

# Trafigura

## Responsible sourcing due-diligence toolkit

for suppliers



# Overview of responsible sourcing due-diligence toolkit

Trafigura and its customers are committed to buying responsibly sourced metals and minerals. Increasing requirements from the market as well as from regulators are demanding greater vigilance from supply chain actors in managing Environmental, Social and Governance (ESG) risks. Mitigating ESG risks is not just the right thing to do; it leads to more efficient processes, makes good business sense and underpins our commercial relationships.

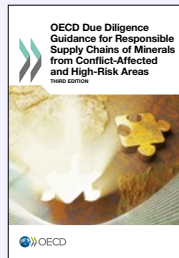
Thank you for using this toolkit and joining us on this responsible business journey. We are calling it a journey because we know that running a business responsibly is a process of continuous improvement.

Trafigura has developed this toolkit to help our suppliers address ESG risks in their own operations and to conduct greater diligence over their supply chain.

This toolkit is based on international good practice requirements such as OECD Guidance<sup>1</sup> as well as on our experiences at Trafigura in supporting business partners all over the world.

The toolkit is designed for use by primary producers such as miners, as well as by others active in the supply chain such as buyers and sellers of third-party produced ores and concentrates.

If you need help in using this toolkit, contact our Responsible Sourcing team for assistance. We are always looking for opportunities to improve our approach. If you have suggestions, please contact [sustainability@trafigura.com](mailto:sustainability@trafigura.com)



1. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

# Using the responsible sourcing toolkit



## **Step 1: Commit** ↗

### **What you have to do**

Develop a policy that describes your commitment to manage your business and supply chain responsibly and also to map your supply chain

### **What Trafigura will do**

Provide tools to help you to manage risks in the supply chain in line with Trafigura's expectations



## **Step 2: Assess supply chain risks** ↗

### **What you have to do**

Identify and analyse risks in the supply chain of minerals you provide to Trafigura

### **What Trafigura will do**

Help you to use the tools provided



## **Step 3: Respond to supply chain risks** ↗

### **What you have to do**

Take actions to respond to any risks you have identified

### **What Trafigura will do**

Answer your questions



## **Step 4: Report to Trafigura** ↗

### **What you have to do**

Communicate to Trafigura that you have completed the steps above and provide evidence

### **What Trafigura will do**

Assess your implementation of Trafigura's expectations

## **Tools and templates**

[Template for Supply Chain Register\\*](#) ↗

[Example Responsible Minerals Policy](#) ↗

[Template for Due-diligence Questionnaire for Mining Companies\\*](#) ↗

[Template for Due-diligence Questionnaire for Mining Cooperative\\*](#) ↗

[Template for Due-diligence Questionnaire for Non-mining Companies\\*](#) ↗

[Template for Site Visit Report\\*](#) ↗

[Template for Risk and Corrective Actions Register\\*](#) ↗

[Report to Trafigura](#) ↗

\* Templates will be used to report to Trafigura, upon request.

# Supply chain register

## What is a supply chain register?

It is an organised way to keep information about the supply chain.

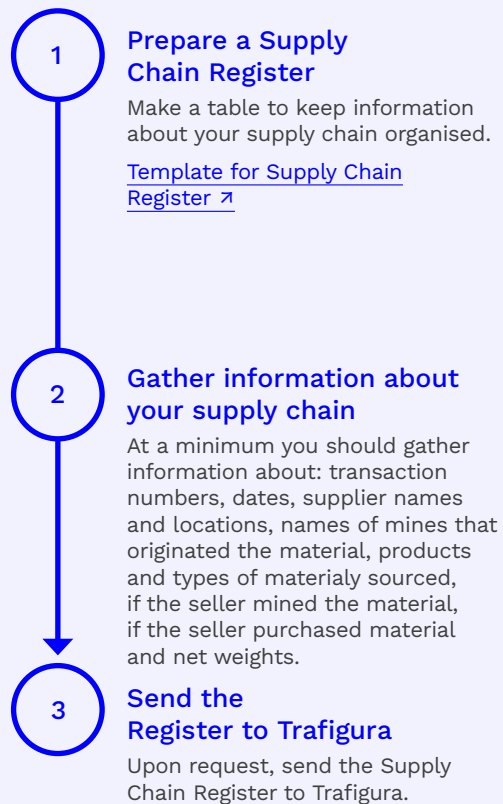
## Why is keeping information about the supply chain important?

