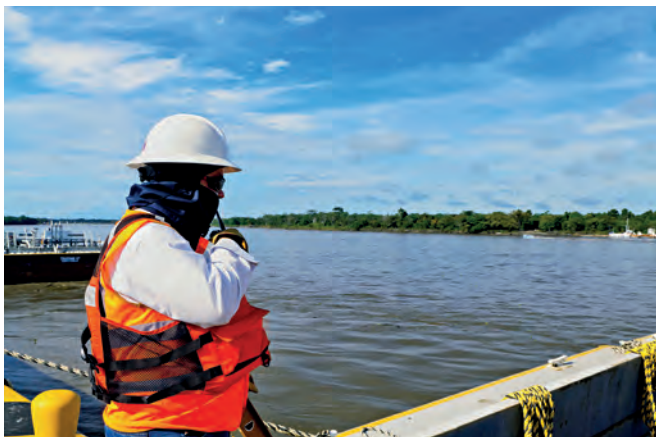
Any loss of life associated with our company's business activities is unacceptable, the more so having set ourselves the goal last year of zero fatalities in 2016. It is a stark reminder of the need to maintain constant vigilance across the organisation.

We took further steps to reinforce our approach to managing Health, Safety, Environment and Community (HSEC) risks during the year, including an independent review of progress and the recruitment of an experienced professional to oversee HSE implementation across the Group. We have set clear targets in this report to reduce lost-time injury rates over the next year. We have reaffirmed our target of zero fatalities.

Elsewhere, we can report more positive developments. For example, our outreach and community relations activities in countries and communities where we operate significant physical assets, such as Colombia and Peru, have played an important role in securing support for our business. Under the supervision of our newly appointed Head of Corporate Responsibility, we are in the process of sharing best practices across the Group. We have established a global standard setting out our approach to community leadership and this year initiated a global external grievance hotline to handle feedback about our activities and impacts.

We established a new dialogue on responsible business practices with a wide range of stakeholders including international organisations and non-governmental organisations (NGOs). Our first Multi-Stakeholder Forum (MSF), held in Geneva in June, was attended by representatives of a broad cross-section of institutions and groups with an interest in the commodities trading sector.

At that meeting we presented and consulted on key policy documents presented in this report: our new Responsibility Policy and Business Principles. These spell out our commitments on a broader basis than before. They underline our intention to move beyond simply aiming for HSEC compliance – essential as that remains – and towards promoting responsibility and respect for human rights as key considerations in our business processes and decision making.



We will continue to make the positive case for trade in a straightforward, factual manner, thus enabling a constructive discussion about the role of responsible commodities trading.

Our people: top left, operator at Impala Terminals' Barrancabermeja facility, Colombia; top right, employees at Porto Sudeste, Brazil; above, at the MATSA mine, near Seville, Spain.

Progress was also made in advancing the transparency agenda. Last year we became the first commodities trading firm to report payments to national oil companies (NOCs) for purchases of crude oil, refined products and gas under the Extractive Industries Transparency Initiative (EITI). This year we are publishing additional data as part of this process – including an aggregate figure of payments made by Trafigura to non-EITI countries. This provides further context and demonstrates the challenge ahead in broadening existing EITI coverage.

We are also pleased to report that Trafigura is taking a leading role in a working group established by the EITI to consider more detailed forms of revenue reporting in respect of trading. We expect this group to make important headway in spreading best practices in disclosure and towards generating useful and relevant information for the citizens of participating oil-producing countries.

Finally, we continued our work during 2016 on explaining the work of commodities trading firms and their fundamental importance to the global economy, with our new publication *'Commodities Demystified: a guide to trading and the global supply chain'*. Improving understanding of how we add value and how we operate are vital tasks. Myths and misconceptions about our sector have proliferated in recent years and a popular backlash against global trade is now evident in many industrial countries. We will continue to make the positive case for trade in a straightforward, factual manner, thus enabling a constructive discussion about the role of responsible commodities trading.

In summary, this report marks another station on Trafigura's responsibility journey. We have made some progress and are redoubling our efforts to improve. At the same time, the reactions to our first report a year ago (and since) suggest to us that the direction of travel we have charted is the correct one. We will continue the stakeholder dialogue we established this year and expect to be able to report further progress a year from now.

Jeremy Weir
Chief Executive Officer

OUR BUSINESS MODEL CREATES VALUE

Our vision is of an increasingly interconnected and prosperous world in which commodities pass seamlessly from their points of origin to points of need.

WHAT WE DO

We connect producers and end-users of commodities by performing transformations in space, time and form. We use our market knowledge, logistics and infrastructure:

- to move physical commodities from places where they are abundant to where they are in demand (space)
- to store physical commodities while supply is unusually high and release inventories at times of high demand (time)
- to blend physical commodities to alter their quality or grade according to customer specifications (form)



ADVANCING TRADE: HOW WE CREATE VALUE

BY MAKING MARKETS WORK

We use our global network and market intelligence to connect supply and demand for commodities and ensure delivery in the right place, at the right time, to the right specification.

BY OPTIMISING THE SUPPLY CHAIN

We have developed world-leading logistical capabilities enabling us to source, store, blend and deliver oil and petroleum products, metals and minerals reliably and efficiently anywhere in the world.

BY MANAGING RISK

Our business model is resilient in the most volatile market conditions. We systematically hedge price risks and have created systems and processes that enable us to manage a complex range of operational and financial risks.

BY INVESTING IN INFRASTRUCTURE

We invest in high-quality infrastructure that supports our trade flows, such as oil storage facilities, warehouses, ports and transport.

BY SUPPORTING OUR CLIENTS

Our strong financial resources give us the capacity to add value for our customers through integrated solutions incorporating trading, finance, infrastructure investment and risk management in the physical commodity sector.

BY ACTING RESPONSIBLY

We are committed to operating and growing our business in a responsible and sustainable way. Responsible trade drives economic and social progress.

OUR STRUCTURE DELIVERS VALUE

Trafigura's core business is physical trading and logistics. Strategic investments in industrial and financial assets complement and enhance this activity. We structure these investments as standalone businesses.*

TRADING ACTIVITIES

Oil and Petroleum Products

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

The Oil and Petroleum Products Division is supported by offices across the world including in Beijing, Calgary, Geneva, Houston, Johannesburg, Mexico City, Montevideo, Moscow, Mumbai and Singapore.

Metals and Minerals

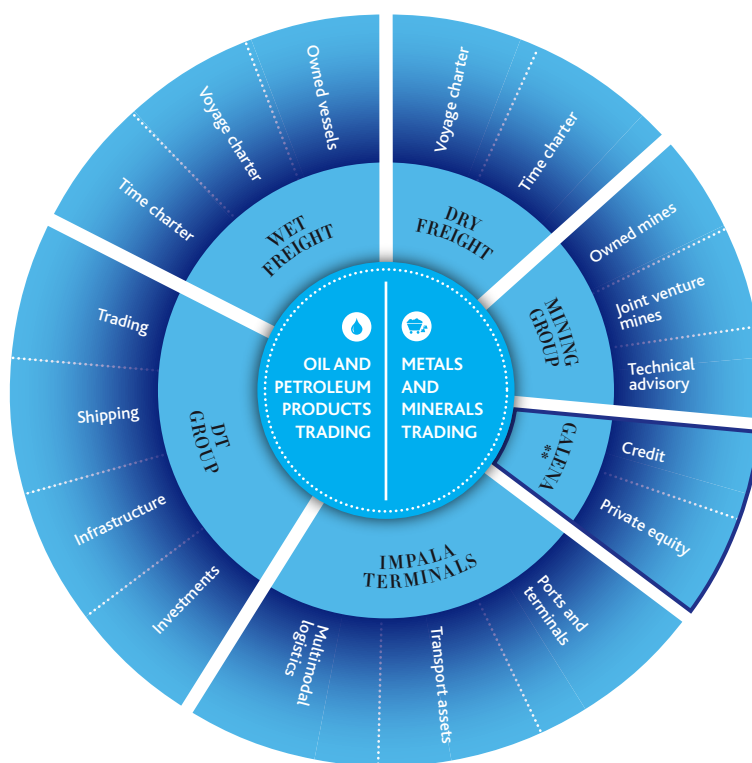
We are one of the world's largest metals and minerals traders. We negotiate offtake agreements with miners and smelters. We invest in multimodal terminals and logistics through our subsidiary, Impala Terminals, to improve market access for our clients.

The Metals and Minerals Division is supported by offices across the world including in Geneva, Lima, Mexico City, Montevideo, Mumbai, Shanghai, Singapore and Stamford.

Shipping and Chartering

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

Operations are based in our offices in Athens, Geneva, Houston, Montevideo and Singapore. All post-fixture operations are managed from our Athens office.



* The size of each segment is not indicative of percentage of ownership or contribution to Trafigura's bottom line.

** Galena Asset Management operates wholly independently of Trafigura.

INDUSTRIAL AND FINANCIAL ASSETS

DT Group

DT Group is a joint venture between Trafigura and Cochan Ltd. It develops markets in sub-Saharan Africa, with a particular focus on Angola. It works closely with international and local partners in the logistics, trading and natural resources sectors.

50%

ownership

Impala Terminals

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

100%

ownership

Mining Group

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

100%

ownership

Galena Asset Management

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

100%

ownership

INVESTING IN RESPONSIBLE TRADE

Global trade can be a powerful positive force for social and economic development, but it can also have negative consequences. We look to minimise such impacts where they occur, as well as to prevent or mitigate adverse effects directly linked to our operations, products or services.

INTRODUCTION

Our responsibility strategy maintained direction and gathered momentum in 2016. The valuable input we have received from many stakeholders in different regions of the world added further impetus.

This Responsibility Report summarises the progress we made during the year and also examines some of the dilemmas and challenges we face in advancing responsible trade. It assesses our performance against the objectives we set out in 2015 and charts our future direction of travel.

MOVING BEYOND COMPLIANCE: AN EXTENDED FRAMEWORK FOR RESPONSIBILITY

Over the past few years, Trafigura has focused on developing a robust and transparent corporate responsibility policy. We have taken soundings and shared experiences with other industries, both within and beyond our supply chain. We have also been actively engaging with leading industry forums, including the UN Global Compact, the EITI and the World Business Council for Sustainable Development (WBCSD).

Our HSEC Policy and HSEC Business Principles have underpinned our corporate responsibility strategy since 2013. This year saw a step-change in our approach, with the adoption of a new Group Corporate Responsibility Policy, together with updated Business Principles covering human rights, health and safety, environment and transparency.

At the strategic level, our new Policy articulates the leadership team's priorities and commitments for social and environmental governance. At the operational level, it outlines what is expected from everyone in the Group, its divisions and operating companies.

Our new Corporate Responsibility Policy and Business Principles will be rolled out across the business in 2017, with related training for employees and contractors.

They are complemented by our Code of Business Conduct, overseen by Trafigura's Compliance department. The Code is a central reference point for employees and business partners in meeting high standards of market conduct and diligence.

Each division and operating company within the Trafigura Group is required to supplement our Corporate Responsibility Policy, Business Principles and Code of Business Conduct with relevant, sector-specific standards and procedures to manage the impacts of their operations. We encourage business partners and other entities directly linked to our business operations, products and services to adopt and implement comparable standards.

Our new framework reflects a shift in focus, from an approach concerned mainly with compliance, such as meeting specified HSEC standards, to one that is built on the broader concept of responsibility. Our approach aligns Trafigura with emerging best practice for multinational corporations and in particular with authoritative frameworks such as the UN Guiding Principles on Business and Human Rights or the 'Ruggie Principles'. It also reflects the evolving expectations of many of our stakeholders, from financing institutions to local communities.

STRENGTHENING GOVERNANCE

Trafigura's HSEC Steering Committee is responsible for ensuring that our Corporate Responsibility Policy and Business Principles are implemented consistently across our organisation. It includes a non-Executive Board member, Trafigura's CEO, the Global Heads of Corporate Affairs, HSE and Corporate Responsibility as well as COOs and HSEC Heads from across the organisation. The Committee met five times during FY2016 and submitted interim and year-end reports to the Board of Directors.

Our Code of Business Conduct is overseen by the Trafigura Group Pte. Ltd. (TGPL) Compliance Committee. The Committee meets annually and is chaired by the CEO. Reporting to Trafigura's COO, Trafigura's Global Head of Compliance oversees the implementation of the Code of Business Conduct and chairs the Compliance Committees of all Group companies.

In 2016, the HSEC Steering Committee appointed a Head of Corporate Responsibility and recruited a Group-level Head of HSE and two performance analysts to enhance delivery and support divisions and operating companies in identifying and managing significant social and environmental impacts.



Trafigura's HSEC Steering Committee.

Honest, open engagement with key stakeholders helps us identify and prioritise material issues.

ENHANCING INCIDENT REPORTING

Trafigura's HSEC Steering Committee is supported by inter-company HSEC Working Groups, focusing on contractor management, community engagement and incident reporting. In 2016, these three groups also worked together to improve our reporting of social impacts.

Timely incident reporting has been a priority for the HSEC Steering Committee since its inception in 2011. Our use of Safeguard, our online HSEC management system, is enhancing the flow of information. Developing the right systems takes time, effort and expense.

In an organisation as large and diverse as Trafigura, the prompt and efficient flow of information about social and environmental impacts is critically important – but communications can be challenging.

Experience is fast proving that those service providers with the most mature incident alert systems, and who are most willing to work with us on the challenges they face, are the better partners.

We acted on three fronts to enhance incident reporting this year. We refined our reporting and investigation guidelines to ensure employees understand and communicate actual or potential impacts. We delivered extensive training in support of this (see p.30).

The guidelines were systematically circulated amongst third-party partners, with special emphasis on those engaged in potentially high-impact activities, such as trucking or managing oil terminals.

Third, as reported within the Society chapter of this report (see p.21), we developed systems and processes at a Group and operational level that enhance our approach to grievance management.

PROMOTING DIALOGUE

Honest, open engagement with stakeholders helps us identify and prioritise material issues. We participated in a number of responsibility initiatives in 2016, including the UN Global Compact – both at a global level and in the Swiss local network, the EITI (see p.10) and the WBCSD.

In 2016, we hosted a Multi-Stakeholder Forum (MSF) at Trafigura's Geneva office to secure feedback from interested stakeholders on our developing corporate responsibility framework.

The MSF was attended by senior representatives from government, think tanks, non-governmental and inter-governmental organisations, two of Trafigura's top five banks as well as senior representatives from Trafigura management and Board of Directors. The output of that dialogue has served to inform both policy and strategy alike.

MEASURING AND REPORTING ON OUR PROGRESS

All parts of Trafigura Group are required to implement, measure and report performance against the priorities and targets agreed at Group and operating levels. In November 2015, our HSEC Steering Committee signed off its four top priorities for the 2016 financial year. These targets, which form the basis of this document, will remain our key focus for 2017 and the longer term:

1. Eliminating fatalities and reducing lost-time injuries.
See p.26
2. Improving Group management of risks posed by Heavy Goods Vehicles (HGVs).
See p.26
3. Improving Trafigura's management of contractors.
See p.16
4. Enhancing engagement with notable international organisations in the sphere of corporate responsibility.
Referenced across this document.

ASSURANCE

Trafigura's Assurance Programme is designed to assess the extent to which our policies and principles are being effectively implemented. In 2016, the programme included two core elements:

- A comprehensive self-assessment process in which all majority-owned divisions and operating companies responded to a series of bespoke questionnaires relevant to trading and the management of industrial assets.
- A series of site-based assessments, at locations determined by Trafigura's HSEC Steering Committee, to assess conformance, highlight gaps and recommend improvements.

In 2016, site-based assessments, which were conducted in partnership with external advisors, were carried out in trading offices in Houston, Mexico City and Singapore and at the Impala Terminals facility in Manzanillo, Mexico and at Muara Enim, Indonesia. Through the assurance process the review team has engaged over 120 senior staff worldwide on the Group's responsibility strategy, its operational challenges and on ways to promoting a culture of responsibility.

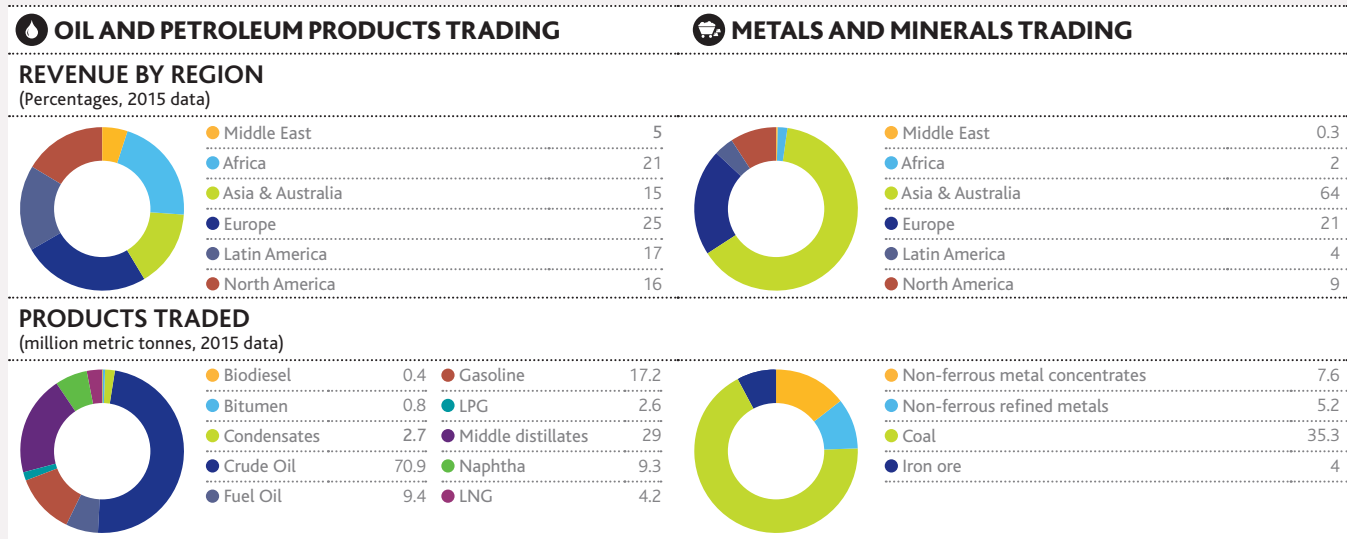


DEMYSTIFYING TRADING

Commodities trading is an industry that is often misunderstood. In 2016, Trafigura published 'Commodities Demystified' to help improve understanding of the sector. For more information go to: www.commoditiesdemystified.info

MAPPING SALIENT ISSUES

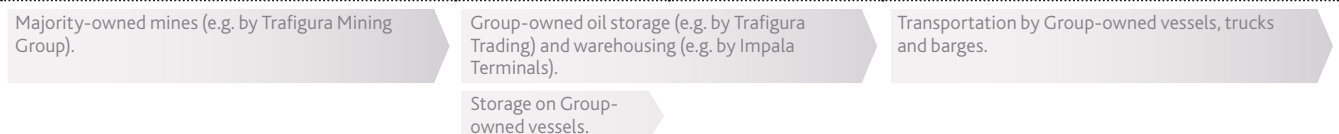
This Responsibility Report focuses on how Trafigura understands and manages salient and severe impacts relevant to the geographies we operate in, the products we trade and the relationships that we keep.



