

2019



SUSTAINABILITY, ETHICS & COMPLIANCE REPORT



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Introduction & Overview

Since Gunvor began publishing its sustainability report six years ago, there has been a significant evolution in expectations for companies in the commodities trading industry. Social responsibility has become more enmeshed in corporate activities, and the realities of climate change have influenced the decision making of businesses and investors. Throughout this, Gunvor has remained ahead of the curve and, in many areas, has been leading the energy trading industry. We have long recognized the importance of improving our impact on the world, all while acknowledging that we must continue to learn and grow.

A good example is Gunvor's commitment to no longer physically trade coal, the dirtiest of fossil fuels. We ceased the activity due to commercial reasons, but we have determined never to return to coal based on principle. Given the affordability of alternatives, such as natural gas and renewables, and the significant negative effect of emissions, there is no reason to promote coal within the global energy mix. Gunvor as a leading energy trader will not do so. We have instead invested in biofuel plants and become a leading biofuel trader. We have further overhauled our natural gas and power desks within our energy transition strategy.

While such moves may serve as a differentiator for Gunvor, we view nothing within the realm of sustainability or "Environment, Social, Governance" (ESG) as a competition. We welcome idea-sharing and collaboration with our partners, counterparties, and industry competitors. We are regularly exchanging ideas and monitoring developments within our industry and beyond. As we do so, we strive to be holistic in our approach, covering critical areas such as:

- **Health & Safety:** Personal safety and accountability are at the heart of how Gunvor operates, and we have a responsibility to our employees and contractors to ensure their health and welfare, especially those working at our refineries and other industrial assets.



“At Gunvor, we know that climate change is real and fossil fuels are the main source for it. Gunvor,

- **Environment:** Gunvor is measuring emissions across its activities, while seeking ways to reduce CO₂, SO_x and NO_x from our facilities and shipping, and doing so in commercially-sensible ways.
- **Human Rights:** The argument for fossil fuels is that they have been responsible for the alleviation of poverty and progress in living conditions for most of the global population. We recognize that all aspects of these fuels must uphold this idea, which is why we conduct Human Rights training, support transparency efforts, and uphold rigorous compliance practices.
- **Community:** Whether in our local communities, such as how we have adapted our processes to support those living nearby our German refinery, or more broadly around the world, such as our programs teaching eco-farming in Tanzania, Gunvor has a role to play in promoting sustainable practices.
- **Compliance:** During the last decade, Gunvor has spent millions of dollars building an industry-leading Compliance Department. Our teams work continuously to improve company procedures to mitigate risks and anticipate others that exist within the commodities trading sector. Our goal is to maintain the highest ethical standards and comply with all relevant rules and regulations wherever we operate.

To further commit our company to these areas of importance, Gunvor has taken steps to connect each directly to our bottom line through the innovative sustainability-linked borrowing base facility for our Antwerp and Rotterdam refineries, that we developed in conjunction with our banking partners in 2018. Gunvor became the first energy commodities trading company to close a financing in which the interest rate was dependent on the company's year-on-year improvements in 15 different sustainability criteria.

along with the oil and gas industry, must be part of the transition to a lower carbon-dependent society.

Torbjörn Törnqvist

To achieve the lower interest rate, Gunvor had to meet different sustainability-related key performance indicators that focused on the “environment”, “social impact” and “governance”. These specifically addressed areas like reductions in CO₂ emissions, improvements to personnel safety at refineries, transparency reporting related to feedstock origination (within the parameters of the company's support for the Extractive Industries Transparency Initiative, or EITI), and others.

Last year, Gunvor successfully met the targets and the performance was subject to third-party assurance from PricewaterhouseCoopers. Had Gunvor underperformed on the sustainability targets, a premium would have been added to the interest rate on the facility. Gunvor has chosen to renew the facility, including sustainability improvement criteria, for another year. PricewaterhouseCoopers will again review all data to ensure KPIs are met. We are further examining ways with our banking partners to incorporate similar “sustainability-linked” or “green-linked” strategies to other areas of financing. Already Gunvor has established a similar facility for our refinery in Ingolstadt.

Gunvor, along with the oil and gas industry and its partners, must continue to find ways of being a part of the solution and not the cause of problems during the transition to a lower carbon-dependent society. To provide affordable energy to a growing global population, plus the approximately 1 billion people who still today are lacking basic energy, oil and gas will not be wholly abandoned. Oil and gas need to complement the development of renewable sources of energy, such as solar and wind power. Beyond being a fashionable concept, ESG has become and will continue to be a guiding aspect of how Gunvor does business.

Sustainability-Linked Financing Results Summary

Sustainability Programme						
	Sustainability Pre-requisites	Initial Status	Target Status	Score	Actual status at 30 Sept 2019	Points
	All pre-requisites met	Yes	Yes	100	Yes	100
Type of indicator	Sustainability Key Performance Indicators	Initial Status	Target Status	Score	Actual status at 30 Sept 2019	Points
Environmental	tCO2/CWT (Complexity Weighted Tonne)					
	Rotterdam refinery	A – 29.7	B – 29.1 (A-2%)	5	29.1	5
	Antwerp refinery	A – 27.8	B – 27.2 (A-2%)	5	29.7	0
	Gunvor Energy Index level					
	Rotterdam refinery	A - 607	B – 595 (A-2%)	5	606	0
	Antwerp refinery	A - 482	B - 472 (A-2%)	5	509.5	0
	Successful maintenance and/or recertification of ISO50001	Yes	Yes	10	Yes	10
	Exceedances	15	10	10	6	10
	Number of Spills > 1bbl level	7.6	5	10	0	10
	Number of complaints	3.6	3	10	6	0