Trafigura's customers are required to know where the materials they buy are produced. The supply chain register helps our suppliers and, in turn, Trafigura, demonstrate where materials are produced.

## What is supply chain due diligence?

The identification, assessment and response to risks and negative impacts caused by activities in the supply chain.

## Three steps to create and maintain a supply chain register



## Example of supply chain register

Transaction No.	Transaction date	Supplier name	Supplier location	Name of the mine	Product	Type	Has the seller mined the material?	Purchased?	Net weight (kg)
07	23/10/2021	Supplier A	City 1	Mine C	Zinc	Concentrates	No	No	110,098
12	01/12/2021	Supplier B	City 2	Mine D	Lead	Concentrates	Yes	No	99,002

# Responsible minerals policy

## Why is a responsible minerals policy important?

The policy formally describes your commitment to manage your business and supply chains responsibly. Having this formal policy provides basic 'rules' for your employees and your suppliers. It is important that everyone working for you, or supplying minerals to your business, understands that activities that cause or contribute to negative impacts on people and/or the environment are NOT acceptable.

## Examples of Issues of particular concern



### Human rights abuses

Torture, cruel or degrading treatment, forced labour, the worst forms of child labour.



### Support to non-state armed groups

Sourcing minerals from illegal miners or making payments to militias.



### Bribery

Disguising the origin of minerals, or evasion of taxes and fees.



### Money laundering

Making "dirty" money appear legitimate.



### Human rights and labour practices

Discrimination, misbehaviour of security providers.



### Health and safety

Injuries, accidents and fatality at the workplace.



### Environment and community

Water contamination.

## Four steps to draft a responsible minerals policy

1

### Commit to source responsibly

At a minimum you should state that your business will: Not tolerate serious human right abuses, not tolerate any support to non-state armed groups, eliminate support to security forces who illegally extort money or minerals, not engage in bribery and corruption, contribute to the elimination of money laundering, expect suppliers to pay all taxes and fees, expect suppliers to recognise that the role of security forces is solely to maintain the rule of law, expect suppliers to manage human rights and labour practices, and mitigate health, safety, environment and community risks.

2

### Explain how you will implement the policy

At a minimum you should say that your business will implement due diligence focusing on activities where risks are greatest; and work with your suppliers, as appropriate, to address relevant risks.

3

### Allocate responsibility

Say who will conduct due diligence on your suppliers. It is recommended that senior management take responsibility for the policy.

4

### Communicate the policy

Ensure that the policy is formally approved/signed-off by senior management within your business. Share the policy with all minerals suppliers and make sure your employees are familiar with it.

[Example Responsible Minerals Policy](#)

# Supplier questionnaire

## Why do I have to assess risks in the supply chain?

Assessing risks enables action to be taken to prevent or reduce negative impacts to people and the environment in your supply chain.

## How do I assess risks in the supply chain?

First, you need to **identify** the risks. There are two main ways of identifying risks in your supply chain:



### Ask

Ask your supplier to tell you about their risks and how these are managed using supplier questionnaires.



### Visit

Visit your suppliers' operations to see with your own eyes if there are risks and how these are managed.



### Next

Next you need to analyse the risks that have been identified. Analysis will help you to understand and prioritise the most serious risks. The table below provides examples of negative impacts and how to prioritise risks that can cause such impacts.

## Examples of negative impacts and how to prioritise risks that can cause such impacts

Risk level	Very high	High	Medium
Priority	Critical	High	Moderate
Examples of negative impact	Fatalities, violation of human rights (e.g. forced labour, torture)	Serious injury of employee or contractor resulting in lost time at work, damage to cultural heritage	Breach of health and safety or environmental regulations, negative feedback from impacted communities

## Three steps to create a supply chain register



### 1 Send Supplier Questionnaires to all suppliers

**For mining enterprises** you should identify: Name, address and owners of the enterprise, name and location of the mine, evidence of valid mining permits, payments to governments, arrangements to prevent bribery and corruption, details of security controls, labour practices, management of health, safety, environment and community risks.

**For non-mining enterprises** you should identify: Name, address and owners of the enterprise, payment to governments, arrangements to prevent bribery and corruption labour practices, management of health and safety risks, and supply chain due diligence practices.