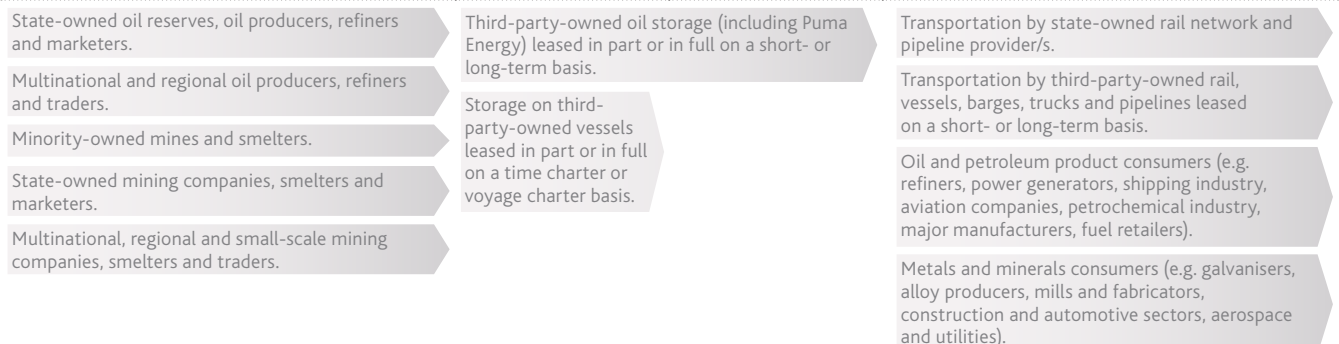
BUSINESS RELATIONSHIPS

Trafigura has relationships with multiple entities in its value chain linked to its operations, products or services.

DIRECT RELATIONSHIPS – WHERE TRAFIGURA HAS CONTROL



INDIRECT RELATIONSHIPS – WHERE TRAFIGURA CAN EXERCISE LEVERAGE TO VARYING DEGREES



UNDERSTANDING WHAT MATTERS MOST

How do we decide what to focus on in our corporate responsibility strategy and what matters most to our stakeholders? Apart from the insights we gain in our day-to-day business dealings, we engage more formally to identify stakeholder priorities, preferences and concerns as part of our materiality assessment process.

This process, first developed in 2014 and enhanced in 2015 with the help of external experts, evaluated the effect of actual or potential long-term supply chain impacts for the business.

We are now taking this analysis one step further by putting more direct emphasis on how our activities impact people – in other words their salience from a human rights perspective.

This review process better aligns us with the UN Guiding Principles on Business and Human Rights Reporting Framework.

Our three most material issues from 2015 remain top priorities, namely: transparency, social licence to operate and compliance. The lens through which we examine each area however has evolved. Recognising salient risks is giving us a better perspective and understanding of our direct and indirect impacts.

In the knowledge that this is the first mapping exercise of its type for Trafigura, and that impacts may have been unintentionally overlooked or assessed inaccurately, we will specifically structure our engagement and activities around improving our understanding of and mitigating such impacts where possible in 2017.

SOURCE

STORE

BLEND

DELIVER

SALIENT ISSUES

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

TRANSPARENCY (see p.10)

A state's ability to deliver an array of services essential for the realisation of economic, social and cultural rights may be compromised by corrupt management of its national resources. Rights holder impacted: population of producer nations.

TRANSPORTATION SAFETY (see p.26)

Unsafe road practices impact right to life with a disproportionately negative effect on vulnerable groups. Rights holder impacted: local communities, employees, contractors and suppliers.

SOCIAL LICENCE TO OPERATE (see p.16)

Abuse by private or public security forces could infringe on the rights of workers, communities and indigenous peoples. Rights holder impacted: local communities, employees, contractors and suppliers.

Failure to secure adequate community consent and failure to provide acceptable alternative or compensation during land acquisition or usage e.g. during exploration, construction or operations. Rights holder impacted: local communities.

Failure to respect seafarers' rights to just and favourable working conditions. Rights holder impacted: contractors and local communities.

Failure to provide adequate access to grievance could compromise the ability of affected communities to express concerns and infringe on the right for workers to just and favourable conditions. Rights holder impacted: local communities, employees, contractors and suppliers.

Insufficient suppression of dust from concentrate storage and transportation compromises the right to the highest attainable standard of health. Rights holder impacted: employees, contractors and suppliers.

Production and/or onward sale of commodity could contribute to, benefit from or result in the commission of serious human rights abuses, e.g. the illicit sale of oil originating from areas controlled by forces or factions opposed to legitimate and internationally recognised governments, and that is used to fund military action in opposition to those governments, or in contravention of the decisions of the United Nations Security Council. Rights holder impacted: citizens of producer and consumer nations.

OPERATIONAL HEALTH AND SAFETY (see p.26)

Unhealthy and unsafe working conditions infringe on the rights of workers and community members to the highest attainable standard of health and to just and favourable conditions of work. Rights holder impacted: employees, contractors, suppliers and local communities.

Catastrophic failure of oil storage may result in severe injury or loss of life. Contamination of surrounding land compromises livelihoods and/or access to clean water. The resulting disruption to energy availability harms economic development. Rights holder impacted: employees, contractors, suppliers, and local communities.

POLLUTION PREVENTION (see p.36)

Hydrocarbon spills and inadequate disposal of waste could infringe on the right to health, life, and standard of living of communities and damage the environment. Rights holder impacted: local communities, employees, contractors and suppliers.

Ultimate use of the commodity could have adverse health and/or environmental consequences. Rights holder impacted: citizens of consumer nations.

Greenhouse gas (GHG) emissions contribute to climate change which threatens the full and effective enjoyment of human rights. Rights holder impacted: international community.

COMBATting BRIBERY AND CORRUPTION (see p.52)

Illicit payments and unauthorised trading activity could undermine fair competition, distort resource allocation and adversely affect economic development. Rights holder impacted: citizens of producer and consumer nations.

TRANSPARENCY

Transparency has become a key component of Trafigura's corporate responsibility journey. We are disclosing more information and contributing to international discussion on how best to strengthen the governance of natural resources.

OUR APPROACH

Transparency comes in many forms – from being open about financial performance to driving deeper stakeholder engagement to improving, monitoring and reporting within the organisation and across our supply chain.

Through our work with the Extractive Industries Transparency Initiative (EITI) and the disclosures we have made of payments to governments for oil, we have helped inform debate around the contribution our company, and potentially our sector, makes to national economies.

Such disclosures are just one aspect of Trafigura's transparency effort. Our commitment goes beyond the disclosure of data and extends to an ambition to explain the industry, its processes, practices and impacts to a wide range of interested parties. Closer engagement with stakeholders has been an important aspect of our progress in 2016.

PERFORMANCE

- Presentation of Trafigura's disclosure strategy at the 30th EITI Board meeting in Bern, Switzerland and the EITI Global Conference in Lima, Peru.
- Commodities Trading Working Group receives EITI Board approval for a targeted effort on commodity trading transparency in partnership with Albania, Ghana, Nigeria and Indonesia.
- Trafigura refines disclosure process and releases 2014 and 2015 data for EITI and non-EITI countries.

\$3.1bn

aggregate first purchases from NOCs in EITI countries in 2014 (2013: USD4.3bn).

\$915m

aggregate first purchases from NOCs in EITI countries in 2015.

\$14.9bn

aggregate purchases from NOCs in non-EITI countries in 2014.

\$12.7bn




aggregate purchases from NOCs in non-EITI countries in 2015.

BUILDING TRUST THROUGH TRANSPARENCY

By publishing our payments to state-owned enterprises in EITI countries, we provide useful information on a matter of global public interest. This year, we have chosen to provide more detailed figures and to reduce the time lag for our reporting.

PRIORITIES AND PROGRESS

The table below highlights our most material transparency issues and analyses our performance against the priorities and commitments we set out last year. In all cases, priorities respond to those issues deemed material to the business in 2015 and support our response to issues considered salient in our 2016 assessment (see Approach chapter, p.08).

TRANSPARENCY	
As a major facilitator of global trade, we believe that the prudent use of natural resource wealth should be an important engine for economic growth that contributes to sustainable development and poverty reduction.	
What we prioritised last year	Progress
To review and update our policy on payments to governments and our disclosure strategy in consultation with the EITI Secretariat and our stakeholders.	
To work with other companies and the EITI itself to develop a workable standard for trading companies' disclosures within the existing, legitimate and multi-stakeholder EITI structures.	
To report on progress by the EITI-mandated multi-stakeholder working group for trading companies and oil majors with notable trading divisions in furthering future disclosures on payments to governments in partnership with governments, state-owned enterprises (SOEs) and civil society.	

REFLECTING ON OUR 2015 DISCLOSURE

In November 2014, Trafigura formally declared its support to the EITI – the first independent commodities trading company to do so. We also published our policy on payments to governments, drawn up in consultation with the EITI International Secretariat.

The EITI is the pre-eminent multi-stakeholder transparency initiative, focusing on open and accountable management of natural resources. The EITI standard is implemented by 51 countries worldwide.

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

Our 2015 disclosure was made on the basis of a two-year time lag, presenting data for calendar year 2013. This delayed disclosure was in line with common practice amongst EITI countries and supporting companies. It also allowed us and others in the commodities trading sector to acclimatise to the disclosure process and assess its competitive implications.

Trafigura's disclosures in 2015 were limited to transactions undertaken with NOCs whose host government was from an EITI country, and where the load port of the product was that same country. This approach was aligned with the EITI Standard (4.2) and focused on the 'first purchase' of 'equity oil'. As such, it excluded data relevant to purchases from EITI country NOCs that were active in buying and selling oil on a secondary basis on the international market.

The purpose in making these distinctions was to operate solely within the confines of the existing EITI framework – as such, payments made by companies such as Trafigura could be compared directly to receipts published by EITI country governments.

Matching data with other EITI-reporting institutions can provide helpful insights. The NGO the Natural Resource Governance Institute (NRGI) used data from Ghana to illustrate the value of this kind of reporting: *"Reports by Ghana EITI and the government's Public Interest and Accountability Committee had already revealed that the national oil company sold a cargo of 898,338 barrels of crude on 1 November 2013 for USD95 million, but the buyer was not known publicly. Today, Trafigura was revealed as the purchaser. This single transaction generated over 10 percent of the country's total oil revenues that year..."*¹

As recognised in our 2015 disclosure, and like other EITI-supporting companies, we believe that the EITI's multi-stakeholder process – committing all relevant stakeholders, including governments, to report within an agreed format – represents the optimal approach to disclosure.

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

¹ <http://www.resourcegovernance.org/blog/trafigura-disclosures-partial-win-trading-transparency>
* The use of arrows across this document is designed to provide the viewer with an indication of progress against objectives. Upwards arrows denote completed or in progress, downward arrows denote failure to achieve.

More timely data provides citizens of producer countries with the opportunity to respond more rapidly in the event of apparent payment discrepancies.

ADVANCING THE DISCUSSION

In October 2015, the EITI Board, composed of representatives from governments, civil society organisations, commodity companies and investors, held its 30th meeting at the invitation of the Swiss Government in Bern. In the margins of the Board Meeting, the Swiss Government and the EITI organised a public symposium entitled '*More Transparency in Commodity Trading: Objectives, Methodologies, Standards*' at which Trafigura presented.

Following the symposium, a small number of representatives from oil majors, commodities trading companies and NGOs agreed to set up a multi-stakeholder working group to discuss the modalities of further integrating commodity trading into the EITI Standard.

The working group, which convened for the first time in January 2016 at a meeting hosted by oil major Shell in London, will ultimately assist EITI-implementing countries in addressing EITI requirements related to disclosure of sales of 'in-kind' revenues by SOEs. Trafigura is committed to this project and will report back on progress in future.

ENHANCING OUR 2016 DISCLOSURES

In 2016, we sought to refine our approach to disclosure:

Disclosure improvement	Rationale	Progress
Release of 2014 and 2015 (calendar year) data.	This reduces the time lag for reporting from two years to 12 months. More timely data provides citizens of producer countries with the opportunity to respond more rapidly in the event of apparent payment discrepancies.	↑
Named SOE selling entities that we disclose against will be majority owned (+50 percent) by the relevant defined countries.	This important distinction was not made in 2015. In 2016, we have sought to configure Trafigura's data capture system to automatically flag and record any payment made to a counterpart for oil in which a state retains a majority stake.	↑
Inclusion of aggregate purchases from EITI country NOCs where the load port is outside of the EITI framework.	When transacting with an EITI country NOC, many of which have international trading arms, we may take title of product in a non-EITI country. As such, it is unclear whether indeed the product is 'equity oil' or is in fact sourced from another destination.	↑
Aggregate direct/first purchases from NOCs in non-EITI countries.	Aggregated data enables our stakeholders to compare the relative magnitude of our EITI disclosures with payments made outside of the current EITI framework.	↑

OUR EXTRACTIVE ACTIVITIES AND TAX DISCLOSURES

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

As is standard global industry practice, no taxes were directly levied on Trafigura's purchases of crude oil, refined products and gas from NOCs by the governments of the countries we are disclosing against, as the trading activities are not undertaken through corporate entities registered in those countries.

In 2014 and 2015, Trafigura's Mining Group was a shareholder of mining projects in the Democratic Republic of the Congo (DRC) through Luna Mining and in Peru through Catalina Huanca Sociedad Minera. Both the DRC and Peru are EITI-implementing countries. While Catalina Huanca did not make payments deemed to be 'material' by the EITI, Luna Mining made payments to the DRC government amounting to USD 9,147,450.62 in 2014 and USD 3,462,549.47 in 2015. The details of these payments are reported in full in the relevant DRC EITI country reports.

2017 PRIORITIES AND COMMITMENTS

We are committed to continuously strengthening our transparency performance against all impacts. Where our focus in 2017 relates to a specific salient issue, as outlined in our Approach chapter (p.09), we have defined it as such below.

Commitment	Salient issue
Supporting the EITI-mandated multi-stakeholder working group in delivering against objectives.	A state's ability to deliver an array of services essential for the realisation of economic, social and cultural rights may be compromised by corrupt management of its national resources.
Supporting the EITI secretariat in expanding the global reach of the EITI to those countries from whom Trafigura purchases oil and petroleum products that currently lie outside of the EITI.	
Supporting other commodity traders exploring opportunities for future disclosure under the EITI banner.	
Ongoing engagement with stakeholders wishing to help refine Trafigura's future disclosure strategy.	

For more information please refer to www.trafigura.com/responsibility/transparency

2014

2014* AGGREGATE FIRST PURCHASES FROM EITI COUNTRY NOCs WHERE THE INITIAL LOAD PORT IS INSIDE THE EITI IMPLEMENTING NOC HOME COUNTRY

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU**)	Value (USD)
Colombia	Ecopetrol SA	93.17	Crude oil	43.68	281.15	–	20,440,592.49
Colombia	Ecopetrol SA	93.17	Refined	62.88	462.46	–	35,786,231.26
Ghana	Ghana National Petroleum Corp.	100	Crude oil	247.35	1,861.24	–	135,620,465.62
Mozambique	Petroleos de Mocambique S.A.	100	Refined	1.69	12.58	–	1,630,000.00
Norway	Statoil ASA	72.87	Crude oil	312.85	2,236.09	–	220,317,433.43
Norway	Statoil ASA	72.87	Refined	220.93	1,893.48	–	215,678,967.52
Peru	Petroleos del Peru – Petroperu S.A.	100	Refined	91.98	604.82	–	59,000,927.94
Trinidad and Tobago	Petroleum Company of Trinidad and Tobago Ltd.	100	Refined	154.62	1,000.25	–	80,790,676.98
Trinidad and Tobago	Trinidad and Tobago LNG Ltd.	100	Gas	–	1,643.43	9,531,881.00	105,594,826.78
TOTAL				1,135.98	9,995.50	9,531,881.00	874,860,122.02

2014 AGGREGATE SWAP OF CRUDE OIL AND CORRESPONDING DELIVERY OF REFINED PRODUCTS FROM AND TO NOCs IN EITI COUNTRIES WHERE THE INITIAL LOAD PORT IS IN THE EITI IMPLEMENTING NOC HOME COUNTRY

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
Nigeria	Nigerian National Petroleum Corporation (NNPC)***	100	Crude oil (received)	2,785.22	20,751.93	–	2,032,474,003.58
Nigeria	NNPC	100	Refined (exchanged)	2,129.47	17,168.11	–	2,187,107,898.07

2014 GRAND TOTAL OIL PAYMENTS TO EITI CANDIDATE AND COMPLIANT COUNTRIES

USD3,061,968,020.09

2014 AGGREGATE PURCHASES FROM NOCs OF EITI COUNTRIES WITH A LOAD PORT OUTSIDE THE EITI (i.e. LIKELY TO BE NON-EQUITY OIL)

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
–	–	–	–	1,237.34	9,371.32	–	539,455,796.46

2014 AGGREGATE PURCHASES FROM NOCs FROM NON-EITI COUNTRIES

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
–	–	–	–	19,832.86	155,200.11	12,655,698.00	14,947,033,812.06

* Our 2014 and 2015 disclosures relate to purchases of crude oil, refined products and gas by Trafigura Group majority owned companies over the course of the calendar year. NB. Trafigura's financial year runs from 1 October to 30 September.

** One million British Thermal Units.

***As predetermined under Trafigura's agreement with NNPC, any imbalance between crude oil exported and refined products imported must be addressed via formal reconciliation on a rolling basis. For a full explanation of this process please refer to p.16 of Trafigura's 2015 Responsibility Report, available at Trafigura.com/responsibility.