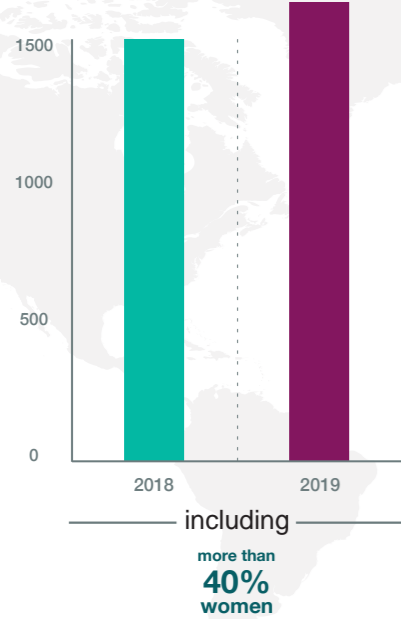
Sustainability Programme						
Type of indicator	Sustainability Key Performance Indicators	Initial Status	Target Status	Score	Actual status at 30 Sept 2019	Points
Social	Tier 1 Process Safety Event level	2	1	10	4	0
	All Injury Frequency (AIF)	11.4	5	10	4.1	10
	Overdue Operating Instructions	10	5	10	2.9	10
	Near Misses reporting level	699	>350	10	660	10
	Employee fatality level	0	0	10	0	10
Governance	Report per Extractive Industries Transparency Initiative	No	Yes	10	Yes	10
	Publish Sustainability Report	No	Yes	10	Yes	10

“ We’re proud to have lived up to the challenge set forth by this innovative financing. There is a lot the trading industry can do in terms of sustainability and the energy transition, and it is a focus of ours at Gunvor. ”

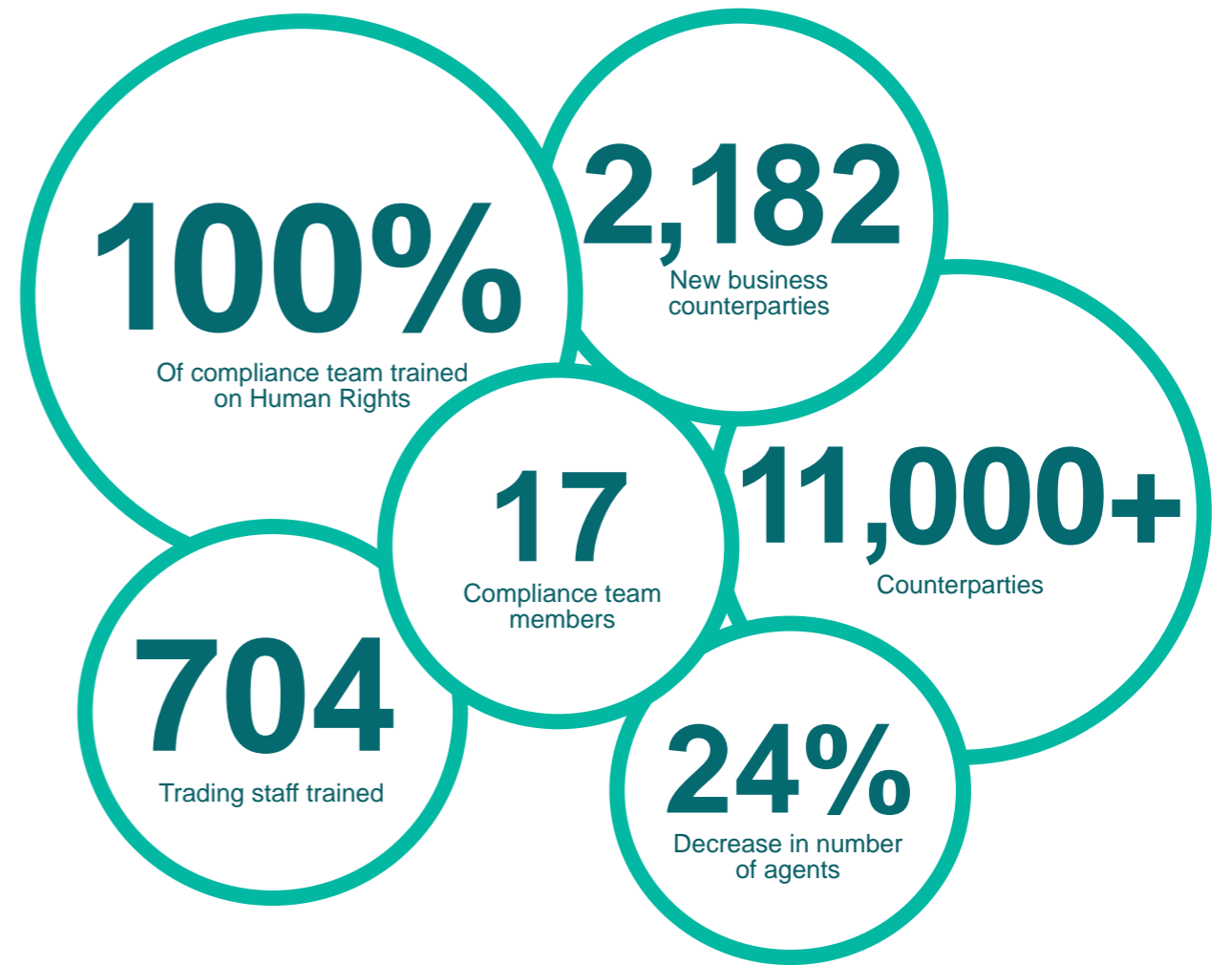
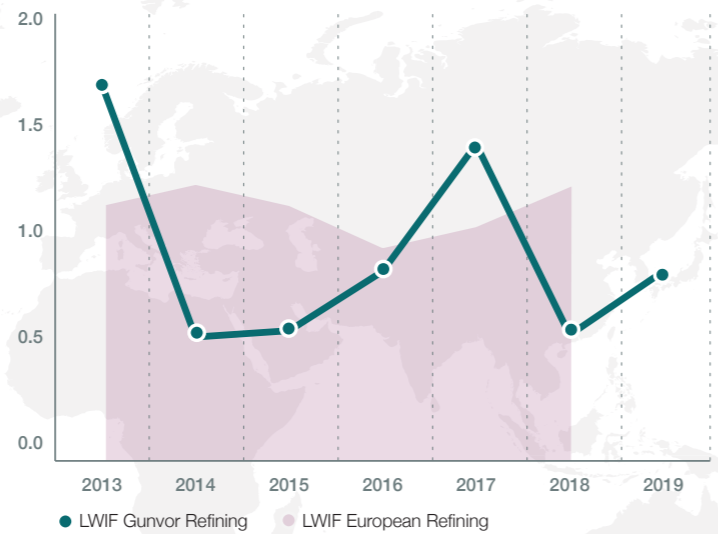
Muriel Schwab, CFO