### 2 Site visit (of mine site)

At a minimum you should visit the operations of suppliers engaged in mining activities at least once before you start doing business so as to understand ESG risks more fully. If you are already in a business relationship, visit your supplier at least once every two years.



### 3 Record and analyse risk

Take notes of the risks identified.

[Template for Due-diligence Questionnaire for Mining Companies ↗](#)

[Template for Due-diligence Questionnaire for Mining Cooperatives ↗](#)

[Template for Due-diligence Questionnaire for Non-mining Companies ↗](#)



# Respond to supply chain risks

## How can I convince my suppliers to implement the corrective actions?

You can provide incentives such as:



Require by contract that suppliers comply with host country laws and regulations pertaining to ESG.



Better payment terms.



Pre-financing of machinery and equipment.



Explain the importance of cooperation in order to remain in the supply chain of international buyers such as Trafigura.

## Responding to identified risks depends on the situation

Examples of situation	Response
<ul style="list-style-type: none"> <li>• Serious violations of human rights (e.g., forced labour, child labour)</li> <li>• Support to non-state armed groups (e.g., militias, criminal networks)</li> </ul>	<ul style="list-style-type: none"> <li>• Immediately <b>suspend</b> trade with supplier and implement corrective actions where possible</li> </ul>
<ul style="list-style-type: none"> <li>• Bribery, corruption, misrepresentation of the origin of minerals</li> <li>• Serious accidents recorded at site, workers paid under minimum wage, workers harassed by supervisors</li> <li>• Breaches of environmental or health and safety regulations</li> <li>• Serious complaints by neighbouring communities</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Continue</b> trade with suppliers but <b>only</b> if they commit to the immediate adoption of corrective actions (e.g., help suppliers to establish a process to identify and mitigate risks)</li> <li>• After six months, if corrective actions don't have a significant impact, suspend trade</li> </ul>

## Two steps to respond to supply chain risks identified

1

### Develop corrective actions

At a minimum, you should decide:

- **What** needs to be done
- **Who** is responsible for doing it
- The **deadline** to complete the action

[Template for Risk and Corrective Actions Register ↗](#)

2

### Implement and monitor corrective actions

At a minimum, you should:

- Communicate to your suppliers what they must do
- Review your Risk and Corrective Actions Register to ensure that actions are implemented on time
- Re-assess risks in your supply chain periodically

# Report to Trafigura

## Why do I have to report to Trafigura?

Trafigura is committed to buying from suppliers who are dedicated to responsible business practices.

The information you provide us on your activities and ESG impacts is fundamental to building confidence and growing future opportunities.

We encourage open and honest conversations – this includes sharing the challenges that you face so we can help support your risk mitigation efforts.

## What happens if I don't report to Trafigura?

**Trafigura is committed to sourcing responsibly. Those suppliers that refuse to engage with Trafigura on our responsible sourcing programme face a very real likelihood that, at the very least, existing agreements will not be renewed in future.**

Some of Trafigura's downstream customers are legally required to show where the materials they purchase come from and how they have been assessed for negative impacts on people and/or the environment. If Trafigura cannot provide this information, customers may be unable or unwilling to purchase the materials in future and, in turn, this may mean that Trafigura is unable to continue doing business with you in future.

## Is Trafigura going to share information with others?

**Yes.**

Upon request, Trafigura will share non-confidential summarised information collected over the course of our review activities with downstream customers and financiers who are keen to understand ESG risks in the supply chain.

## Four steps to report to Trafigura

- 1 Send responses against Trafigura questionnaire**  
Upon request, update and provide the self-assessment questionnaire, as previously issued by Trafigura.
- 2 Send the questionnaires**  
If you source minerals from multiple suppliers, upon request, send to Trafigura the Supplier Questionnaire of each supplier.
- 3 Send the Site Visit Report**  
If you source minerals directly from mining companies, upon request, send to Trafigura the Site Visit Report from each visit you did.
- 4 Provide further information**  
Based on the information you provided, Trafigura may ask you to share further evidence or information.





# Timeline

## Remember

If you need help in using this toolkit, contact our Responsible Sourcing team for assistance. We are always looking for opportunities to improve our approach. If you have suggestions, please contact [ResponsibleSourcing@trafigura.com](mailto:ResponsibleSourcing@trafigura.com)



## The timeline below gives an overview of what you have to achieve in the coming months

Failure to implement steps outlined in this toolkit may mean that Trafigura is unable to continue doing business with you.











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