2015

2015 AGGREGATE FIRST PURCHASES FROM EITI COUNTRY NOCs WHERE THE INITIAL LOAD PORT IS INSIDE THE EITI IMPLEMENTING NOC HOME COUNTRY

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
Colombia	Ecopetrol SA	93.17	Crude oil	560.25	3,752.44	–	160,127,306.79
Colombia	Ecopetrol SA	93.17	Refined	394.09	2,519.56	–	81,735,030.67
Ghana	Ghana National Petroleum Corp.	100	Crude oil	126.00	948.12	–	35,736,463.66
Mozambique	Imopetro Importadora Mocambicana de Petroleos	51	Refined	7.61	56.61	–	4,740,000.00
Mozambique	Petroleos de Mocambique S.A.	100	Refined	5.92	44.03	–	3,150,000.00
Norway	Statoil ASA	72.87	Crude oil	330.27	2,365.59	–	133,149,790.76
Norway	Statoil ASA	72.87	Refined	45.21	394.63	–	19,379,487.51
Peru	Petroleos del Peru – Petroperu S.A.	100	Refined	239.50	1,679.15	–	79,025,120.65
Trinidad and Tobago	Petroleum Company of Trinidad and Tobago Limited	100	Refined	571.07	4,381.83	–	277,672,794.92
Trinidad and Tobago	Trinidad and Tobago LNG Ltd.	100	Gas	–	1,174.92	6,814,558.00	42,993,109.17
TOTAL				2,279.92	17,316.89	6,814,558.00	837,709,104.13

2015 AGGREGATE SWAP OF CRUDE OIL AND CORRESPONDING DELIVERY OF REFINED PRODUCTS FROM AND TO NOCs IN EITI COUNTRIES WHERE THE INITIAL LOAD PORT IS IN THE EITI IMPLEMENTING NOC HOME COUNTRY

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
Nigeria	NNPC	100	Refined (exchanged)	99.82	844.20	–	77,678,108.10

2015 GRAND TOTAL OIL PAYMENTS TO EITI CANDIDATE AND COMPLIANT COUNTRIES

USD 915,387,212.23

2015 AGGREGATE PURCHASES FROM NOCs OF EITI COUNTRIES WITH A LOAD PORT OUTSIDE THE EITI (i.e. LIKELY TO BE NON-EQUITY OIL)

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
–	–	–	–	1,361.65	10,485.09	–	544,849,165.91

2015 AGGREGATE PURCHASES FROM NOCs FROM NON-EITI COUNTRIES

Parcel load port country	Counterparty	Government owned percentage	Product type	Volume (thousand tonnes)	Volume (thousand barrels)	Volume (MMBTU)	Value (USD)
–	–	–	–	30,910.08	251,162.37	113,297,247.06	12,704,173,718.15



SOCIETY

Earning and maintaining a social licence to operate in the many communities where we are active reduces risk, supports the development of our business and enhances our access to talent, capital and liquidity. Where our activities impact on others, we act to avoid infringing their human rights and to address adverse impacts with which we are involved.

OUR APPROACH

Our activities stimulate social and 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 adverse impacts in some circumstances, and that we must take steps to remediate these where we can.

We respect human rights. Our commitment to maintaining our social licence to operate is expressed through our Responsibility Policy and Business Principles (see Approach chapter, p.06).

We monitor and seek to manage risks where we have indirect supply chain impacts. We endeavour to mitigate such risks by acting responsibly and through the diligent appointment of suppliers and contractors. Internationally, we are contributing to the continuing discussion on wider impacts related to the products that we trade.

PERFORMANCE

- Update of our Responsibility Policy and Business Principles aligned with UN Guiding Principles on Business and Human Rights (UNGPs).
- Development and delivery of Group-wide community engagement standard and strategy for leadership.
- Increased engagement and consultation with communities (Colombia, Peru, Sumatra, Angola) and stakeholders (MSF, UN Global Compact, WBCSD).
- Roll-out and refinement of a project-level grievance mechanism at key sites and an independently hosted Group-level hotline.
- Delivery of contractor screening tool.

MANAGING OUR SOCIAL IMPACTS

We recognise our responsibility to respect the rights of people touched by our operations. We develop measures for the prevention, mitigation and, where appropriate, remediation of negative impacts.

We seek to coexist constructively with our neighbours. We rely on the support of local communities, host nations and the international community to perform effectively. Our social licence to operate is in their gift. We must earn that through the ways we engage with local people and society at large.

PRIORITIES AND PROGRESS

The table below highlights our most material social issues and analyses our performance against the priorities and commitments we set out last year. In all cases, priorities respond to those issues deemed material to the business in 2015 and support our response to issues considered salient in our 2016 assessment (see Approach chapter, p.08).



SOCIAL LICENCE TO OPERATE

We rely on the active support of nearby communities. Maintaining a viable long-term presence at locations where we have strategic assets is only possible with their continued goodwill. We contribute to the long-term social and economic development of local communities affected by, and associated with, our operations.

What we prioritised last year	Progress
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.	
Assessing the local social and economic impacts associated with key infrastructure development projects.	

HUMAN RIGHTS GRIEVANCE CHANNELS

We recognise our responsibility to respect human rights as defined within the UNGPs, The Universal Declaration of Human Rights, and the International Labour Organisation's (ILO) Core Conventions on Labour Standards. We have developed a structured approach to receive, acknowledge, investigate, respond to and remediate complaints and grievances from affected stakeholders in a timely and respectful manner.

What we prioritised last year	Progress
Strengthening community-level incident reporting and responses.	
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.	

We want to encourage more responsibility in the trading sector. We are furthering that by developing practical guidance for commodity traders on the UN Guiding Principles on Business and Human Rights.

CONTRIBUTING TO THE DEVELOPMENT OF UNGP SECTOR GUIDANCE

The intersection between the human rights agenda and commodity trading is of growing interest to civil society, governments, investors and other stakeholder groups. We fully support this debate. We want to encourage more responsibility in the trading sector. We are furthering that by developing practical guidance for commodity traders on the UNGPs.

In 2016, we engaged both bilaterally, for example with the Swiss Government and the Institute for Human Rights and Business, and multilaterally, through our memberships of the Swiss UN Global Compact network and the World Business Council for Sustainable Development (WBCSD).

In February 2016, our CEO Jeremy Weir joined a round-table discussion on commodities held in Bern with representatives of the Swiss Government's Interdepartmental Platform on Commodities, other commodities trading houses and a number of local and international NGOs.

The participants discussed some of the challenges to competitiveness and for integrity in Switzerland's commodity sector. They considered the implications of financial transparency for the sector, both in Switzerland and abroad.

Trafigura agreed to work with the Institute for Human Rights and Business to develop guidance on implementing UNGPs for the commodities industry: a deliverable that will likely increase momentum, mutual understanding and consensus within the sector.

At the same meeting, we signalled our intention to host a round table with key stakeholders later in the year to review our own performance. We held our first Multi-Stakeholder Forum in June (see Approach chapter, p.06).

DEVELOPING A GROUP-WIDE COMMUNITY STANDARD

In our 2015 Responsibility Report we outlined a strategic review and rights mapping exercise intended to inform policy commitments and strengthen internal controls and governance arrangements in support of human rights. In 2016, as well as these policy updates, we wanted to deliver practical changes at specific locations on the ground.

Our Community Working Group, comprising a cross-section of employees from across the Group, has focused on addressing human rights issues at assets in Colombia and Peru and industrial investments in Angola and Sumatra. What we have learnt from these locations will be progressively applied across other geographies in 2017.



Defining community leadership

One simple but important step has been to articulate what leadership looks like in the community sphere.

The Community Working Group's guidance document, 'Community leadership: what it means to us', aims to help staff connect the new policy commitments in our revised Business Principles with what is expected of them.

As the document points out, written standards and procedures are important and necessary; but they are never enough. The desire for strong community relations has to be embedded in the culture of the organisation. Delivering on this and communicating on our desired approach will be important actions for the Group in 2017.

IMPROVING THE MANAGEMENT OF GRIEVANCES

Also this year, the Community Working Group set out to develop operation-level guidance for handling external complaints and grievances. The resulting toolkit can be leveraged worldwide.

It outlines the criteria and process steps to be considered by Trafigura Group divisions and operating companies when designing and implementing a community-level mechanism for the receipt, handling and management of issues raised by local communities and other external parties. In developing the toolkit, three issues emerged:

First, our efforts from a community relations perspective typically focus on preventing negative impacts. But even with the best policies and processes in place, things can go wrong. There's a need to be more proactive and engaged.

Second, getting internal buy-in for local level grievance processes was best achieved by framing them as risk management tools and mechanisms for building and maintaining local relationships locally.

Third, our Group framework needs to be flexible to enable implementation. Whatever the form or function, it is delivery that matters. We aim to introduce structures that yield substantive results and respond to specific conditions.



Impala Terminal operated barge on the Magdalena River, Colombia.

MANAGING OUR FLUVIAL IMPACTS IN COLOMBIA

The Magdalena River is the principal river of Colombia, flowing northward about 1,500 kilometres (950 miles) across half of the country. Despite its clear economic and logistical potential, the river has in recent decades scarcely been used as a transport resource. Impala Terminals' USD1 billion investment is restoring fluvial navigation as well as reducing roadside impacts and carbon emissions by switching transport from trucks to boats.

Impala-owned barges now regularly traverse a 640-kilometre navigable stretch of the river. The company commissioned two studies of the impact of this additional traffic on riverside populations. These highlighted safety concerns and identified adverse impacts on livelihoods for local fishermen.

TASK: Promote river safety

Impala's 'Mind the River' safety campaign, launched in May 2016, aims to encourage a cultural shift towards safer fluvial practices. Two fictional characters, Magda and Lena, portrayed by local actresses, feature in a live roadshow that highlights the importance of safe navigation for all river users. Audiences receive a non-technical summary of the National Navigation code. For the younger generation, educational colouring books support key safety messages.

Magda and Lena also have their own radio show, interviewing experts on navigational issues. A social media campaign engages with the millennial demographic. Magda and Lena's Facebook page reinforces the message with videos and photos. They can be contacted directly on a dedicated WhatsApp number.

OUTCOME: The campaign has proved popular. Over 1,200 people have attended roadshows and more performances are scheduled, all delivering safety messages in an engaging way.

TASK: Compensate local fishermen for the impact on livelihoods on the Magdalena River

Commercial operations on the river ceased in 1961. Dredging was needed to make it passable again.

Impala's independent impact assessment identified net benefits to communities in the area, but challenges for Barrancabermeja's small fishing community. It concluded that the construction and operation of Impala's port would be disruptive but not destructive for local fishermen's livelihoods.

The study identified two priorities: first, with 44 percent of the fishermen working at subsistence levels, their long-term food security needed to be assured; second, because the increased river traffic would inevitably constrain artisanal fishing in the area, alternative commercial opportunities should be developed.

Working with three government agencies – the National Authority for Fisheries and Agriculture (AUNAP), the Municipal Technical Assistance Unit (UMATA) and the National Vocational Training Service (SENA) Impala developed compensation schemes, technical assistance and professional training programmes.

Of the 270 families in the direct area of impact of the terminal, 70 were from the fishing community. Impala worked with them to help set up local associations that would represent their interests more effectively.

OUTCOME: Repopulating fish stocks was one practical outcome. The fishermen had identified the Caño Maldonado section of the river as requiring special attention. Following approval by AUNAP, this area was cleaned and repopulated with the eggs of two popular species of fish. The project remains under careful review to ensure that it delivers against expectations.

Engaging directly with stakeholders, whether to promote their safety or enable them to maintain existing livelihoods, is helping Impala implement a social and environmental plan for the transformation of the Magdalena River. It is forging a safe and equitable relationship with other river users for the future.

Delivering an external group-level grievance mechanism

In 2016, Trafigura contracted external supplier EXPOLINK to provide an anonymous 24/7 multilingual telephone hotline, web reporting and email service for reporting external grievances.

Launched in May, the service is promoted and explained across several channels, including Trafigura's website. It generated reports this year from, for example, Australia, India, Myanmar, South Africa, Switzerland, UAE and the UK. Issues raised included alleged breach of company policy, fraud and poor treatment of contractor staff.

Every grievance is acknowledged, logged and investigated, with due respect for the complainant. Where the alleged harm or wrong is caused or contributed to by a Group operation, it is responsible for remediating the grievance.

Both the number and geographical spread of grievances reported worldwide are expected to rise as we promote accessibility of the service from our facilities worldwide – this will be an important area of focus in 2017.

Delivering project-level mechanisms

In 2016, we sought to develop operation-level guidance for handling complaints and grievances with a toolkit that could be leveraged worldwide. The toolkit outlines the minimum quality criteria and processes to be considered by Trafigura Group divisions and operating companies when designing and implementing a community-level mechanism for the receipt, handling and management of issues raised by local communities and other external parties.

Our Community Working Group developed and deployed a grievance management process at the Fishing Port Terminal, a major oil and petroleum products storage facility in Luanda Bay, Angola. The facility, owned by Pumangol, Puma Energy's subsidiary in Angola, borders a largely underprivileged community of over 18,000 people.

The Working Group collaborated closely with Terminal staff in 2016 before prioritising three main channels for reporting grievances:

- At 'Jangos', traditional community meetings, held on the last Sunday of every month.
- Through an independently operated grievance hotline, available via telephone, email and online.
- By placing suggestion boxes at local schools, churches and at the gates of the terminal.

Future considerations

Developing effective grievance mechanisms in the various locations in which we operate will take time. We need to challenge preconceptions among some staff and partner organisations so that they have the confidence to engage more openly and actively with local communities.

We are making progress with local management teams by framing grievance mechanisms as early warning systems and the initiative is building momentum. We plan to incorporate our grievance toolkit at all significant operational installations worldwide in 2017.

MANAGING THIRD PARTIES

As well as reinforcing diligence in our own operations, a key challenge is to encourage those with whom we have business relationships to monitor and comply with standards comparable to those outlined in our Corporate Responsibility Policy and Principles.

Our goal from a Group perspective is to work with third-party contractors and suppliers to help them identify, manage and mitigate their negative impacts to the lowest practicable level.

Contractor screening and selection

In 2015, we stated that our Trading Division would roll out our online Contractor Screening and Management Process over the course of 2016, and that the approach would continue to evolve. The roll-out of this system still has a way to go, but it made significant progress in 2016.

The process complements our existing Know Your Counterparty (KYC) checks. It targets high-risk activities conducted by third parties upon which our business depends, namely: ship-to-ship (STS) transfer of oil products; the storage of oil products, concentrates and ores; trucking commodities; and handling waste materials.

The first stage of the process is a 'Level 1', desk-top assessment of the relevant provider's ability to meet a series of technical requirements. In the event that a contractor fails to provide acceptable responses, mitigation measures are then explored and agreed according to a strict timeline. We worked with a number of contractors to develop and test our Level 1 assessments (see Environment chapter, p.40).

On-site ('Level 2') assessments then follow as part of a standard, two-year assurance cycle. These may be adopted with greater frequency where specific risks are identified.

In 2016, Trafigura's Trading division conducted Level 1 reviews of all STS and waste providers. The review prompted the suspension or rejection of certain providers that failed to respond or did not meet our requirements.

Trafigura's Level 1 assessments are being rolled out incrementally for Trafigura's storage and trucking business in oil and petroleum products and metals and minerals. Given the sheer numbers involved, this process will continue into 2017.

Trucking diligence focused first on commercial activities in North America on the basis that the target audience is more familiar with the assurance process and therefore more able to help us refine the approach. In 2017, we will shift focus to our business relationships in all other global locations.

We are also intensifying our operational dialogue with ship owners. We will be introducing refinements in the technical assessment process for vessel management companies in 2017.



SETTING THE RECORD STRAIGHT ON AFRICAN FUEL MARKETS

Trafigura is committed to preventing and/or mitigating adverse impacts directly linked to its business. Nevertheless, from time to time our activities are called into question. One recent example is the report published by the Swiss NGO Public Eye in September 2016 under the title *'Dirty Diesel: How Swiss Traders Flood Africa with Toxic Fuels'*.

The report highlighted the relatively high levels of sulphur and other toxic substances in diesel and gasoline sold in African countries and the adverse effects on human health. It went on to accuse Trafigura and other trading firms of "abusing double standards" on fuel quality and called on them to address the problem by committing to supply cleaner fuels to Africa.

The issue raised by Public Eye – the damaging effects of pollution caused by high-sulphur fuels in Africa – is a serious one. However, as Trafigura and its downstream partner Puma Energy pointed out to the NGO in advance of and after publication, this is not something that can be effectively addressed through unilateral action by companies.

Fuel standards are a matter for national governments. Trafigura supplies fuel that meets national quality specifications in all the markets where it operates. Africa depends on imports for more than 50 percent of its supplies of gasoline, diesel and kerosene, so traders play a vital role in supporting economic growth in the region. If international firms were to decide unilaterally to vary quality standards in the absence of a change in regulations, their role would swiftly be filled by other traders who would supply fuel meeting the official specifications. Nothing would change on the ground.

Trafigura has responded to the report and subsequent public campaign by setting out the realities of the issue in a targeted way. It is engaging with governments in Europe and Africa, and with the African Refiners Association, the relevant industry body working to improve fuel standards.

Pollution in African cities is a serious issue that demands action by African governments with the support of the international community. Our hope is that the attention now focused on this issue will lead to a coordinated initiative by those in a position to affect change. We will continue to work on this issue in 2017.



Impala Terminals and Mubadala's Porto Sudeste iron ore export terminal in Brazil.

Responsible supply

In 2016, Amnesty International published *'This is what we die for: Human rights abuses in the Democratic Republic of the Congo power the global trade in cobalt'*. The report documented the hazardous conditions in which artisanal miners, including children, mine cobalt.

Trafigura did very little cobalt trading in 2016, but in response to its publication we sought detailed assurances from our suppliers that they were both aware of Amnesty's report and had sufficient controls in place to mitigate negative human rights impacts in their supply chain.

While we received assurances from our suppliers on this occasion, we also recognise that our stance on this issue has been fundamentally reactive. In 2017, we will conduct further risk-based assessments of supply chain risks in relation to specific products and geographies.

We are currently engaged in discussions with the OECD to assess how we can apply their due-diligence guidelines for *'Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas'* in future.