By the Numbers

Employees worldwide (with refineries)



Lost Work Incident rate

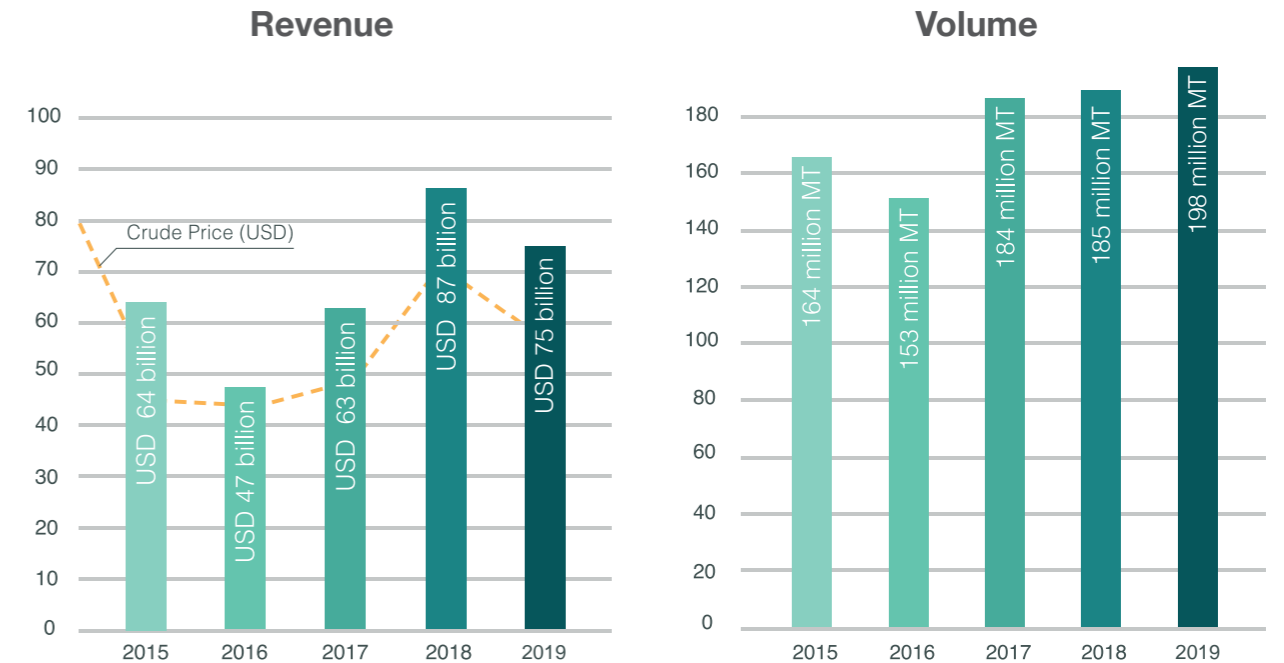


1,638,000 Total amount of direct CO2 emissions
mt

1st commodities trading company to close a financing in which the interest rate was dependent on the company's year-on-year improvements in: **15** different sustainability criteria.

80+ Number of vessels invested in and under long-term charter

3.20 Average age of fleet invested in by Gunvor | **9.26** Average age of fleet chartered by Gunvor
years | **years**





Health & Safety Approach & Objectives

Personal safety and accountability are at the heart of how Gunvor operates, and we have a responsibility to our employees and contractors to ensure their health and welfare, especially those working at our refineries and other industrial assets.