We have also been invited to join an International Expert Group under the OECD framework to help produce a mineral risk handbook on natural resources. This guide, to be launched in 2017, supports risk-based due-diligence for mineral resources, going beyond tin, tantalum, tungsten and gold. It will provide companies with high-level, credible information and sources for further reading on mineral supply chain risks.

We will report on our progress in managing supply-related risks in 2017.

2017 PRIORITIES AND COMMITMENTS

We are committed to continuously strengthening our social performance against all impacts. Where our focus in 2017 relates to a specific salient issue, as outlined in our Approach chapter (p.08), we have defined it as such:

Commitment	Salient issue
Promoting collaboration with other sector participants in pursuit of corporate responsibility.	n/a
Ongoing support for the development of guidance on the implementation of the UNGPs for the commodities industry.	Failure to secure adequate community consent and failure to provide acceptable alternative or compensation during land acquisition or usage, e.g. during exploration, construction or operations.
Embedding our concept of 'community leadership' across the organisation.	Failure to provide adequate access to grievance compromises the ability of affected communities to express concerns and infringes on the right for workers to just and favourable conditions.
Comprehensive roll-out and support for Trafigura's Group-level and project-level grievance mechanism.	Insufficient suppression of dust from concentrate storage and transportation compromises the right to the highest attainable standard of health.
Completion of Level 1 contractor due-diligence assessments worldwide for defined, high-risk activities by Trafigura Trading Division.	Production and/or onward sale of commodity could contribute to, benefit from or result in the commission of serious human rights abuses.
Refining risk-based assessment of supply chains relevant to specific products and geographies.	
Refinements to existing due-diligence of vessel management companies in response to direct and indirect human rights impacts.	Failure to respect seafarers' rights to just and favourable working conditions.
Contribute towards multi-lateral engagement on matters pertaining to air pollution/high-sulphur fuels.	Ultimate use of commodity could have adverse health and/or environmental consequences.

For more information please refer to www.trafigura.com/responsibility/society

THE TIME TO BE PASSIVE AS A COMMODITY TRADER IS OVER

BANKING THROUGH THE EYES OF ONE OF TRAFIGURA'S BUSINESS PARTNERS



MAARTEN TERLOUW, HEAD OF ENERGY, COMMODITIES AND TRANSPORTATION CLIENTS, ARTICULATES ABN AMRO'S PRIORITIES FOR RESPONSIBLE BUSINESS

“Traders, like all business enterprises, should respect human rights. More than others, Trafigura is aware of the fact that losing the social licence to operate has profound consequences. To this day, it faces the consequences of adverse human rights impacts. The recognition that commodity traders have to earn and maintain their social licence to operate is a good starting point. Maintaining this licence requires a serious and continuous effort. HSEC standards should be improved and implemented in a meaningful way, both in its own operations and in relation to contractors. In addition, traders have a responsibility to do proper human rights due-diligence of their own operations, their supply chains and to assess the human rights performance of their service providers.

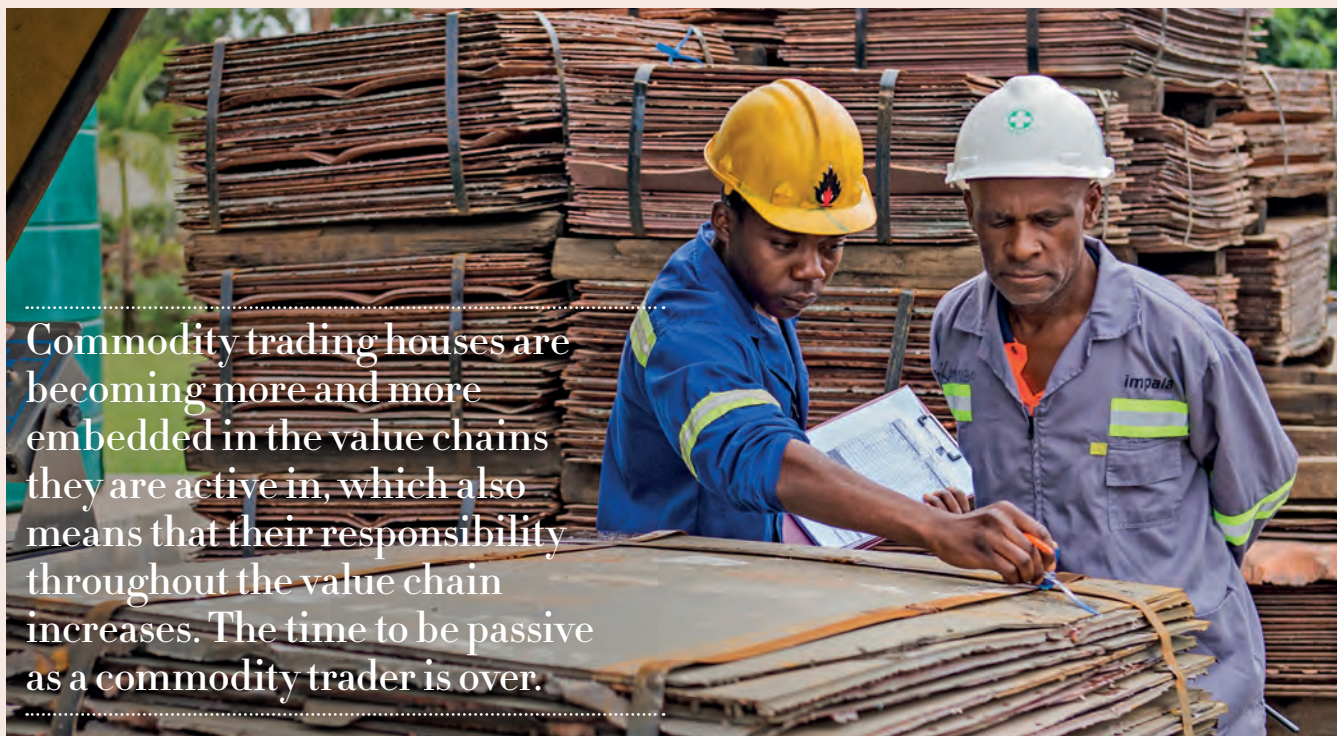
Our ambition to be a better bank that contributes to a better world means that we apply an integrated sustainability risk framework to assess our client's performance on environmental, social and ethical standards. But we also use other means to maintain a constructive dialogue with our clients to understand their business, identify risks, and work together on more sustainable value chains. This year ABN AMRO initiated a project on copper, following successful human rights due-diligence projects on the textiles, diamonds and cocoa value chains. Copper is one of the most traded base metals, fundamental to industrial growth and an important source of revenue for many nations. At the same time, copper is also a metal produced in often fragile states where human rights violations are widespread.



Our ambition to be a better bank that contributes to a better world means that we apply an integrated sustainability risk framework to assess our client's performance on environmental, social and ethical standards.



Copper cathodes in Fangchenggang, China.



Commodity trading houses are becoming more and more embedded in the value chains they are active in, which also means that their responsibility throughout the value chain increases. The time to be passive as a commodity trader is over.

Copper cathode weighing at Impala Terminals, Ndola facility, Zambia.

As a financier of metals commodities traders, ABN AMRO could be linked to these human rights violations. Instead of denying or avoiding this link, we intend to actively engage with all parties in the value chain and bring about improvements. The mapping of human rights impacts in the copper value chain is part of our human rights due-diligence and provides the basis for engagement with our clients. However, it is only a first step.

We hope that the copper project contributes to new ways of thinking on the future of human rights standards in relation to mining and metals. It is likely that existing governmental standards and regulations concerning conflict minerals will be extended. The industry has to prepare for 'post-3TG' regulations. This means more stringent transparency and due-diligence requirements on a broad range of human rights issues, which will apply to a broader range of commodities. ABN AMRO wants to be at the forefront of these developments, and expects that our clients share this ambition. Engagement with Trafigura on sustainability risks and opportunities is therefore at the core of our relationship.

There are more ways in which Trafigura can further substantiate its ambitions in the field of human rights. ABN AMRO would like to share three good practices based on our own experience.

First, we developed a Human Rights Guide in order to bring human rights to the attention of our clients and to engage with them on this subject. In this guide we explain what we do to respect human rights, but also what we expect of our clients and the organisations with which we do business.

Second, we have adopted the UN Guiding Principles' Reporting Framework, and identified our most salient human rights issues. This approach does not negate the fact that all human rights are interrelated, interdependent and indivisible. But it requires companies to give priority to those human rights that are at risk of the most severe negative impact through the company's activities and business relationships. For a commodity trader these are different than for a financial institution.

Third, we urge companies to explore the possibility of concluding an International Framework Agreement (IFA) in order to foster social dialogue with national and global trade unions. For us, it has proven to be a meaningful form of engagement with this key stakeholder group. Trafigura has expressed the ambition to strengthen its engagement with local communities, NGOs and trade unions. We think concluding an IFA aligns with this goal.

While ABN AMRO recognises the steps that have been taken on human rights and sustainability by commodity trading houses, much work remains to be done. Not only do the expectations of society raise the bar every year, the business of commodity trading houses is changing as well. Traders are moving from pure trading to value adding businesses, whether it is involvement in production and storage or providing value adding services as financing or risk management. Commodity trading houses are thus becoming more and more embedded in the value chains they are active in which also means that their responsibility throughout the value chain increases. The time to be passive as a commodity trader is over. We therefore welcome the 2016 Responsibility Report and encourage Trafigura and other commodity traders to take responsibility and help to advance trade in a sustainable way for a better and more sustainable world.



HEALTH AND SAFETY

Protecting the wellbeing of our employees, suppliers, contractors, partners and the communities within which we operate is of the utmost importance to the Trafigura Group – it is also fundamental to our sustained commercial success. Unhealthy and unsafe working conditions impinge on the rights of workers to the highest attainable standard of health and to just and favourable conditions of work.

OUR APPROACH

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 reduce them to as low as reasonably practicable, 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 Corporate Responsibility Policy and Business Principles.

We are meeting these commitments through strong governance at Group and operating levels, supported by robust assurance. We focus on skills development and risk management, and share good practice across the organisation.

PERFORMANCE

- Delivery of comprehensive training tools to help drive safety culture.
- Reduction in lost-time injury frequency rate (LTIFR) by 15 percent on 2015 performance.
- Launch of THINK SAFETY campaign at MATSA.
- Site-based assurance of minority investment in Muara Enim, Indonesia.

153

number of significant health and safety incidents reported* (2015: 178)

4.58

LTIFR* (2015: 5.40)

118

LTIs* (2015: 139)

* Includes all injury and illness incidents of severity 'Level 2' and above that relate to employees, contractors or members of the public.

A SAFE AND HEALTHY WORKPLACE

A safe and healthy workplace is a non-negotiable basic human right for all employees, contractors and visitors. In recent years we have built up comprehensive systems and processes to minimise risks to health and safety.

PRIORITIES AND PROGRESS

The table below highlights our most material health and safety issues and analyses our performance against the priorities and commitments we set out last year. In all cases, priorities respond to those issues deemed as material to the business in 2015 and support our response to issues considered as salient in our 2016 assessment (see Approach chapter, p.08).



OPERATIONAL HEALTH AND SAFETY

A safe and healthy work environment is recognised in national and international law including United Nations and International Labour Organisation conventions. We are committed to driving Group safety performance and building from a base of full operational compliance with relevant national and international health and safety laws.

What we prioritised last year	Progress
Zero fatalities.	
Divisions and operating companies to deliver improvements in LTIFR against baseline data from 2015.	
Direct and measurable improvement in incident reporting rates, including near-misses.	
Direct improvement to the manner in which the Group investigates, analyses and shares lessons learned from incidents.	
Deployment of actions from strategic HSEC review of Trafigura Mining Group.	
Sustained roll-out of Trafigura's Golden Rules.	


CONTRACTOR MANAGEMENT

Our operations rely extensively on contractors. They provide labour, equipment and infrastructure as well as valued skills and services. Contractors store, manage and transport commodities on our behalf and perform key activities at our industrial assets. We aim to ensure that the health and safety standards we insist on for our own employees apply equally to them.

What we prioritised last year	Progress
Ongoing roll-out of HSEC contractor screening and evaluation process for Trafigura's Trading Division.	
Integration of HSEC KPIs into Safeguard and standard working practices on behalf of Construction Working Group.	

TRANSPORTATION SAFETY

The movement of commodities via pipeline, road, rail, river and sea; by owned, leased or contracted transportation; is a fundamental element of our business. We manage a diverse spectrum of health and safety risks in partnership with our contractors.

What we prioritised last year	Progress
Ongoing roll-out of HSEC contractor screening and evaluation relevant to trucking.	

OUR PERFORMANCE

It is with sincere regret that we have to report the death of two of our colleagues in work-related incidents this year. This is the second year in succession that we have had two fatalities at our industrial sites. The Group set itself the goal of zero fatalities for 2016, but has failed to meet this target. Any loss of life associated with Trafigura's work-related activities is unacceptable.

Reported fatalities in 2016 and related actions were as follows:

- **Impala Terminals, Barrancabermeja, Colombia**

In January 2016, Carlos Arturo Robles Navarro, a contractor (land surveyor assistant) working on site at Impala's Barrancabermeja Terminal lost his life after being crushed by a fall of ground whilst assessing an excavation.

Action:

Impala instigated the following measures in response:

- Over 2,500 contractors were provided with revised and refreshed training on safety procedures and Impala's work permit system.
- Impala's inspection procedure for all excavation works was revised to include an improved checklist for inclusion in the job safety analysis (JSAs) used by those contractors engaged in health and safety surveillance.
- Impala enhanced surveillance of the issuance of all JSAs and work permits on site, supported by further audits.
- All site management received refresher training on health, safety and environmental matters including accountability, risk identification and safety leadership.
- Impala initiated and continues to support a 'safe excavation' campaign.

- **Trafigura Mining Group, Catalina Huanca mine, Peru**

In June 2016, a rock fall prompted the natural release of carbon dioxide at the Catalina Huanca mine. Alfredo Huamán Pillohuan, a scoop operator, was unable to withdraw from the area quickly enough and died of asphyxiation.

Action:

Trafigura Mining Group immediately conducted extensive reviews of its carbon monoxide, carbon dioxide and oxygen monitoring points across the mine. Numerous safety drills and simulations were carried out, including refresher training for staff on the use of respirators. At the time of writing, steps had also been put in place to deliver improved safety leadership training for mine management to strengthen the safety culture.

OPERATIONAL HEALTH AND SAFETY

We take a proactive approach to managing health and safety. We require all our operations to develop and maintain management systems appropriate to the nature and scale of their activities. Three of our larger assets are certified to the international standard for occupational health and safety management systems, OHSAS 18001. Each division and operating company is expected to:

- Identify and evaluate the health and safety risks associated with its activities.
- Implement controls that eliminate or reduce these risks to as low as reasonably practicable.
- Report all incidents and investigate serious incidents and near-misses.
- Plan for emergencies.
- Set improvement targets and track performance.
- Ensure the workforce has the appropriate level of competency and adequate resources.
- Undertake periodic checks and audits that test the effectiveness of these measures.

KEY PERFORMANCE INDICATORS

KPI	Group (aggregate)		Oil and Petroleum Products Trading		Metals and Minerals Trading		Shipping and Chartering Desk		Trafigura Corporate		DT Group		Impala Terminals		Mining Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Number of fatalities: employees and contractors ¹	2	2	0	0	0	0	0	0	0	0	0	0	1	0	1	2
Total number of health and safety incidents reported ²	153	178	1	5	2	3	4	2	0	0	2	0	98	127	45	41
LTIs ³	118	139	0	0	0	2	2	0	0	0	0	0	73	104	43	33
LTIFR ⁴	4.58	5.40	0	0	0	1.48	2.28	0	0	0	0	0	5.26	7.45	6.21	4.69

¹ Includes fatalities of any employee of a Trafigura Division or Operating Company as a result of an occupational injury or disease sustained or contracted whilst undertaking a work-related activity; or of a contractor working on Trafigura-owned or managed sites or undertaking a work-related activity on behalf of Trafigura, in circumstances where Trafigura is responsible for the general safety of the working environment.

² Total number of health and safety incidents reported including all injury and illness category of severity 'Level 2' and above that relate to employees, contractors or members of the public.

³ LTI: the number of incidents that resulted in time lost from work amounting to at least one day (or shift). Includes employees and contractors working on Trafigura-owned or managed sites, or contractors undertaking a work-related activity on behalf of Trafigura, in circumstances where Trafigura is responsible for the general safety of the working environment.

⁴ LTIFR: the number of incidents that resulted in time lost from work amounting to at least one day (or shift) divided by actual total hours worked over one year, multiplied by one million.

In 2016, Trafigura's HSEC Steering Committee refined its incident reporting and investigation guidelines and further improved Safeguard, Trafigura's online HSEC data management system. These improvements strengthen oversight of high-risk activities.

In 2016, the number of lost-time incidents fell from 139 in 2015 to 118, and our overall Group LTIFR reduced by 15 percent to 4.58 per one million hours worked. The overall performance improvement is largely a result of a significant fall in Impala lost-time injuries, following an extensive communications campaign and targeted efforts to improve safety of the operations in 2015 and 2016. However, we recognise that performance in the Mining Group worsened in 2016 based on these statistics, and that overall our LTIFR is relatively high. We will continue to track, report and focus our efforts on reducing the frequency of significant injuries in 2017 and have set ourselves a target of meeting a reduction in LTIFR by 20 percent by the end of FY2017.

BUILDING CAPACITY

In 2015, we reported on efforts to improve HSEC training at a Group level – these have continued at pace over 2016, supported by the recruitment of a new Head of HSE and the appointment of Heads of Corporate Responsibility and of Training and Development (see People chapter, p.50).

Our Group HSEC training programme promotes policies or procedures common to all divisions and operating companies. It complements training programmes at an operational level, which typically focus on managing context-specific risks or opportunities.

Trafigura's six-module 'HSEC awareness' e-learning platform is now mandatory for all new starters to the Group in their first two weeks with the business. Since being rolled out in 2015, 7,785 modules have been completed in English, French, Spanish, Portuguese and Mandarin across 51 countries.

In 2016, 323 Group managers across 31 countries completed a bespoke e-learning training module on the reporting of incidents and the use of Safeguard.

In August, we commenced the delivery of face-to-face tutorials for the approximately 200 HSEC Safeguard incident entry owners across the Impala, Mining and Trading departments on revised rules for HSEC incident investigations. As of October, most of the nominated staff have taken part in the tutorials. The trainees are expected to communicate their learning to team members. Following training, nominated first responders within the Group – those required to review, assign and validate incidents and investigations – can confirm that they now have a basic level of understanding as to how to review and assess the approach and conclusions of an incident investigation.

COMMUNICATING CHANGE – CHANGING COMMUNICATION

After suffering two fatalities in 2015, the Trafigura Mining Group (TMG) undertook a comprehensive review of its HSEC programme. As well as delivering multiple improvements through the revision of systems and processes, TMG set out to build up the safety culture in the organisation. Commencing at MATSA, and with comprehensive input from joint-venture partner Mubudala Development Company, this activity pursued two main themes: first, it instigated a major retraining initiative; and second, it launched a communications campaign under the banner 'BE VIGILANT: THINK SAFETY'.

MATSA's senior management received coaching on the concept of 'safety leadership'. This was supported by a simple guide. '*Safety Leadership: What it means to us*' outlined what all staff could do to improve the safety culture. It empowered staff to speak up if ever they were uncertain about a situation. As the document states: "A culture of safety starts with leadership – we can all influence culture by setting expectations, building structure, teaching others and demonstrating stewardship."

The communications campaign centred on specific 'Life Saving Rules' – each of which responded to explicit risks faced in the mining environment. These include handling explosives, working in confined spaces and ensuring appropriate ground stability.

The THINK SAFETY campaign was launched at a major staff event and strongly supported by MATSA's Chief Executive, Audra Walsh. Over several weeks, Audra took time to meet every crew member on site (around 650 employees and 1,000 contractors) to highlight the overriding importance of the Life Saving Rules.

OUTCOME: A change in the tone of MATSA communications encouraged staff uptake. Rather than conveying actions to be taken, supporting material and signage encouraged staff to focus on their wider responsibilities – not only for their own wellbeing but also for that of their colleagues, families and ultimately the future of the operation itself.

TMG's approach, which is being replicated elsewhere across the Trafigura Group, accepts that each member of staff has their own view of safety. They face their own pressures and approach their lives with their own values, beliefs and attitudes. Understanding this rich diversity will be pivotal to influencing safety behaviour and ensuring accountability at a personal level in future.



ZEROING IN ON SPECIFIC SAFETY RISKS

The US Bureau of Labor Statistics estimates that hand injuries account for 40 percent of all upper body injuries at work. Over a million workers attend emergency rooms every year. In Brazil alone, close to a million fingers were lost in work-related accidents between 2007 and 2013.¹

These stark statistics, along with the task-specific hazards that all workers face at industrial sites, explain why, for Porto Sudeste, preventing hand injuries is a crucial area of focus.

It has launched an industrial hand safety campaign designed by Brazilian workplace health and safety specialists SESMT.

Seminars for all staff are an integral part of the campaign. Participants perform simple tasks that bring home the impact of a hand injury in daily life. For instance, they are asked to undo and fasten three shirt buttons in less than a minute without the use of their thumb.

Potential risk areas, such as working with electricity, machinery and shifting heavy loads, are discussed in detail. Vivid images of actual hand injuries visually reinforce the potential severity of the different types of accident.

The seminars emphasise some basic rules – following manufacturer's instructions, not using improvised tools and complying with the terminal's operational rule book; they share best practices – keeping hands in plain sight and the proper use of cutting tools; and they stress the importance of taking on proper training before using any new piece of equipment.

Porto Sudeste continues to drive improvement in safety and the health of its employees. These kinds of initiatives are helping it build on that, not just at Porto Sudeste but across the Trafigura Group as a whole.

PPE: THE LAST LINE OF DEFENCE

Even with the most robust safety processes and the most safety-conscious behaviour, risks still exist. Industrial sites are inherently hazardous places. Enforcing safety basics rigorously is vital.

Personal protective equipment (PPE) is the last line of defence when all other preventative measures have failed. The correct use of appropriate PPE prevents injury and can save lives.

This was put into sharp focus for us by a serious incident at one of our construction sites this year.

Impala is developing a new best-in-class terminal in the Port of Huelva, Spain, for the storage of minerals and metal concentrates. During the construction process several different contractors have been working alongside Impala staff onsite.

One February morning in 2016, two operators were working in close proximity. One was in the basket of a mobile elevated working platform (MEWP) working on the exterior of a building, several metres up. The other, driving a loader with a front-mounted loading bucket, was attempting to manoeuvre around the MEWP.

There was a collision. The MEWP's occupant was thrown from the basket by the force of the impact. Thanks to his safety harness, he walked away with no serious injuries.

In the preceding month, Impala's external safety advisors had conducted a site review. One of the action points from their report was to amend the use and set-up of the safety harnesses worn by workers onsite. Adopted immediately, this recommendation proved instrumental: the worker who fell was saved by a correctly set-up harness.

OUTCOME: A thorough incident investigation saw scope for specific safety improvements.

We discussed their conclusions and recommendations with our onsite operators and quickly adopted new processes to minimise the risk of recurrence. Enhancing road markings in the collision zone was one immediate change.



Impala Terminals Mexico hosts their first HSEC family day.

¹ Ref: Statistical Annual of Brazilian Social Security.

SERIOUS INCIDENT REVIEW PANEL

In the interests of promoting inter-Group learning following serious incidents, the HSEC Steering Committee established a Serious Incident Review Panel in 2016. The panel, which comprises members of the Steering Committee in those parts of the Group with a recent experience of a serious incident, met twice during the year. This forum gives participants the chance to reflect in depth on serious incidents, challenge assumptions and conclusions and share, as appropriate, mitigation measures of value to the Group. The panel will be maintained in 2017.

OCCUPATIONAL HEALTH

In 2016, Trafigura's HSEC Steering Committee determined that the Group would benefit from a more aligned approach to the management and mitigation of health impacts. Trafigura's Head of Human Resources joined the Committee to develop an appropriate strategy in support of this objective. We will report back on this in 2017.

CONTRACTOR MANAGEMENT

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.

Contractors' responsibilities are clearly defined. We expect them to demonstrate high levels of competency with respect to safety. While we endeavour to provide clear direction to our contractors, we also benefit from their expertise. We share good practice both within and beyond the organisation.

As outlined in the Society section of this report (see p.16) Trafigura's Trading Division strengthened its contractor screening and selection processes over the course of the year through the launch of an online platform and detailed, site-based assessments. The system builds on and directly complements established controls such as our 'Know Your Counterparty' (KYC) screening protocol (see p.56).

SUPPORTING OUR MINORITY-OWNED INVESTMENTS

In 2016, Trafigura conducted a site-based assurance review of a 110-kilometre coal haul road and port facility located near Muara Enim, Indonesia where the company has a minority interest in a joint venture (JV).

The project was assessed against local regulatory requirements, Trafigura's HSEC Policy and HSEC Business Principles, and the 2012 International Finance Corporation Performance Standards. Findings included:

- Insufficient damping of dust along the road during construction has had a negative effect on local agricultural production and has created visibility hazards for those operating on site. The JV has increased efforts to disperse stabilising agent, has purchased additional trucks to dampen dust and is responding to community grievances as appropriate.

- Drug and alcohol testing has indicated the prevalence of substance abuse amongst contractors. This poses a serious threat to the health and safety of those active along the road. Trafigura's requirements for drug and alcohol testing have been shared with the JV accordingly and the JV has committed to monitoring the situation closely.
- The demobilisation of construction workers, following completion of the project in the last quarter of 2016, is a major concern to community members in an area where economic opportunities are limited.
- Perhaps the greatest challenge faced by the JV relates to community access. In time, the road will be used by a large number of trucks. With poor infrastructure in the region, community members are using the private road which is making this increasingly hazardous. Alternative opportunities for safe transportation, for example through the provision of buses, are being explored.

Trafigura will conduct similar such assessments of other minority interests in future to ensure appropriate action is taken to minimise and mitigate the risk of any adverse impacts through our business relationships.

2017 PRIORITIES AND COMMITMENTS

We are committed to continuously strengthening our health and safety performance against all impacts. Where our focus in 2017 relates to a specific salient issue, as outlined in our Approach chapter (p.08), we have defined it as such:

Commitment	Salient issue
Zero fatalities.	Unhealthy and unsafe working conditions infringe on the rights of workers and community members to the highest attainable standard of health and to just and favourable conditions of work.
3.66 LTIFR*.	
Marked improvement in the number of near-misses reported.	Catastrophic failure of oil storage may result in severe injury or loss of life.
28-day average to complete Level 3-5 incident investigations.	
Risk assessments of contractors engaged in high-risk activities.	Unsafe road practices impact right to life with a disproportionately negative effect on vulnerable groups.
Internal benchmarking of road traffic accident frequency performance.	

For more information please refer to www.trafigura.com/responsibility/health-and-safety

* Group aggregate.

HEALTH AND SAFETY: IN FOCUS

ENHANCING ROAD SAFETY

Trafigura's focus on safety extends across our supply chain and into all our business relationships. It is gradually helping to reduce the incidence of accidents within our fleet of owned and third-party contracted trucks.

As stringent safety considerations become increasingly pivotal to the way we award contracts, we are naturally doing more business with those contractors that share our concerns about safety. But there is still more to do. We need to work hard to share best practice if we are to raise standards across the Group.

Improving performance in Colombia

Colombia's road network is in poor condition. It was ranked 126th out of 144 countries in a 2014-15 road safety assessment by the World Economic Forum. According to some estimates the cost to the economy is as much as 2 percent of GDP.

The human cost is incalculably greater, with over 300,000 injuries and 4,458 deaths from road traffic accidents in 2015. Poor vehicle maintenance and the ease with which driving licences can be obtained are contributory factors. Transportation is even more complicated for large trucks as navigation can be a struggle on smaller roads.

Our contractors undertake 120 truck journeys daily, moving oil and petroleum products around Colombia. Given local conditions and the hazardous nature of the products they convey, truck transportation is, understandably, managed as a high-risk activity.

All contractors are required to account for their HSE performance at a scheduled monthly meeting with Impala Terminals. The company operates a traffic light system. Contractors get green for meeting HSE performance requirements, amber if there is scope for improvement and red if they have underperformed.

If a contractor gets a red light it is obliged to make a formal presentation at the meeting. All are keen to avoid such negative exposure and this helps to drive up standards.

Rather than abandon the underperforming company, Impala works with it to help get its performance up to scratch. But it does expect improvement. It enforces a strict 'two consecutive red light strikes and you are out' policy for any contractor. This acts as a powerful incentive.

OUTCOME: Impala's contractors in Colombia have now driven over three million kilometres with no fatalities. Given local conditions this is an outstanding achievement.



Truck vetting, Impala Terminals, Barrancabermeja, Colombia.

WHY HUMAN RIGHTS MATTER IN THE SHIPPING INDUSTRY

SHIPPING THROUGH THE EYES OF ONE OF TRAFIGURA'S BUSINESS RELATIONSHIPS



CLAUS GRØNBORG
CHIEF COMMERCIAL OFFICER
MAERSK TANKERS

“Human rights matter in the shipping industry, because our operations directly impact thousands of seafarers and employees every day. Many Maersk employees work out at sea undertaking tasks that could result in significant harm to people and the natural environment if not planned and executed carefully.

The shipping industry has taken great strides with the Maritime Labour Convention, which sets out the responsibilities of ship operators and manning agencies vis-à-vis the seafarers.

But there is more to human rights and shipping than how we treat our seafarers. Our industry touches many value chains and can be linked to many more human rights impacts. When vessels reach end of life, recycling them can be dangerous work which seriously harms workers, communities and the environment. Shipping provides transport services to just about any traded good in the world, but does this mean we have a responsibility towards any negative human rights impacts associated with these goods?

We need to understand whether and how our industry is linked to adverse human rights impacts, to what extent we have a responsibility to act, and how far our actions should go.

The investment in human rights makes sense not just from an ethical perspective, but from a commercial perspective too. Companies that do not respect human rights, risk becoming the target of NGO campaigns, negative media, strikes, and potential legal cases.



MAERSK

FINDING THE RIGHT FRAMEWORK

The language of human rights is difficult to apply in a commercial context. All business activities involve people and hence the potential to negatively impact their rights. So how do we understand our responsibilities?

Maersk uses the UN Guiding Principles on Business and Human Rights (UNGPs) as a reference framework because they provide (relatively) simple and balanced guidance. Furthermore, they are widely recognised by the private sector, NGO's and governments alike.

The UNGPs help us to understand the different ways in which we could cause, contribute or be linked to human rights impacts through our own operations and value chain, and to what extent we have a responsibility to act depending on whether we are causing, contributing to or just linked to the impacts. But they do not provide a recipe-like answer and mitigation actions.

Working with human rights is a journey, requiring repeated dialogue and engagement with peers and stakeholders. Every company has to apply the framework in the context of its own operations, value chains, and stakeholder expectations.

There is more to human rights and shipping than how we treat our seafarers. Our industry touches many value chains and can be linked to many more human rights impacts.



OUR JOURNEY

In Maersk, our commitment to human rights is expressed through our status as signatory to the UN Global Compact. We have conducted a Group-wide human rights due-diligence exercise mapping our own impacts, and where we could potentially be linked to impacts in our value chains.

Through internal outreach and stakeholder engagement, we have developed a relatively short list of activities and relations in our value chains holding potential for severe negative impact on human rights.

SUMMARY OVERVIEW OF MAERSK'S HUMAN RIGHTS DUE-DILIGENCE

1 Managing our own impacts

- Ship-Operating: Labour standards, Maritime Labour Convention (MLC) compliance, impact of accidents on local communities, use of armed security.

Addressing these impacts follows from being a ship operating company. Most of the issues are addressed through regulation, including the MLC, and are integrated into management systems.

2 Managing our contribution to impacts in the supply chain

- Shipbuilding: Labour, environmental and safety standards at shipbuilding yards.
- Ship-Recycling: Improving standards at ship-recycling yards in India

Addressing our contribution to impacts in the supply chain is more challenging because we have less direct control and leverage.

3 Understanding where there is a potential to be linked to human rights impacts through transport services

- Cargo due-diligence in West Africa, Asia, conflict-affected areas.

Addressing these issues is the most difficult, because we have no or very limited leverage, hence, this could only be done effectively through collaboration with peers and other industry actors.

Through this exercise we identified a set of issues that are already understood and managed, including safety at sea; management of oil spills, which can negatively affect the livelihood of coastal communities and fisheries; and recruitment and employment conditions of seafarers.

There are also a range of issues more complex and systemic in their nature, where our efforts and activities alone will be insufficient to mitigate the risk to people and to our own business objectives. Effectively addressing these will require many actors moving in the same direction.

One obvious example is that we need to consider how our assets are built, and the impact on workers and local communities. While these activities bring about jobs for thousands of people globally, the working and environmental conditions are not always in line with the Maersk code of conduct based on internally recognised human rights standards. Maersk engages with the yards through the Maersk responsible procurement programme, to build capability and mitigate risks. As a sizeable shipowner we have some leverage, but not enough to drive the change we would like to see.

Another less obvious example concerns the potential human rights impacts Maersk could be exposed to through provision of transportation services. Through its global presence Maersk is vulnerable to be linked to improper or illicit trade which may constitute a risk to human rights. In this regard, we are still exploring our role and responsibilities vis-à-vis the UNGPs.

PROCESS MATTERS

We still have a way to go in understanding the intersection of human rights and our industry. But because we have been through the exercise of human rights due-diligence, we know our impacts, and we have a focus defining which direction to pursue.



ENVIRONMENT

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

OUR APPROACH

We are entrusted with the safe handling, storage and transportation of significant volumes of commodities every day, including oil and petroleum products, ores, concentrates and refined metals. It is our duty to prevent, minimise or remediate any unintended releases of these products to the natural environment.

Trafigura divisions and operating companies that manage industrial assets aim to eliminate or mitigate any adverse environmental impact associated with their activities and maximise the opportunity to improve environmental conditions.

We seek to reduce emissions associated with our activities, explore ways in which we can create supply chain efficiencies in logistics and adapt to meet the reality of climate change.

PERFORMANCE

- Roll-out of contractor assessment process by Trafigura's trading division against activities deemed to present a high risk to society and the environment.
- Refinement of Greenhouse Gas (GHG) emissions reporting, including the addition of Scope 3 emissions data.

293,220tCO₂e

Scope 1 and Scope 2 GHG emissions (2015: 419,032tCO₂e)

3,158,958tCO₂e

Scope 3 GHG emissions

1

Total number of oil spills (2015: 3)

200

Total volume in litres spilled
(2015: 31,305 litres)

MANAGING ENVIRONMENTAL RISK

Trafigura is committed to setting indicators and targets that strengthen our management of environmental impacts.

PRIORITIES AND PROGRESS

The table below highlights our most material environmental issues and analyses our performance against the priorities and commitments we set out last year. In all cases, priorities relate to those issues deemed as material to the business in 2015 and support our response to issues considered as salient in our 2016 assessment (see Approach chapter, p.08).

POLLUTION PREVENTION

We are responsible for the safe handling, storage and transportation of significant volumes of commodities every day, including oil and petroleum products, ores, concentrates and refined metals. It is our duty to prevent, minimise or remediate any releases to the environment resulting from our activities.

What we prioritised last year

Progress

Zero 'Level 4' and 'Level 5' environmental incidents associated with Trafigura's activities.



CLIMATE CHANGE

Direct GHG emissions arise principally from our owned and operated assets. Indirectly, we can lower emissions by implementing and advancing best practice in the global commodities supply chain.

What we prioritised last year

Progress

Reducing GHG emissions associated with Scope 1 and Scope 2 emissions.



Extending the GHG inventory to include key Scope 3 emissions.



KEY PERFORMANCE INDICATORS

KPI	Group (aggregate)		Oil and Petroleum Products Trading		Metals and Minerals Trading		Shipping and Chartering Desk		Trafigura Corporate*		DT Group		Impala Terminals		Mining Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Number of environmental incidents reported	87	40	29	30	2	0	6	1	0	0	0	0	31	6	19	3
Number of oil spills/ associated volume in litres ²	1/200	3/31,305	0	0	0	0	0	0	0	0	0	0	1/200	3/31,305	0	0
Value of environmental related fines and penalties (USD)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ISO 14001 certified facilities	5	8	0	0	0	0	0	0	0	0	0	0	4	7	1	1
Scope 1 and Scope 2 CO ₂ e emissions	293,220	419,032	0	0	0	0	89,983**	96,280	9,411	9,112	335	33	57,721	208,065	135,771	105,542
Scope 3 CO ₂ e emissions (tCO ₂ e)	3,158,958		247,658		214,135		2,513,089		20,342		0		163,558		176	

* Emissions associated with Trafigura offices and company-owned vehicles.