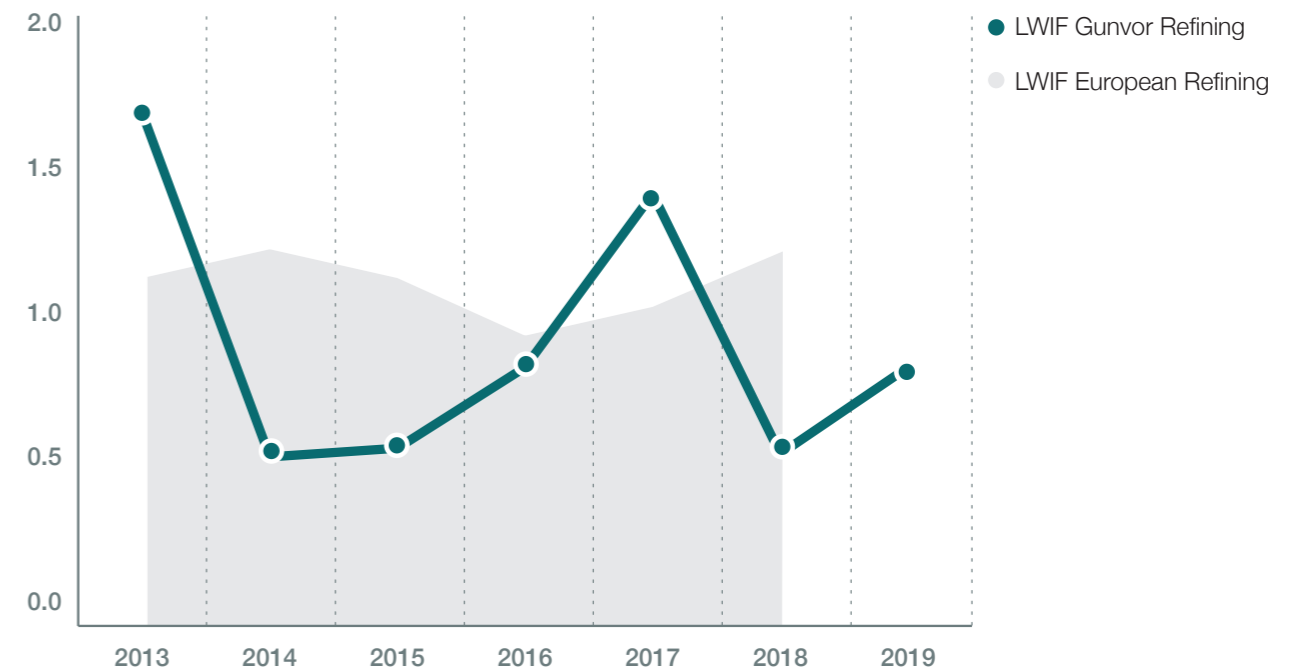
At Gunvor, our people are our most valuable asset. They must be protected from risk and the challenging environments in which our businesses operate. It is our priority to prevent any injuries, incidents, and occupational illness. This is accomplished through the active participation of all stakeholders. Our expectations rely on two pillars:

1. **Robust Risk Management:** Gunvor's risk management system is built to ensure compliance with applicable permits, laws and regulations, as well as our "Code of Conduct & Ethics" and Human Resources policies. In the absence of regulation, we apply reasonable standards to reduce risks to health and safety. Examples of basic measures in place at all assets we operate include monitoring health and exposure to hazardous environments, and providing personal protective equipment.
2. **Experienced Professionals:** We ensure that employees and contractors receive appropriate training and are competent to carry out their duties and responsibilities. We encourage our workforce to stop any unsafe act and provide the necessary resources to enable compliance with our expectations. Personal objectives of our asset managers further include specific health and safety targets.

Upon these pillars we have established a system for constant improvement. While the goal is always to avoid incidents, if they do occur, our teams enact reporting protocols to ensure timely and consistent incident investigation to understand root causes. We also develop, maintain, and test appropriate incident management procedures and equipment. We further set targets and objectives for continuous improvement in health and safety, and monitor progress, while undertaking periodic reviews of our operations to measure performance and ensure compliance with our expectations. This approach, guided by consummate professionals, enables Gunvor to reduce risk levels across our businesses.

We expect the same approach from our Joint Ventures and are working with them to ensure alignment.

2019 LWIF in Refineries



🎯 2020 Objectives

- **No fatalities and fewer incidents with impact on people**
- **Fewer process incidents from our processes**
- **Improved management of our contractors**
- **Improved communication around high potential incidents**
- **Improved learning from our near misses and low impact incidents**

🎯 2019 KPIs

- 🎯 **Maintain our Lost Time Incident Frequency in refineries below European Benchmark**
- 🎯 **Reduce number of Process Safety Events**



Gunvor’s teams are constantly working to improve safety for employees in all activities, including defining new ways of working to ensure safer conditions and less risk exposure for staff and contractors. A clear example of this approach is the new offsite building strategy Gunvor developed for tank construction at Stargate Oil Terminal in Rotterdam. It resulted in fewer emissions and increased safety. For details on the project, see the related case study on page 20.

Tracking incidents is an essential aspect of our learning process and the basis upon which we create such new approaches. In 2019, some incidents did occur in our activities, as illustrated in Table on next page, which highlights key performance indicators (KPIs) reported by Gunvor. To set targets against our ambitions and industry benchmark, we closely monitor All Injury Frequency (AIF) and Lost Workday Injury Frequency (LWIF).

AIF covers all recordable injuries, including minor ones, whereas LWIF is an indication of the occurrence of more severe injuries, those which entailed days away from work. This indicator stayed below the average in the European refining industry.

Graph on previous page shows our LWIF over a range of years, comparing Gunvor Refining with European refining between 2013 and 2019. The Gunvor refinery performance is well aligned with the refining industry in Europe, which is known for its low injury rate compared to other sectors.

	Group		GPA		GRI		GPR		SOTR		Bionor		Clearlake		Other	
	19	18	19	18	19	18	19	18	19	18	19	18	19	18	19	18
Fat	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LWI	6	3	0	0	0	0	1	1	1	0	1	/	0	0	3	2
AI	29	11	6	2	5	3	3	2	6	2	4	/	2	0	3	2
LWIF	0.8	0.5														
AIF	6.8	2.5														

Fat: Fatality, LWI: Lost Work Incident, AI: All Incidents, LWIF: Lost work Incident Frequency, AIF: All Incident Frequency Frequencies are expressed per million workhours. A lost workday injury is defined as an injury causing the victim not to be able to work for one or more days. AIF additionally includes first aid and medical treatment cases.

All incidents are reported on integrated platforms, and data and fact-based investigations are carried out for incidents that could have had more severe consequences in slightly different circumstances. An analysis of our incidents in 2019 revealed that incidents were linked to a high number of new workers from contractor firms involved in projects on sites. In response to this finding, the sites have deployed several improvement measures, including an increased number of inspections by safety advisors and additional communications initiatives on “Life Saving Rules” and “Line of Fire”, for both staff and contractors.

Analyzing incidents is essential to understand root causes; learning from incidents is a key element in improving our safety performance; therefore, we are analyzing mid- to high-potential incidents and near misses to prevent them from reoccurring. We also focus on improving management of unsafe acts, leveraging “pattern recognition” to deploy proactive measures on site.

Integrating new work cultures has also been important. There were four injuries at our newly acquired biodiesel facility in Spain last year, and we are working to align their way of working with our other facilities. This has begun with deploying an all-event reporting system, working on improved behaviors around unsafe acts and conditions, and establishing protocols for identifying and learning from near misses.



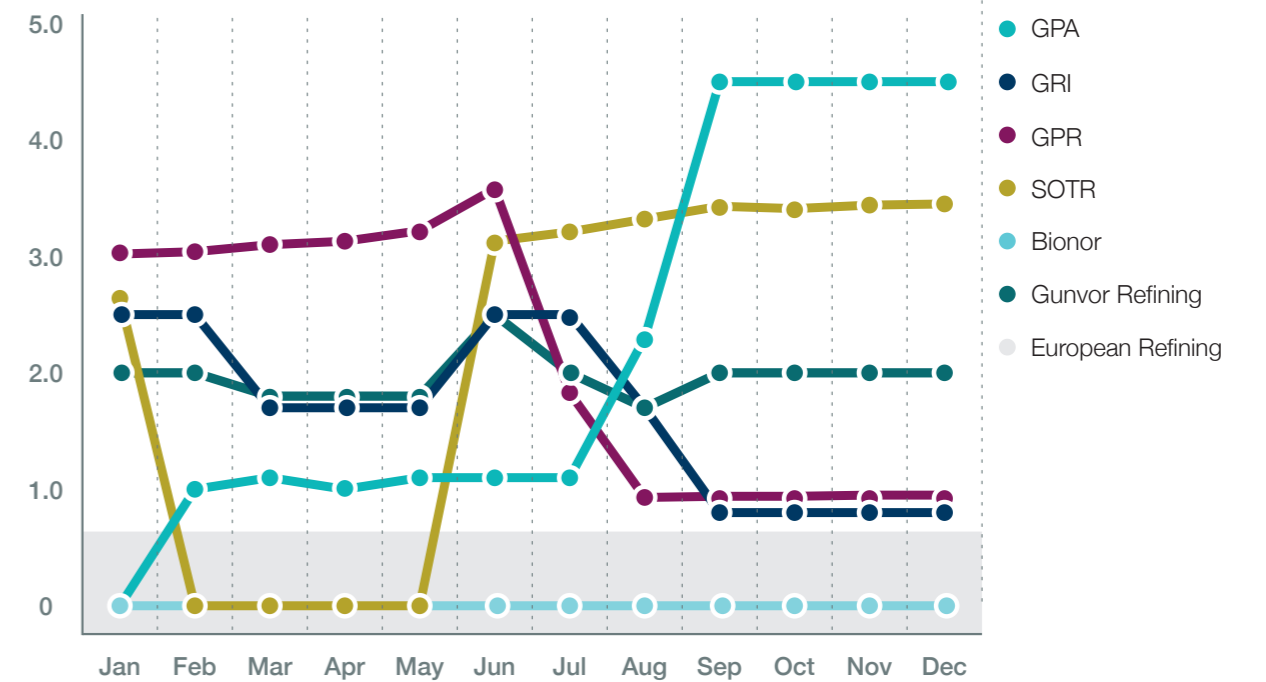
Health & Safety Process Safety

Process safety aims at ensuring the integrity of Gunvor's installations, facilities, and ships, while minimizing the risk of incidents with major consequences.

Refining

In Gunvor's three refineries, we closely monitor Tier 1 and Tier 2 Process Safety Events as the main indicators for the integrity of these installations.

PSER T1+T2 displayed as a 12 Month Rolling Average



While Gunvor Refining does not yet meet the process safety benchmark as established by Concawe (the organization dedicated to environmental science for European refining), we have established a clear "Process Safety Roadmap" covering each Gunvor site to improve performance further.

The Roadmap was built to bring Gunvor's three oil refineries and Rotterdam oil terminal in line with our objective of minimizing the number of Tier 1 and Tier 2 events. It was developed based on an analysis by safety culture expert Andrew Hopkins, whose safety culture principles are required reading for all refinery staff. The Roadmap addresses both our processes and behaviour, ensuring everyone takes responsibility for their role in maintaining the integrity of our installations.