** Emissions associated with owned vessels only (chartered vessels are classified as Scope 3 emissions).

Environmental Management

The Trafigura Group divisions and operating companies that operate industrial assets maintain environmental management systems appropriate to their activities.

Five of our most significant assets are certified to the ISO 14001 International Standard for Environmental Management Systems. This figure fell from eight in 2015 following the sale of three installations. In addition, many are recognised under local, national or industry specific environmental management schemes.

Prevention and mitigation of pollution incidents

Pollution incidents associated with the commodities we trade pose significant social and environmental risks. The severity of those risks varies according to the type of commodity, the activity and the location. We focus on eliminating or minimising such risks, complying with local regulatory requirements and meeting applicable international best practice.

The storage, handling and transportation of oil and petroleum products, either by Trafigura or by a third party, present risks to people and the natural environment. We operate a strict screening policy for the chartering of vessels and have strengthened our due-diligence protocols for selecting oil storage providers, metals and minerals warehouses, waste contractors, trucking hauliers and service providers involved in managing ship-to-ship (STS) transfers of oil or gas cargoes.

At a corporate level, Trafigura is a member of Oil Spill Response Ltd (OSRL), the largest international industry-funded cooperative which exists to respond to oil spills wherever in the world they may occur, by providing preparedness, response and intervention services.

Managing STS transfer operations

Trafigura owns or charters oil tankers and gas carriers that may offload cargo, in full or in part, at sea, due to port capacity constraints or for logistical reasons – STS operations can save time and reduce berthing and mooring obligations and charges.

But STS transfer operations also present a variety of significant risks. We mitigate these by appointing specialist STS transfer service providers, such as Fendercare (see p.40), to oversee the physical operation of bringing together vessels and transferring products at sea. Considerations for mitigating such risks include, for example:

- Ensuring the adequate training of staff;
- The provision of appropriate equipment;
- A high degree of pre-planning;
- Attention to issues associated with the listing of vessels while transferring product;
- Characteristics of the product itself, as disclosed via material safety data sheets;
- The presence of fire-fighting and oil spill equipment;
- Adherence to strict regulatory requirements.

As part of our Contractor Screening and Management Process (see Society chapter, p.21), Trafigura's Trading division conducted 'Level 1' desk-based reviews of all STS providers in 2016. We also undertook site-based or 'Level 2' assessments to test the accuracy of the information submitted to us. Independent observers and representatives of Trafigura's Shipping team conducted assessments in the Netherlands and in Malta this year.

Our goal is to work only with those contractors who share our intent to maintain high standards and continually improve performance. In 2016, Trafigura's STS due-diligence identified 9 percent of providers that failed to meet our HSEC requirements and, as such, were deemed unfit to support Trafigura's activities until significant remedial measures have been implemented.

CLIMATE CHANGE

We are addressing the complex challenges associated with a changing climate in a number of ways.

We welcome the commitment made at the December 2015 UN COP21 summit in Paris and the target of keeping the rise in global temperature to below 2°C. Trafigura intends to play its part.

We support policies that address climate change without damaging society's ability to meet the growing demand for secure, affordable energy and vital natural resources. We advocate a clear and consistent policy on carbon pricing.

Our GHG Inventory

During 2016, we refined our approach to data capture and reporting on GHG emissions from the Group's divisions and operating companies. As for 2015, we did this using the GHG Protocol.¹ We believe that the steps we are taking to calculate, report and reduce emissions today will establish the groundwork for improving management of these emissions and play an increasingly important role in shaping commercial discussions in future.

Scope 1 and 2 emissions

In 2016, our Scope 1 and Scope 2 emissions, i.e. direct emissions from owned or controlled sources as well as those emissions from the generation of purchased energy, amounted to 293,220 tonnes of CO₂ equivalent (2015: 419,032 tonnes CO₂e). This represents a reduction of 30 percent on our 2015 emissions overall. While this reduction is welcome, we recognise that it has predominantly been achieved by portfolio change and improvements in the reporting of data.

¹ The GHG Protocol, developed by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), sets the global standard for how to measure, manage, and report greenhouse gas emissions.

EXTERNAL VOICE

STS THROUGH THE EYES OF ONE OF OUR CONTRACTOR PARTNERS



“ Fendercare has been providing STS Services to the Marine Industry for over 21 years. During this time we have developed a good understanding of various risks inherent in STS operations. With continued emphasis on safety of operations and protection of environment, we have established and implemented an operational framework that incorporates a range of risk management tools to ensure we meet the commitment made to our clients. We believe the top risks currently faced by STS operations, and the industry as whole are;

- Lack of awareness and understanding of what a STS operation is, and the complexities involved.
- Training and competency of the STS Superintendents, given the skill set and experience needed to conduct safe operations.
- The equipment provided by vessels in order to perform a STS operation (mooring lines, chocks, condition of the vessels in general).
- The continued use of STS providers in certain locations, who are able to compromise on safety in order to drive down prices, and ultimately standards.

Thankfully, over the last several years the industry has recognised some of the above risks. By representation through industry bodies such as Oil Companies International Marine Forum (OCIMF) and Industry Taskforce on Lightering (ITOL), the all-important recommendations set out in the ‘*Ship to Ship Transfer Guide for Petroleum, Chemicals and Liquefied Gases*’ are being understood and complied with. This has had a marked impact on improving the standards within the industry, however there is still much more which can be done.

OCIMF had earlier released a ‘Service provider assessment’ document, which was derived from the existing tanker management self-assessment (TMSA) document used within the tanker industry to allow self-verification and eventual verification/assessment of tanker management companies. The new TMSA document has been a key tool in allowing Fendercare to benchmark itself against what is expected within the industry. It has also led to an increase in the number of clients visiting our various offices and bases to perform their own audits/assessments of Fendercare.

Trafigura has been one of the pioneers in spearheading this assessment initiative and have fully utilised the potential of such a process to create a great sharing platform.

These client assessments/audits have proven to be a great information sharing platform for Fendercare. As the industry grows, and people become increasingly aware of STS, these audits allow Fendercare to discuss safety issues, and educate our clients as to the intricacies of STS operations. They also allow our clients to share with us safety initiatives, recommendations and ideas to help improve our own safety management system.

Trafigura has been one of the pioneers in spearheading this assessment initiative and has fully utilised the potential of such a process to create a great sharing platform. It is in fact driving this process by raising awareness and engaging with the right entities in improving safety and operational standards throughout the industry. This will eventually force smaller, less safety conscious service providers to improve their standards and once again level the playing field in an industry which is growing, and becoming a more viable option for cargo transhipments.

Fendercare hopes that STS Service providers are chosen due to their safety and compliance. A major environmental incident attributed to a STS operation should not be a consequence of a cost-saving exercise.





CATALINA HUANCA MINE: AWARD-WINNING TAILINGS DISPOSAL

Trafigura Mining Group has mined copper, lead and zinc ores at Catalina Huanca Sociedad Minera in Peru's remote Ayacucho region since 2004.

The safe handling and disposal of 'tailings', the waste materials that remain once the desired ore has been extracted from host rock, has, with good reason, become a topic of intense international and local scrutiny within the industry in recent years.

Traditional methods of processing and storing tailings within settling dams or 'ponds' pose significant risks to local communities. An accidental release of tailings into the natural environment can have catastrophic effects on people's lives. Tailing dams have been shown to be prone to leakage, whether because of seismic activity, meteorological conditions, topographic issues or geophysical problems.

The safe treatment and handling of tailings is a particularly salient issue in a region that experiences extensive seismic activity and occasional extreme weather events.

Trafigura Mining Group has adopted one of the most advanced technologies available to manage tailings in this particularly rugged surrounding terrain. The compacted filtered tailings disposal technique dries filtered tailings, mixes them with other materials, then layers and compacts the resulting material. Tailings in this form are significantly less vulnerable to accidental release.

The gains for the local population go beyond the considerable safety benefits. Ayacucho is a water-stressed region. The use of this technique has extended the local population's fresh water supply. Trafigura has also gained commercially. Because it can now store its waste by compacting material vertically, it has doubled its storage capacity – a major benefit in a mountainous region where accessible space is limited.

Trafigura Mining Group's advances in tailings management at Catalina Huanca were recognised at the Tenth National Mining Congress (CONAMIN) where it was awarded the 'Best Work in the Environment' award.

EXTERNAL VOICE

IMPLICATIONS OF ENVIRONMENTAL CHANGE FOR COMMODITY TRADING

BEN CALDECOTT¹, DIRECTOR OF SUSTAINABLE FINANCE PROGRAMME, SMITH SCHOOL OF ENTERPRISE, OXFORD UNIVERSITY

“ Different sectors across the world, from agriculture to mining, are being disrupted by clean technologies, environmental regulations, and changing social norms. Assets and operations are also being buffeted by increasingly regular and more intense extreme weather events and other consequences of a changing climate. These societal trends and environmental impacts will have significant implications for physical commodities traders. ”

To read the full article please refer to www.trafigura.com/responsibility

Those industrial assets that we own and operate have a valuable role to play in driving direct emissions reductions. Our subsidiary Impala Terminals is de-bottlenecking major logistics routes in countries such as Colombia and Argentina by shifting transportation from congested and often dangerous roads to the country’s river networks by barge. (see Society chapter, p.16). Impala reported emissions have reduced by 19 percent in 2016, in part due to improvements in data collection and changes to the company asset base, but also as a result of various measures to optimise fuel consumption, including, for example, on river transportation where the company has increased the number of barges pushed per trip and has reduced the number of empty and unnecessary voyages without impacting upon the safety of the operations.

The Mining Group’s direct emissions show a 29 percent rise in 2016, in large part due to the expansion of activities at the MATSA mine.

Despite significantly increasing trading volumes and the associated increase in shipping fixtures this year, emissions reported associated with our Shipping and Chartering desk reduced by 6.5 percent in 2016, largely due to a reduction in the number of vessels owned by Trafigura.

¹ Ben Caldecott is Director of the Sustainable Finance Programme at the University of Oxford Smith School of Enterprise and the Environment. He is concurrently an Adviser to The Prince of Wales’s Accounting for Sustainability Project, an Academic Visitor at the Bank of England, and a Visiting Scholar at Stanford University.

Scope 3 emissions

Our greatest environmental impact is indirect. We mainly use third-party providers to transport commodities from point of origin to point of sale. We have a direct commercial interest in exploring and securing efficiencies in the supply chain. We can influence indirect emissions and secure efficiencies by chartering more recently constructed vessels that consume less bunker fuel. Similarly, trucking companies that operate modern fleets will likely be more efficient, and safer.

In 2016, our Scope 3 emissions, those indirect emissions incurred across our value chain, including both upstream and downstream, amounted to over 3 million tCO₂e. This is the first year that we have calculated this figure. It will enable us to understand and focus efforts on the greatest GHG reduction opportunities. It will also help us to engage suppliers and other value chain partners in GHG management and sustainability.

Product development

Trafigura has fast become the leading LNG trader globally – a product that is recognised as a lower-carbon alternative to coal for power generation. We believe the global importance of this energy source will only grow but facilitating that growth will require substantial investment in infrastructure.

China is by far the largest producer and consumer of thermal coal. The future of that demand is in question. Coal still represents 70 percent of the overall Chinese energy mix, but the Government has clearly signalled it wants to reduce this over time, and the peak in Chinese coal burn may come sooner than previously expected. Trafigura will adapt to this shift, evolving its energy mix in line with market demand and regulatory priorities.

2017 PRIORITIES AND COMMITMENTS

We are committed to strengthening our environmental performance. The table below sets out our 2017 priorities and highlights how these relate to salient issues outlined in our Approach chapter (p.08):

Commitment	Salient issue
Zero Level 4 and Level 5 environmental incidents.	All
Completion of Level 1 contractor due-diligence assessments worldwide by Trafigura trading division.	Hydrocarbon spills and inadequate disposal of waste infringe on the right to health, life, and standard of living of communities and damage the environment.
Reducing GHG emissions associated with Scope 1 and Scope 2 emissions.	GHG emissions contribute to climate change which threatens the full and effective enjoyment of human rights.
Monitor and seek to reduce Scope 3 GHG emissions through exerting influence on our supply chain.	

For more information please refer to www.trafigura.com/responsibility/environment



THE IMPORTANCE OF RAINWATER HARVESTING: PORTO SUDESTE, BRAZIL

Rio de Janeiro is slowly, haltingly, recovering from the worst drought in its history. The region's already stressed water supply fell away severely during the two-year drought. At one point in 2015, the main city reservoir was down to 3.5 percent capacity and the Paraíba system, which supplies most of the region's domestic tap water, had dropped to around 1 percent capacity. Local people and industries were hit with power outages and water rationing.

Impala Terminals operates Porto Sudeste as a joint venture with Mubadala Development Company in the affected area. This newly constructed, 50-million tonne capacity, state-of-the-art port serves iron ore suppliers in Brazil's Minas Gerais region.

To minimise its reliance on external water supplies, the terminal has rainwater-harvesting technology built into its design. This is also helping it reduce its operational costs.

Three rainwater treatment and reuse stations (ETRAPs), two in the storage yards and one on the pier, capture the rainwater that falls in their respective areas. This is channelled into sedimentation basins, filtered and chemically treated to remove solids and improve its composition.

The resulting processed water is suitable for industrial use. It may be sprinkled on the ore, used on roads for dust control, or for washing conveyor belts and areas where the ore is transferred.

The ETRAPs combined storage capacity is equivalent to four and a half Olympic-sized swimming pools. They can deliver 400m³ of reused water every day, nearly half of the port's total water requirements during the rainy season.

Porte Sudeste's recycling systems mitigate the risk of water shortages affecting its own operations and reduce the demand it places on the region's already strained water resources.

OUR PEOPLE

Every employee has the right to expect fair, equal treatment and respect in the workplace. We have a direct responsibility to ensure that is comprehensively delivered. Beyond that, we want to attract and retain the best. To compete effectively, we rely on skilled, high-performing, well-motivated people. The things that matter to them are important for our business.

OUR APPROACH

We set high standards for ourselves and for those that support us in our day-to-day activities. We strive to create an environment in which people flourish and maximise their potential. Respect, diversity and competitiveness are fundamental tenets.

Trafigura people have an entrepreneurial outlook. Our decentralised structure reinforces that. Devolved decision-making gives individuals on the ground significant autonomy. Robust systems and processes support full accountability and control.

It is an approach that aims to motivate staff, promote responsiveness 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 Chief Operating Officer who sits on Trafigura's Executive Committee.

PERFORMANCE

- 1,049 employees joined Trafigura Group in 2016 (62 percent of which were office workers and 38 percent of which were blue-collar workers).
- 42 employees participated in the International Graduate Training Programme.
- Head of Global Training and Development appointed – a newly created post.

5,033

average number of employees over year (2015: 5,287)

ENTREPRENEURSHIP WITH INTEGRITY

As physical traders, we rely on the skill, professionalism and initiative of our employees and contractors. We maintain a working environment based on integrity, ethical conduct, equal opportunity and mutual respect.

The table below highlights our most material personnel issues and analyses our performance against the priorities and commitments we set out last year.

SKILLED LABOUR RECRUITMENT AND RETENTION

We control major industrial installations and typically recruit from the local population. We have an extended duty of care to those that work for us, their dependants and their communities.

What we prioritised last year

Progress

Building the technical capabilities and interpersonal skills of our staff.



Improving the efficiency and productivity of our workforce.



Providing career development opportunities for our employees.



KEY PERFORMANCE INDICATORS*

Performance	Group aggregate		Oil and Petroleum Products Trading		Metals and Minerals Trading		Shipping and Chartering Desk		Trafigura Corporate		DT Group		Impala Terminals		Mining Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Average no. of full time employees (FTEs)	5,033	5,287	583	539	521	641	60	55	763	957	84	145	1,860	1,798	1,126	1,152
Male (%)	77	78	71	72	56	59	89	89	62	66	58	64	86	85	88	89
Female (%)	23	22	29	28	44	41	11	11	38	34	42	36	14	15	13	11
Under 30 yrs (%)	29	31	43	43	39	45	22	14	31	39	38	30	28	29	14	15
30 – 50 yrs (%)	63	61	54	54	58	51	76	85	62	55	57	64	62	62	73	72
Over 50 yrs (%)	8	8	3	3	3	4	3	2	7	7	5	7	9	10	13	13
Full time (%)	99	99	100	100	99	99	100	100	98	99	96	95	99	100	100	100
Part time (%)	1	1	0	0	1	1	0	0	2	2	4	5	1	0	0	0
Permanent contract (%)	93	93	99	98	88	89	99	98	94	79	66	97	95	97	91	98
Temporary contract (%)	7	7	1	2	12	11	1	2	6	21	34	3	5	3	9	2

* All employee numbers include assets where Trafigura retains a 50 percent ownership stake e.g. MATSA and Porto Sudeste. Such assets are deconsolidated from Trafigura's balance sheet and as such employee numbers will vary between this report and Trafigura's Annual Report. All numbers are annual averages and have been rounded to the nearest full number.

SUPPORTING OUR PEOPLE

Our people perform a wide range of roles: they work in offices, terminals, in trucks, on rivers and in mines. Keeping them safe and healthy is a priority. We provide different levels of support according to their respective needs.

In less economically developed locations and labour markets we may be one of a few major employers; sometimes the only one. Our presence supports local contractors, employees and their dependents, and fuels local economic activity. We have a special responsibility where we act as a linchpin for the community.

The Trafigura Group has a proven track record in creating world-class operations around the globe. Everywhere we operate, we employ and invest in local people as far as is possible. We benefit from their knowledge and expertise.

Engaging with our people

We want our people to understand and to identify with our business objectives. Our flat organisational structure gives colleagues a good understanding of how things work on the ground.

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 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.

Managing talent

We seek to recruit the best-qualified people in terms of experience, skills and attitude. We look for candidates who will fit into Trafigura's dynamic culture. Energy, enthusiasm, initiative and a willingness to take on responsibility are key qualities.

The international make-up of our workforce reflects the nature of the business. Our preference is to recruit locally for each of our operations.