In addition, Gunvor is ready to react if a potential major incident occurs in our facilities and work with our stakeholders and local communities to avoid escalation. For that purpose, we conduct exercises each year, testing our response mechanisms and communication channels. For an example of Gunvor's preparation, see the case study on page 21.

Shipping

Clearlake Shipping is Gunvor's dedicated chartering arm, and through this company we actively monitor the integrity of the ships we charter and those in which we have investments. A team of former seafarers screens every vessel in conjunction with Gunvor's Compliance Department, and checks "Integrated Vetting" systems.

All Clearlake Shipping chartered vessels are monitored live; performance and incidents are reported through the "Clear Alert" notification system. All events are registered to avoid oversight of nonperforming vessels.

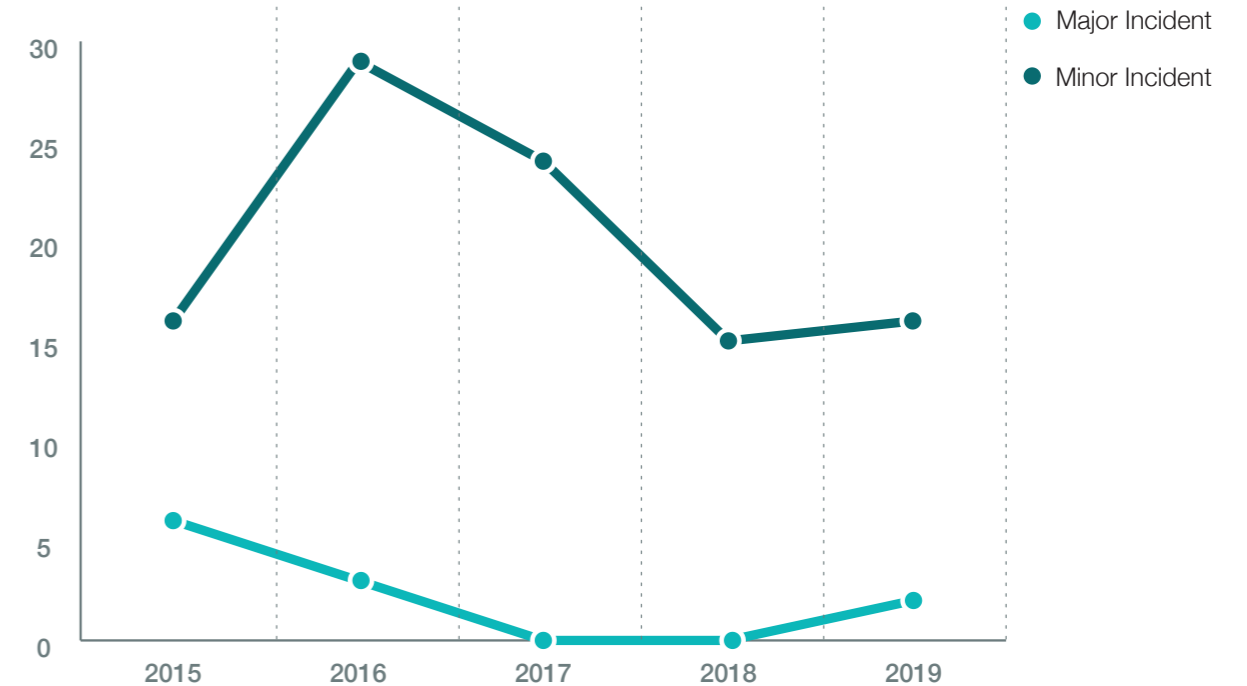
The graph below shows our process safety incidents in 2019. During the year, major incidents only related to the inability of ships being able to carry on, and had no impact on people or the environment.

GUNVOR HOLDS
33% or 50%
 investments in 17 products tankers, held through JVs with leading global shipping companies.

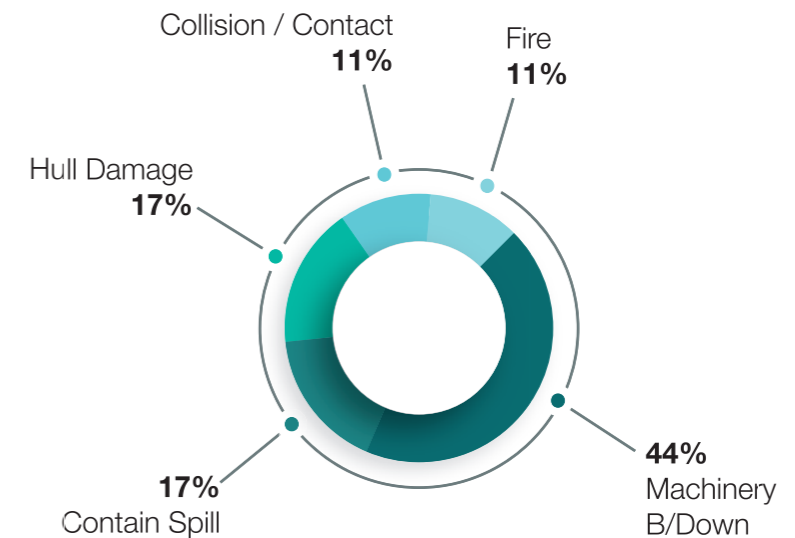


Clearlake - Number of incidents

Our major incidents were related to our ship impossibility to carry on, but had no impact on people or environment



Clearlake - Incident types





Case Studies New Building Strategies at Stargate Oil Terminal

To improve operations and mitigate risk levels at the Stargate Oil Terminal in Rotterdam, the Gunvor team used a new method for the construction of new tanks, which were created inside a large, local construction hall normally used for offshore installations. The controlled environment resulted in fewer emissions and increased safety for the construction workers. It also saved time, allowing for the simultaneous dismantling of the old tanks, significantly shortening the duration of the replacement operation.

The two new “inner-floater” tanks (with dome roofs) are intended to store kerosene and replace the two dismantled out-of-life tanks. Once complete, the new tanks were transported by pontoon along the rivers and canals and hoisted in place with heavy lifting equipment. To provide proper and safe access for this exceptional equipment, a temporary transport route was built in the tank farm.

The most modern standards have been applied to the foundations of these two new tanks, ensuring that, among other things, no product will be spilled into the ground in case of a leak. Thorough preparation work and collaboration between the refinery staff, the lifting and the building teams allowed on time completion, without any incidents.



Case Studies Rigorous Preparation Through Emergency Exercises

In October 2019, a simulation of a large accident took place at Gunvor Refinery Ingolstadt, involving more than 250 volunteers from the Ingolstadt professional fire brigade, the volunteer fire brigades from the city and district of Eichstätt, the Gunvor fire brigade, and emergency services. The exercise tested and reviewed the civil protection management structures, as well as the operational readiness and interaction of the emergency services.

An “explosion” kicked off the event, with a subsequent “fire” in the Satcon facility. Rubble projectiles and secondary fires “injured” 40 people in the area of the partner company, contractors’ offices, and workshops. The truck-loading bay also required attention for decontamination as dangerous goods had been “released”.

For three hours, emergency and rescue forces successfully worked through the scenarios. The Gunvor fire brigade played an important role in the training process and had to simulate management of the actual explosion on site. To ensure the drill was realistic and the rescue team put under credible stress, the people playing the part of the injured were displaying fake injuries and medical conditions. All participants learned a lot and the exercise will help ensure the future readiness of all involved parties.





Environment Approach & Objectives

Gunvor is measuring emissions across its activities, while seeking ways to reduce CO₂, SO_x and NO_x from our facilities and shipping, and doing so in commercially-sensible ways.

The long-term challenge for companies in the commodities trading sector is to position themselves effectively within the “energy transition” and to limit the adverse environmental impact they have through industrial operations. For its part, Gunvor wants to be a part of the solution, and not a part of the problem. We are working hard to reduce our carbon footprint in all activities. We have stopped the physical trading of coal, and now trade more biofuels and natural gas.

By operating our business in the most efficient way, we work to reduce its impact on the environment and the local communities that surround our operating entities. Simultaneously, this approach strengthens our company in many ways. Our aim is to work in respect of our surroundings, to prevent and control pollution, and to provide economic benefit to local communities, our customers and suppliers. In doing so, we see there is a positive benefit to the bottom line.

Areas of focus include:

- Pollution prevention (e.g., emissions to air, effluent management, and loss of containment)
- Waste management (hazardous and non-hazardous)
- Resource efficiency (e.g., energy and water)
- Legally-protected areas and biodiversity

We expect our partners and joint ventures to similarly minimize and control their impact on the environment.



🎯 2020 Objectives

- **Complete our inventory of emissions, finalize our GHG emission strategy and define reduction targets.**
- **Continue reducing energy consumption and CO₂ emission in refineries and in our shipping activities.**
- **Increase volumes of renewable energy produced and made available to the market and consumers**
- **Maintain our performance related to effectively preventing oil spills**
- **Safely manage our waste and hazardous waste**

✅ 2019 KPIs

- 🎯 **Calculate and reduce overall direct emissions**
- 🎯 **Calculate emissions due to shipping**
- 🎯 **Reduce spills**
- 🎯 **Monitor trading portfolio composition**