In Trafigura and its subsidiary companies 58 percent of our employees are office-based (2015: 55 percent) and 42 percent operate in the field (2015: 45 percent).

In 2016, the gender balance of office workers stood at 66 percent male and 34 percent female.

Amongst our blue-collar workforce, who are mostly employed at Impala Terminals and the Trafigura Mining Group, the gender balance in 2016 stood at 93 percent male and 7 percent female. This partly reflects skills availability, prevailing cultural attitudes in territories where we have operations and the nature of the roles our employees undertake, but there is definitely scope here for improvement.



CHALLENGING STEREOTYPES IN LATIN AMERICA

The case for encouraging more women into the workplace is not just social, it has economic merit. Even so, gender roles remain entrenched in many places. In Latin America, academic studies estimate a 16 percent GDP per capita uplift if the participation gap between men and women in the workforce were closed.

The train yard at Impala Terminals' Callao facility in Peru receives up to 100 rail cars per day and manages a total throughput of 3.5 million tonnes of metals concentrates every year. Specialist shunt-train operators, Katty Tapia and Zaith Hurtado are tasked with moving carriages, cargo wagons and their contents around the yard safely and efficiently. They are also responsible for routine maintenance and scheduling of their vehicles.

Katty and Zaith are pioneers, the first women in Latin America regularly handling this class of railcar mover. With productivity and performance to match any of their male counterparts these women are not just shifting concentrates, they are changing perceptions in a traditionally male-dominated sector.

I would say to any young girl in Peru that if there is something that you love doing, then nothing is impossible.

Katty Tapia, Impala Terminals, Shunt-train operator.

INVESTING IN TALENT

Our operations are frequently in hard-to-access, remote or economically underprivileged regions where it can be challenging to find people with the requisite skills. The Minas de Aguas Teñidas (MATSA) mine is no different. MATSA, the joint venture between Mubadala and Trafigura Mining Group, is one of just a handful of copper mines in the whole of Spain.

MATSA works hard to be a good employer. Ninety-seven percent of its employees are on permanent contracts. The company offers a full social benefits programme, which includes free canteen, laundry, training scholarships and maternity and paternity leave. Its programmes to promote a healthy work-life balance include support for sporting initiatives.

Numerous educational initiatives, from scholarships to school visits, are strengthening the local skill base and supporting local students on potential career paths into the industry.

The company's procurement policy favours local suppliers and service companies. It uses its local purchasing power to drive up health and safety standards along the supply chain. It promotes labour inclusion for people with disabilities with the commission of products from the locally based Association for the Protection of People with Intellectual Disabilities (ASPROMIN).

MATSA is building a sustainable future by investing in local skills and capabilities. This investment is a cornerstone of its long-term business strategy and is being driven from the very top of the organisation.

83%

of MATSA's 650-strong permanent workforce has been recruited locally.



**INTERVIEW WITH AUDRA WALSH,
MATSA'S CHIEF EXECUTIVE**

Q. TELL US A BIT ABOUT YOUR BACKGROUND

A. I'm a mining engineer by training and I've been involved in the industry since 1990 when I started my degree in mining. During university, I worked for two different strip-mining companies, one in Wyoming and the other in Texas. After earning my degree I went to work in operations as a pit supervisor in Arizona. I then worked for Newmont (one of the world's largest gold producers) for 12 years in Nevada, Indonesia and Peru. I then moved to Barrick (the largest gold mining company in the world), in Canada.

Q. WHY JOIN MATSA?

A. It was something that was intriguing to me. The excitement is the challenge of moulding MATSA into a genuinely world-class company. Don't get me wrong, we are good now, but we can get even better. That doesn't mean bringing in outside experts either; it's about succession planning, working with local universities and getting local people interested in mining.

Q. ARE YOU DRIVING THE LOCAL AGENDA BECAUSE YOU THINK IT'S RIGHT OR IS THERE AN ECONOMIC ADVANTAGE?

A. As a mining company, if we can prove that our intention is to train the local workforce to a world-class standard, it gives us a lot of negotiating power in the future. It says to other governments that we operate at the highest standards but we do it by building capacity in the local workforce.

As a mining company, if we can prove that our intention is to train the local workforce to a world-class standard, it gives us a lot of negotiating power in the future.

The diversity of Trafigura's working population has always been a source of strength. Our focus is on extending employment opportunities to the right people in the right places.

Attracting talent

The diversity of Trafigura's working population has always been a source of strength. Our focus is on extending employment opportunities to the right people in the right places. We only want to recruit the best – age, gender, sexual orientation or ethnicity are irrelevant.

Our recruitment process is highly transparent. We advertise positions through multiple channels, including external websites, newspapers, industry publications. We also engage with potential recruits on social media. Trafigura now has over 100,000 followers on LinkedIn.

We are using direct recruitment much more. It is up from circa 20 percent in 2012 to circa 80 percent in 2016. Multiple staff members are involved in the recruitment process of individuals. At every level of the business, we want to recruit the best-qualified workers and assess whether they will be a good cultural fit.

In 2016, we recruited an additional 650 desk-based employees and 399 blue-collar workers.

Developing skills

As a pioneer in our industry we have always understood the importance of growing skills internally. Many of our top managers have worked their way through the ranks.

On occasion we recruit externally for specialist positions, but more usually we promote from within. It is therefore important to provide a fulfilling working environment with long-term opportunities to our employees, especially in a competitive industry like ours where attrition rates are relatively high.

Trafigura's structure contributes to a highly distinctive culture that works very well for some, but it does not suit everyone. We prefer to be rigorous about our culture and the standards we set rather than adapt to encourage more people to stay with us.

In 2016, 1,232 employees left the Trafigura Group. Of this figure, 59 percent of staff were office-based workers, while 41 percent were blue-collar workers. These figures reflect both the competitive and highly fluid nature of our global industry as well as divestments in Trafigura's portfolio of industrial assets.

We source top trading talent both internally and externally. Successful external candidates will typically have several years' existing trading experience from physical or paper trading backgrounds.

Internal candidates can join the Junior Trader Assessment Programme (JTAP). This career progression pathway into trading has been running for the past five years. Any employee, with the support of their manager, can apply. The process results in around 15 permanent placements annually. In 2016, we established a JTAP for China. We have also introduced a commercial graduate programme there.

FUTURE TALENT

Our Future Talent programme, now in its eighth year, provides a pathway into the industry for young people. Its centrepiece is a two-year International Graduate Programme (IGP), built around structured placements in different parts of the business. With over 5,000 applicants in 2016 whittled down to 20 hires (2015: circa 4,000 applicants, 22 hires), competition to enter the programme is intense and the selection process ultra-rigorous.

Successful applicants take on a number placements across our business and are given operational responsibilities from an early stage.

The Global Commodity Trading Apprenticeship is a parallel initiative aimed at promising non-graduates. For successful participants, this one-year programme culminates in a place on the IGP. This programme initiated in Geneva in 2015. It has now been rolled out in Singapore.



Staff at Trafigura's Mumbai office.



Staff at Trafigura's Montevideo office.

Training and development

Encouraging the development of our people has always been a strategic imperative for Trafigura. Their judgement, decision-making, energy and skills have helped us achieve over two decades of profitable growth. Now, with over 5,000 staff spread across six continents and five divisions and operating companies, there is a need to formalise our approach to ensure that personal development opportunities are available to all.

Training plays an increasingly important role. We established a new training department this year. Our new Head of Global Training and Development is a Trafigura veteran with 17 years' experience. His first priority has been to design and implement the required internal systems and infrastructure.

We rolled out 'My Learning', our online training platform in 2015 which was updated and relaunched this year. With training activity and trainee performance now logged online, colleagues and their managers are better able to track and direct their training.

Existing e-learning modules have been revamped, extended and recategorised to cater to specific training needs. They are now being presented more systematically, as part of a programme of continual development.

Our 'Trading for Non-Traders' programme, for instance, aims to help employees in non-commercial roles understand this core Trafigura activity. It has been rolled out in Geneva, Houston, Montevideo, Mumbai, Shanghai and Singapore.

New training modules meet identified requirements. Courses on cyber-attacks and system security were added this year. These are mandatory for all staff with company computers. Managers and IT staff must also complete a course on managing security-related business interruptions.

Our 'Audience With...' initiative is another major push. Senior people in the business explain their department's role during these interactive seminars, open to all employees.

We also hold regular 'tool-box' sessions at our operations where we focus on sharing best practice, challenging assumptions and refining behaviour in response to specific risks. Our leadership development programme provides tailored career progression pathways for selected high-performance individuals.

Our core methodology for developing skills and capabilities is our strong culture of on-the-job training. Line managers devote significant time and energy to that.

We regularly relocate employees and their dependants internationally to new roles so they can share experience and deepen their skills. We assisted 129 employees with relocations to different international destinations this year.

Measuring performance

An effective methodology for monitoring and managing performance in oil trading teams has now been extended to metals and minerals trading personnel. We conduct annual competency reviews in six major departments to measure skills gaps and put action plans in place.

The appraisal analyses performance according to a competency matrix. This sets basic, intermediate, advanced and mastery levels for the key competencies in the job. Individuals are asked to rate their own competencies; their manager provides a parallel evaluation. This allows us to isolate any gaps between what a role may require, what the person does, and between their own and their manager's assessment of their capabilities. These insights inform dialogue on skills and personal development.

Office-based employees participate in a six-monthly performance review. Employees and their line managers evaluate individual 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.

As a global organisation that promotes initiative at the local level, high quality systems are essential to our ability to monitor and manage labour conditions across the Group. Workday has become a key strategic IT application and its close integration with many other IT systems is unifying our processes.

We brought out a new global payroll solution this year. As part of this, we are implementing more sophisticated time and attendance measurement. Among other advantages, we can now review overtime hours globally. This gives us the ability, centrally, to identify where there are gaps in resourcing and ensure that none of our people are overstretched.

Retaining talent

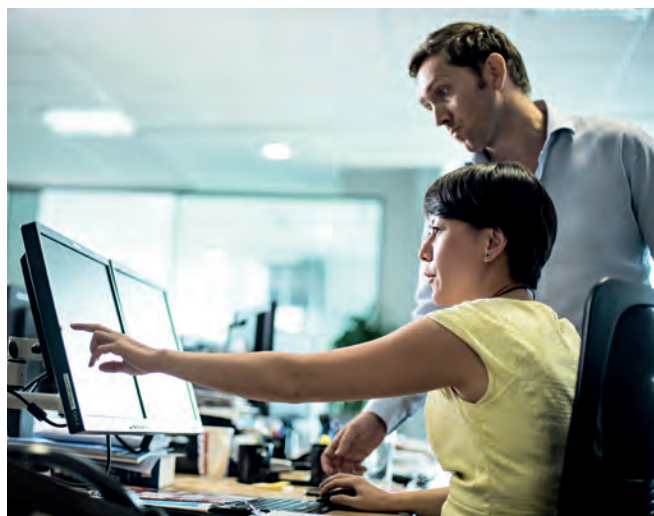
Trafigura's business interests are growing fast in scope and scale. We want our people to grow with us. There are outstanding opportunities for those who choose to build a career within the Group.

Our strong performance and continued growth allow us to reward our employees competitively. Salaries and conditions compare well with industry benchmarks.

Ownership is spread widely across the management team. With over 600 employees from across the organisation owning a stake in the business, key decision-makers are incentivised to act in the Group's long-term best interests.

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

Our more integrated approach unifies career progression, skills gap analysis, training and performance assessment within a continuous development programme that is centred on each individual. It is building strength-in-depth and sustainability.



Staff at Trafigura's Singapore office.

2017 PRIORITIES AND COMMITMENTS

We are committed to continuously strengthening our performance against all impacts. Where our focus in 2017 relates to a specific salient issue, as outlined in our Approach chapter (p.08), we have defined it as such:

Commitment	Salient issue
Building the technical capabilities and interpersonal skills of our staff to a high standard.	n/a
Offering classroom-based and on-site training for our more remote offices and enhancing Trafigura's HSEC training programme.	Unhealthy and unsafe working conditions infringe on the rights of workers and community members to the highest attainable standard of health and to just and favourable conditions of work.
Improving the efficiency and productivity of our workforce through continuous improvement of processes, systems and work organisation.	n/a
Career development opportunities for employees who have demonstrated they are ready and able to take on increased responsibilities.	n/a

For more information please refer to www.trafigura.com/responsibility/our-people

CONDUCT

Trafigura operates in diverse geographies. We face varying cultural norms and must abide by complex governance standards as well as national and international laws and regulatory frameworks. The consequences of corrupt governance are multiple and touch on all human rights — civil, political, economic, social and cultural, as well as the right to development.

OUR APPROACH

We focus on promoting and sustaining a sound compliance culture where staff recognise their personal responsibility for meeting Group compliance objectives.

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.

Trafigura's Compliance Department oversees Group activities. It operates in partnership with front-office functions to ensure our controls are relevant, rigorous and robust. Trafigura's Head of Compliance reports to the Group COO.

Our compliance team takes a risk-based approach, allocating energy and resources to the issues that matter most to our core business and our stakeholders. This allows us to identify and manage risks and issues more effectively.

PERFORMANCE

- 403 Trafigura employees trained on our Code of Business Conduct.
- Anti-money laundering training delivered to 528 staff members in 47 locations.
- Anti-bribery and corruption training delivered to 502 staff members in 47 locations.
- Anti-trust and competition law training delivered to 141 staff members in 30 locations.
- Market abuse regulation training delivered to 1,453 staff members in 33 locations.
- 2,006 vessels screened by IMO number to mitigate risk associated with the reflagging of vessels by sanctioned countries, entities or individuals.

6,037

Know Your Counterparty (KYC)
checks carried out in 2016
(2015: 5,450+)

HIGH STANDARDS OF BUSINESS CONDUCT

Reputation is hard earned and easily lost. How we conduct ourselves is the touchstone for that. We set high standards for our own behaviour and aim to ensure our counterparties, contractors and suppliers adhere to a similarly rigorous framework.

PRIORITIES AND PROGRESS

The table below highlights our most material conduct issues and analyses our performance against the priorities and commitments we set out last year. In all cases, priorities respond to those issues deemed as material to the business in 2015 and support our response to issues considered as salient in our 2016 assessment (see Approach chapter, p.08).

BRIBERY AND CORRUPTION

We fundamentally believe in the free market and the promotion of competition. We do not tolerate bribery, corruption or anti-competitive practices. Our policy is aligned with the UK Bribery Act which provides a robust framework for our approach.

What we prioritised last year

Progress

The ongoing development of our KYC programme, efficiencies to the processing of associated intelligence and the programme's effective coverage of Group activities.



To develop and extend anti-money laundering, anti-bribery and anti-corruption training to all new staff members across all Group companies.



To enhance coverage and depth of stakeholder engagement, particularly amongst the financial community, with respect to commercial, financial and market compliance.



REGULATION

Group compliance policy is to operate in accordance with international and national regulations. We also seek to play a constructive role in contributing to the debate around the emergence and evolution of regulations relevant to our activities.

What we prioritised last year

Progress

To work with regulators to identify, analyse and manage any systemic risks posed by the commodities trading sector.



To actively engage with international forums, industry bodies and trading partners on ethical business conduct.



A rigorous framework to promote appropriate business conduct across the Group is a strategic imperative. Our Code of Business Conduct sets out ethical behaviours expected of all our staff.

PRINCIPLES OF SOUND BUSINESS CONDUCT

A rigorous framework to promote appropriate business conduct across the Group is a strategic imperative. Our Code of Business Conduct sets out ethical behaviours expected of all our staff. Our management teams work together with Compliance, Legal, Human Resources and Corporate Affairs departments to promote these behaviours amongst our employees and contractors.

Five key principles define the way we agree to conduct ourselves worldwide:

- 1 Integrity**
We are honest and straightforward in all our business dealings.
- 2 Care and diligence**
We conduct and manage our business with due skill, care and diligence.
- 3 Best practice**
We develop compliance procedures that meet best practice standards, not just minimum legal or regulatory requirements.
- 4 Market conduct**
We ensure our business dealings are conducted in accordance with high standards of market conduct.
- 5 Management and control**
We put appropriate procedures in place to manage and control the business effectively and meet the requirements of our Code of Business Conduct.

Our Compliance Department develops global systems and safeguards to ensure we adhere to these principles wherever we operate.



Trafigura's Code of Business Conduct.

COMPLIANCE ACTIVITIES

Managing compliance is a complex, multi-faceted task for an organisation with our size, scope of activities, geographic spread and number of relationships. Our Compliance Department takes a risk-based approach and monitors and controls activities through two main areas of focus: financial and commercial.

Financial compliance

Trafigura operates in both exchange-traded and over-the-counter (OTC) derivatives markets to manage risks associated with our physical market activities.

As such, we are subject to numerous global regulatory regimes, such as The Dodd Frank Wall Street Reform and Consumer Protection Act and European Market Infrastructure Regulation (EMIR), as well as the rules of the various exchanges on which we transact.

Unlike banks, we are not currently licensed by financial regulatory bodies. But neither are we unregulated. We invest significant management time and expense to comply with relevant financial standards.

We have implemented a wide variety of controls and systems to ensure compliance with the relevant regulatory and exchange rules. We comply with exchange-set position limits where relevant and report derivative transactions as required by applicable regulation.

Meeting evolving regulatory reporting requirements for derivatives and other instruments has been a particular area of focus in 2016. We have invested significant resources in developing systems to manage transactions in multiple jurisdictions.

Over this financial year there were updated reporting standards for derivative transactions set by the Monetary Authority of Singapore (MAS), and the European Securities and Markets Authority (ESMA).

We have been reviewing our systems, processes and reporting to ensure we meet MiFID II provisions. MiFID II, the result of the EU Commission's review of its Markets in Financial Instruments Directive (MiFID) will come into force in 2018. It extends the scope of MiFID to include commodity derivatives and imposes a wide variety of new requirements on market participants.

Commercial compliance

All Trafigura employees are bound by our Code of Business Conduct. Commercial compliance centres on the application of the Code to our physical activities. It incorporates:

- Counterparty due-diligence (KYC)
- Use of agents, consultants and intermediaries
- Anti-money laundering
- Record keeping
- Proprietary and confidential information
- Anti-bribery and corruption
- Gifts, hospitality and entertainment
- Political contributions and charitable donations
- Reporting violations and grievance procedures

- **Anti-trust and competition law**

Competition advances trade for our partner producers and purchasers of commodities. Anti-competitive practices run counter to that and as such we maintain firm guidelines that minimise the risk of breaches in competition law. In 2016, we conducted anti-trust and competition law training for over 141 staff members in 30 locations.

As a business that operates globally and is active in numerous markets there are many occasions when our people come into contact with competitors. We provide detailed training and guidance on what they should do to prevent the exchange of commercially sensitive information and how to adhere to competition law principles.

- **Sanctions and trade restrictions**

Increasing levels of sanctions have been imposed against countries, entities and individuals in recent years. Contravention can lead to significant fines, revocation of import and export permits, even imprisonment, as well as significant reputational damage.

Trafigura's policy is clear. We abide by applicable sanctions. We regularly review our trading relationships in the light of changing sanction rules. In 2016, we screened 2,006 vessels (2015: 1,755) by IMO number to mitigate risk associated with the reflagging of vessels by sanctioned countries, entities or individuals.

In 2013, Trafigura signed a five-year, USD1.5 billion oil supply prepayment agreement with Russian energy firm, Rosneft. Less than 12 months later, the European Union imposed a set of sanctions against Russian firms and politically exposed people (PEPs) in response to the crisis in Ukraine. As at the end of the 2016 financial year, we continued to trade with Russian counterparties, in full compliance with EU sanctions and in regular dialogue with relevant authorities.

Following the nuclear agreement with Iran in July 2015, international sanctions against Iran were eased in January 2016. Trafigura has since established a trading relationship with NIOC, the Iranian state oil 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.

- **Monitoring developing issues**

Trafigura seeks not just to keep pace with, but also to anticipate changing regulatory conditions.

One area of growing interest to Trafigura's tax team, which is likely to lead to new regulatory initiatives in future, is the taxation arrangements associated with international companies. An OECD-led working party on base erosion and profit shifting (BEPS) is examining the potential negative consequences, especially in developing countries, when companies acquire value at the expense of local people. The OECD is coordinating the introduction of measures to identify and outlaw aggressive transnational tax avoidance. We will report on developments in this respect and their impact on our business in future years.

DEVELOPING OUR KYC PROGRAMME

Counterparty due-diligence

The trend for more transparency is gathering pace in many industries and the financial sector is a key area of focus. Stakeholders expect more disclosure from their banks. There is a change in emphasis. It is no longer enough for banks to show they are managing risk. They are now being asked to demonstrate that their business decisions have positive societal consequences.

Trafigura maintains a close working relationship with over 125 banks worldwide. As our due-diligence requirements extend, we in turn are asking more probing questions of our counterparties. There is a domino effect here. Trafigura is in any case strengthening its KYC methodology and insisting on more transparency from its trading partners, and this will help answer banks' questions about its policies, procedures and partners. Our KYC procedures, which seek to reduce the risk of collaborating with inappropriate counterparties delivered over 6,037 KYC checks during 2016 (2015: 5,450 checks).

Our methodology is based upon 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 a matter of course, we also screen each counterparty and maintain ongoing compliance screening via the 'Thomson Reuters Accelus' enterprise risk management software.

We moved Trafigura's KYC application process online last year, migrating to the best-in-class 'Newgen' system 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.

High-risk categories shift as political risks in different regions change. We continually monitor the changing status of people and organisations to keep our KYC methodology up to date. We receive daily updates from Thomson Reuters 'World-Check' on the evolving status of all counterparties.

COMBATTING BRIBERY, CORRUPTION AND MONEY LAUNDERING

No Trafigura employee may promise, offer or give any benefit or advantage to influence the behaviour of someone in government, a public official, someone capable of influencing a governmental or public official or someone in business – whether they are an individual counterparty or an intermediary – to obtain commercial advantage for Trafigura in convention of applicable laws and regulations.

Our policy is aligned with the UK Bribery Act, widely acknowledged as one of the strictest pieces of anti-corruption legislation in the world.

In 2016, anti-bribery and corruption training was delivered to over 502 staff members in 47 locations (2015: 2,000 staff in 54 locations) and anti-money laundering training was delivered to over 528 staff members in 47 locations (1,700 staff in 54 locations).

Market conduct

Improper market conduct can take numerous forms. Among the most common abuses targeted by global regulators are: insider trading; manipulating transactions; dissemination of false or misleading information; and distortion by misleading behaviour.

We expressly prohibit our traders from communicating with price-reporting agencies without prior permission.

The Market Abuse Regulation took effect in Europe in July 2016. We have been preparing the business for some time through training and communications initiatives. In 2016, we conducted market abuse regulation training to over 1,453 staff members in 33 locations.

Preventing financial crime

Trafigura's policies are guided by the European regulatory framework. The European perspective on what constitutes financial crime is not shared universally; attitudes differ around the world. It is therefore critically important that we communicate global policies and practices with absolute clarity.

Our compliance team travels extensively. We publish guidelines on how to recognise and respond to various forms of potential illegality.

Money laundering

Trafigura will not facilitate or support money laundering. We have implemented a range of measures to raise awareness internally. Mandatory online training gives employees a detailed understanding of the issue.

BROADER AND DEEPER STAKEHOLDER ENGAGEMENT

Our banking partners are a critically important stakeholder group. As financially regulated organisations, they have extensive regulatory responsibilities. We work with them to help fulfil their regulatory requirements and to explain and document our compliance systems and processes.

Over the course of 2016, our Compliance Department met with numerous banks across the world's financial centres. Our anti-bribery and corruption measures and our policies on staff training in a fast evolving regulatory environment were issues of particular interest.

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

2017 PRIORITIES AND COMMITMENTS

We are committed to continuously strengthen our foundations for ethical conduct. Where our focus in 2017 relates to a specific salient issue, we have highlighted that here:

Commitment	Salient issue
Development of our KYC programme, enhancing efficiencies in the processing of associated intelligence, extending the programme's effective coverage of Group activities.	Illicit payments and unauthorised trading activity undermine fair competition, distort resource allocation and adversely affect economic development.
Development and extension of training on key risk areas such as anti-bribery and corruption and market abuse to all 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.	n/a
Work with regulators to identify, analyse and manage any systemic risks posed by the commodities trading sector.	n/a
Active engagement with international forums, industry bodies and trading partners on ethical business conduct.	n/a

For more information please refer to www.trafigura.com/responsibility/conduct

TRAFIGURA FOUNDATION

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

HIGHLIGHTS

- The Foundation is working with 47 partners in 33 countries.
- Our 2016 programmes influenced the lives directly or indirectly of an estimated 1.5 million people.
- USD608,000 in matched funds.
- USD48 million distributed since 2007.

OUR MISSION

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 internationally. Over the past eight years, we have invested more than USD48 million in nearly 100 different programmes on five continents.

Our governance structure ensures decisions are entirely independent and guided by genuine philanthropic motivations. We have formal processes in place to select, support, monitor and review projects and proposals.

We have structured our activities by focusing on specific areas of interest. During FY2016, we continued to invest in the areas of sustainable development, education and integration, and health.

We act as a catalyst – bringing people, expertise and financial assistance together in support of long-term philanthropic objectives. We partner with expert organisations on the ground to support self-sustaining activities that help people realise their full potential.

17

Sustainable development projects

29

Education and integration projects

8

Health projects



OUR ROLE IN THE GROUP

The drive within the company to support communities and worthwhile causes has always been there. The Foundation helps to further this tendency. We act as an embedded stakeholder in the business, offering perspectives and experiences that help our colleagues in Trafigura gain a more rounded appreciation of their community and social responsibilities.

We maintain strong operational connections through our links with Charity Committees in Trafigura's offices around the world. The Charity Committees coordinate philanthropic programmes on behalf of the employees in their respective offices. They raise funds and act as conduits for staff members wanting to get involved more directly by contributing time or expertise.

They also manage the 'Charity of the Year' programme. Each office elects a charity for year-round support, which receives a sizeable grant from the Foundation. Employees participate in and organise activities from sporting tournaments to cake sales to sponsored runs, in raising USD608,000 this year for dozens of charities around the world. The Foundation matches all funds raised dollar for dollar.

Trafigura Foundation ran 54 programmes across 33 countries in FY2016. And we don't just give money, we also coordinate strategic and managerial support. Our colleagues within Trafigura lend their expertise to furnish our partners with business skills that can help strengthen their operations.

FOCUS AREAS

Sustainable development programmes accounted for more than a third of total funding in 2016. Some combine social and environmental objectives: one project in Indonesia is developing mangrove planting schemes to support villagers' livelihoods while protecting the environment. Others focus on entrepreneurship, supporting micro businesses and social enterprise: for instance, on the Ivory Coast and in Cameroon where we are helping rural entrepreneurs launch food-processing businesses.

Our education and integration programmes provide life skills and opportunities for marginalised groups. In the US and Brazil, training and coaching programmes are combatting gang culture. In the UK we fund a helpline for people affected by autism and support an online platform to promote professional integration of people living with this disability.

Our health programmes address real problems with measurable impacts. By supporting the ATIA Tuberculosis Programme in India we are helping to bring more effective therapy to one million people in the slums of Mumbai, achieving an 82 percent cure rate.

Empowering women is an increasingly important theme across all focus areas. According to a recent McKinsey Global Institute report, removing the gender gap could add as much as 26 percent to global GDP by 2025. Women bear the brunt of poor healthcare. Equality of girls' education is both an intrinsic right and a critical lever for breaking the cycle of poverty.

Disasters and emergency relief

When disaster strikes we always stand ready to offer support to protect lives and property. The urgency of the plight of refugees seeking safe havens in Europe demands immediate action. Our contribution is somewhat small given the sheer magnitude of the crisis, but we do what we can. Funding for the Migrant Offshore Aid Station (MOAS) fleet supports its search-and-rescue operations in the Mediterranean. In Geneva, we are promoting integration and schooling for refugees and vulnerable migrant children.

STRATEGIC REVIEW

The Foundation has acquired institutional maturity and capacity over the past eight years. We have built up a solid track record and a pool of proven, expert partners. It is now time to take stock.

It is a given that the Foundation's decision making should remain independent and true to our philanthropic aims. At the same time, we welcome the more active involvement of Trafigura employees in policy making. The past and present Trafigura employees who sit on our board contribute a wealth of valuable insights and expertise.

With the specialist knowledge we gain from our relationship with Trafigura, there is a strong case for a more strategic approach to philanthropy that aligns our activities with the impacts of our industry as a whole.

Our most strategic projects deliver tangible results and address issues linked with the two key themes that underpin Trafigura's core business – trading and logistics. Translated into philanthropic terms, we have trade-related programmes in our portfolio that create socioeconomic value by supporting entrepreneurship, micro-businesses and social enterprise. We promote clean and safe logistics with programmes that benefit communities living and working around key logistical corridors, on land or at sea; one particular initiative, owned and run by NGO North Star Alliance, sets up Roadside Wellness Centres along Africa's copper corridor.

Our focus in future will be on forging stronger relationships with fewer partners and pursuing only the most successful programmes, those that best reflect the spirit of Trafigura and the impacts of our industry.

These considerations are informing a strategic review of our activities, impacts and objectives. Its conclusions and a road map for our future development has been presented to board members and is expected to be implemented during 2017.



For more information please go to:
www.trafigurafoundation.org



SUPPORTING 'FIGHT FOR PEACE', BRAZIL

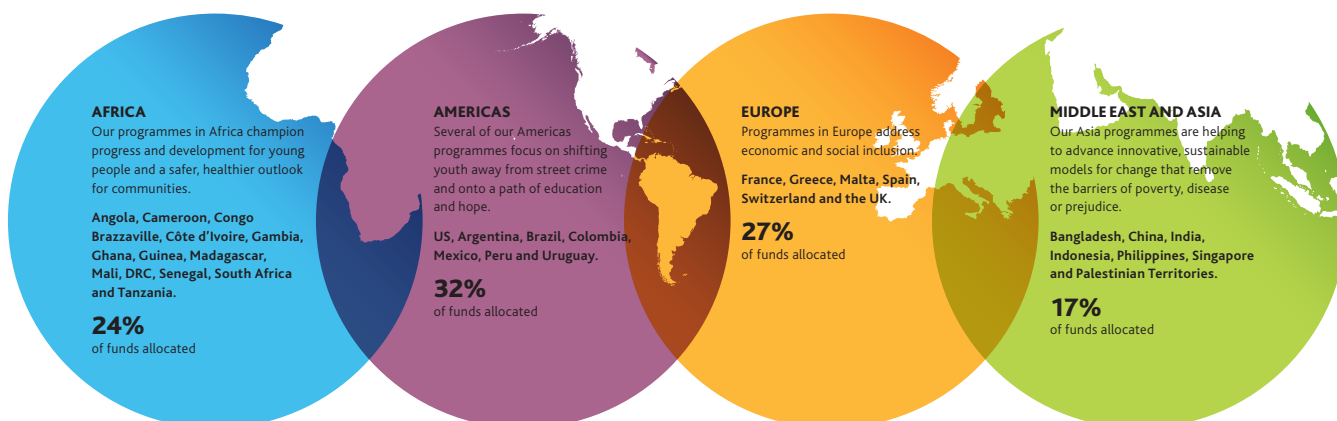
As the world's attention turned to Rio de Janeiro for the 2016 Olympics, significant media interest and discussion was generated by the clear disparity between Brazil's rich and poor. By supporting Fight for Peace, the Trafigura Foundation is looking to help young people gain the education they need to exit favelas and enter the formal job market in Brazil.

Complexo da Maré, a group of favelas in Rio de Janeiro covers 800,000m², and is home to 132,000 residents. Over half are children, adolescents and young people. Notable for high levels of poverty, social and economic exclusion and a scarcity of public services, we are helping Fight for Peace give these young people more options

through the provision of education. The 'New Pathways' education project sees young people aged between 18 and 29-years-old who have been at least two years without studying engage in a fast-track education scheme. The project is extremely important in Maré as there is a severe lack of educational and employment opportunities for young people.

As well as receiving formal numeracy and literacy classes, students from New Pathways attend weekly personal development sessions, which, combined with individual mentoring from the social support team, offer career advice and youth leadership skills.

GLOBAL ALLOCATION OF FUNDING



GLOSSARY OF TERMS

AML	Anti-Money Laundering	LTIFR	Lost-time injury frequency rate (the number of incidents that resulted in time lost from work amounting to at least one day (or shift) divided by actual total hours worked over one year, multiplied by one million).
AUNAP	National Authority for Fisheries and Agriculture		
BBLs	Barrels		
CFTC	Commodity Futures Trading Commission		
CMCE	Commodity Markets Council Europe	MAS	Monetary Authority of Singapore
CO ₂	Carbon dioxide	MATSA	Minas de Aguas Teñidas
CO ₂ e	Carbon dioxide equivalent	MEWP	Mobile Elevated Working Platform
COO	Chief Operating Officer	MiFID	Markets in Financial Instruments Directive
CSR	Corporate Social Responsibility		
DRC	Democratic Republic of the Congo	MLC	Maritime Labour Convention
EITI	Extractive Industries Transparency Initiative	MSF	Multi Stakeholder Forum
EMIR	European Market Infrastructure Regulation	Mtoe	Million tonnes of oil equivalent
ERM	Environmental Resources Management	NEITI	Nigerian Extractive Industries Transparency Initiative
ESAP	Environmental and Social Action Plan	NGO	Non-Governmental Organisation
ESMA	European Securities and Markets Authority	NOC	National Oil Company
EU	European Union	NRGI	Natural Resource Governance Institute
FIA	Futures Industry Association	OCIMF	Oil Companies International Marine Forum
FTE	Full-time employees	OECD	Organisation for Economic Co-operation and Development
GDP	Gross Domestic Product	OPA	Offshore Purchase Agreement
GHG	Greenhouse gas	OPEC	Organization of the Petroleum Exporting Countries
HGV	Heavy Goods Vehicle		
HR	Human Resources	OSRL	Oil Spill Response Ltd
HSE	Health, Safety and Environment	OTC	Over-the-counter
HSEC	Health, Safety, Environment, Communities	PEP	Politically exposed person
IEA	International Energy Agency	PPE	Personal Protective Equipment
IFA	International Framework Agreement	PMS	Premium Motor Spirit
IFC	International Finance Corporation	SDG	Sustainable Development Goals
IGP	International Graduate Programme	SENA	National Vocational Training Service
ILO	International Labour Organisation	SIRE	Ship Inspection Report Programme
ISDA	International Swaps and Derivatives Association	SMEs	Small and medium enterprises
ISM	International Safety Management	SOE	State Owned Enterprise
ISO	International Organisation for Standardisation	STS	Ship-to-ship (transfer of oil and petroleum products)
JMLSG	Joint Money Laundering Steering Groups	TGPL	Trafigura Group Pte. Ltd.
JSA	Job Safety Analysis	TMG	Trafigura Mining Group
JTAP	Junior Trader Assessment Programme	TSMA	Tanker Management Self-Assessment
JV	Joint venture	UAE	United Arab Emirates
KPI	Key Performance Indicator	UDHR	Universal Declaration of Human Rights
KYC	Know-your-counterparty	UK	United Kingdom
LNG	Liquefied Natural Gas	UN	United Nations
LTI	Lost-time injury (the number of incidents that resulted in time lost from work amounting to at least one day or shift).	UNGC	United Nations Global Compact
		UNGPs	UN Guiding Principles on Business and Human Rights
		US	United States
		USD	United States dollars
		WBCSD	World Business Council on Sustainable Development
		WRI	World Resources Institute

ROLE OF ERM

In its capacity as specialist HSEC advisor to Trafigura, ERM was asked to review the completeness and consistency of HSEC data and selected information contained within the Safeguard data management system, as part of the internal validation process. This review covered all Trafigura divisions and entities included in the scope of the Responsibility Report and comprised the following steps:

- An assessment of all incidents classified from minor to critical together with senior management representatives in each Trafigura division and operating company, to ensure that each serious incident had been correctly classified and recorded.
- A sample-based assessment of all incidents to check that they had been appropriately reported and addressed, in accordance with Trafigura's Incident Reporting and Investigation Guidelines.
- A review of all HSEC KPIs against the relevant Trafigura corporate guidance, which includes definitions for each metric to be collected.
- Dialogue with Trafigura group, division and operating company HSEC representatives regarding any data queries that were encountered.
- A review of the Responsibility Report to confirm that finalised and internally approved data were correctly transposed to this publication.

Working with the Trafigura HSEC representatives, ERM has supported enhancements to the internal data management processes and capability throughout 2016.



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