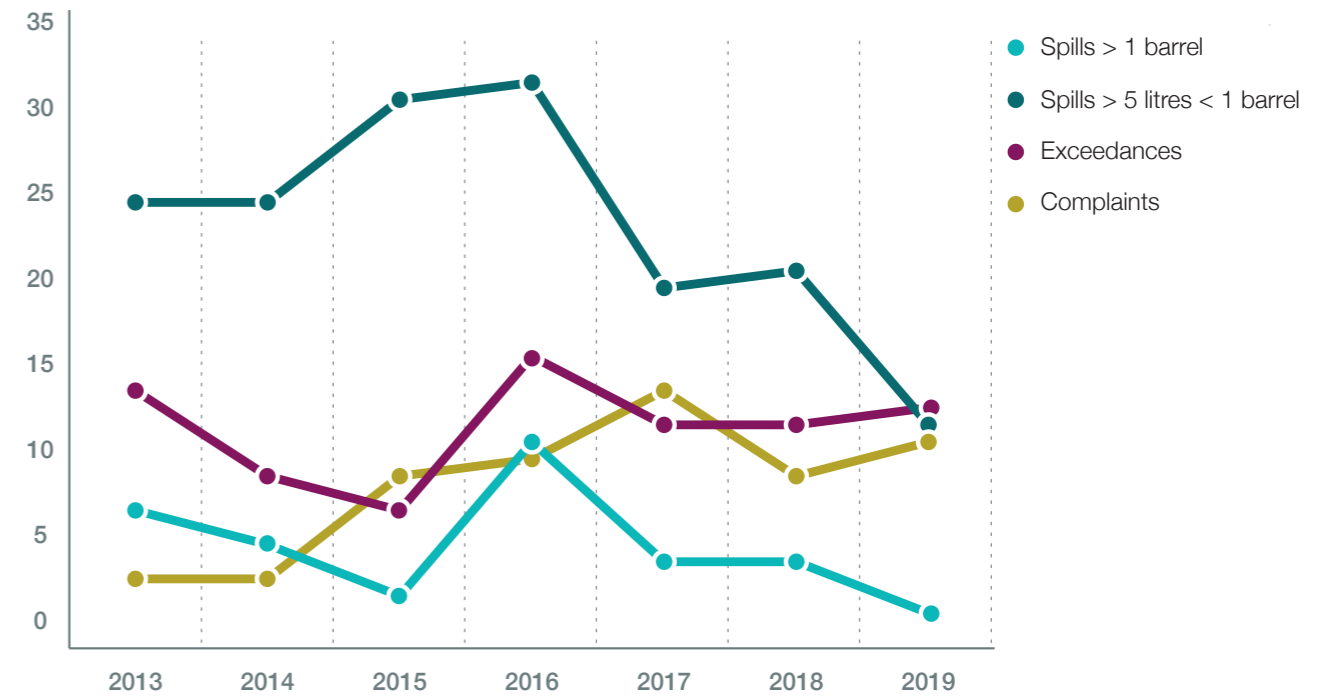
Environment Impact

Gunvor's refineries are located in industrial areas at some distance from nearby villages. The most significant impact of our activities on the communities are controlled by means of environmental and safety regulations and through permit conditions.

In addition to controlling our direct impact, we consistently strive to provide cleaner products to the market, as shown in Antwerp, where we are now producing low sulphur fuel.

Gunvor's refineries report a number of indicators to monitor and measure our environmental performance. Graph on next page represents the most important indicators, specifically the number of spills, the number of exceedances of emission limits, and the number of complaints received from communities adjacent to our refineries. Internal processes with the aim to prevent recurrence follow such incidents. The number of spills was lower in 2019 than in previous years. The number of exceedances and complaints remained at the same level.

Environmental Measures - Number of events



“Nuisance” Events

A relevant aspect for communities is smell nuisance. Occasionally we receive smell complaints from neighboring communities, and it is our policy to avoid such complaints and systematically respond to each one.

As an example, an issue with a bad odor occurred at our Antwerp refinery when an unusual type of crude was imported and stored in the tank farm. The mercaptans (sulphur compounds) in this crude caused an unexpected odor, and we received several complaints from the nearby village of Berendrecht. The complaints were addressed, and we clearly communicated the cause of the smell to representatives of the community through a dedicated meeting. Mitigating measures, including better crude acceptance process, are in place to avoid such incidents in the future.

Waste Management

In 2019, Gunvor refineries generated 33,460 tonnes of waste, including 7,421 tonnes of hazardous waste. The amount of waste generated depends on activities and projects during the year, with shutdowns and turnarounds generating the bulk of it. Beyond the amount of waste we generate, which we monitor closely and work to reduce, we aim at maximizing re-use and recycling, and ensure all waste is handled properly.



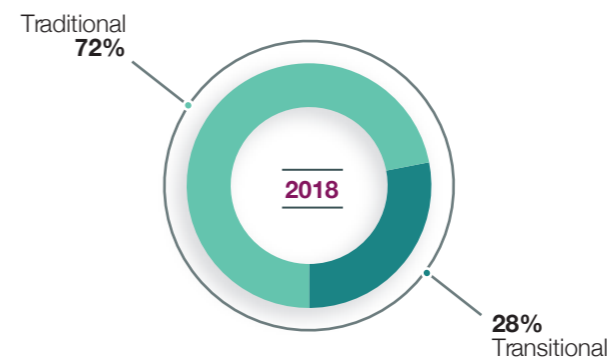
Environment Climate



Gunvor has made a choice to be part of the solution on climate matters and to support the energy transition. We have stopped physically trading coal, and have transformed our trading portfolio, which in 2019 comprised 45% "transitional" commodities, including biofuels, natural gas and LNG, up from 28% the year prior.

Traditional Oil and Oil Products versus Energy Transition and "Green" Commodities*

*Includes Natural Gas, LNG, LPG, Biofuel, Emissions



Shipping

ZERO
uncontained spills
in 2019

Gunvor closely manages our shipping activities to minimize their environmental impact, including monitoring the efficiency of the vessels we charter. In 2019, approximately 80 vessels were time-chartered globally through Clearlake Shipping, mostly MR2, LR1 and LR2, which carried an average age of 9.2 years. Among these, Gunvor co-owns 17 vessels, which perform well, with an average age of 3.2 years.

Clearlake Shipping undertook measures to comply with the IMO 2020 Fuel Oil Sulphur limit on all chartered vessels, by either using compliant fuel oil with sulphur content (not more than 0.50%) or fitting an alternative means of compliance, such as an Exhaust Gas Cleaning System.

We continue to look for ways to reduce emissions while meeting the world's growing demand, and exploring several alternatives, such as LNG.

We are further working on solutions to bring “greener” energy to consumers, and we have acquired biofuel installations in Spain, while studying the possibility to transform our oil refinery in Rotterdam to process biofuels, as described later in this report.

With respect to our impact, Gunvor’s CO2 emissions in 2019 due to refining activities were 1.638 million MT of CO2. The company is also monitoring emissions related to shipping. Gunvor continues to refine its CO2 emissions inventory.

Refining

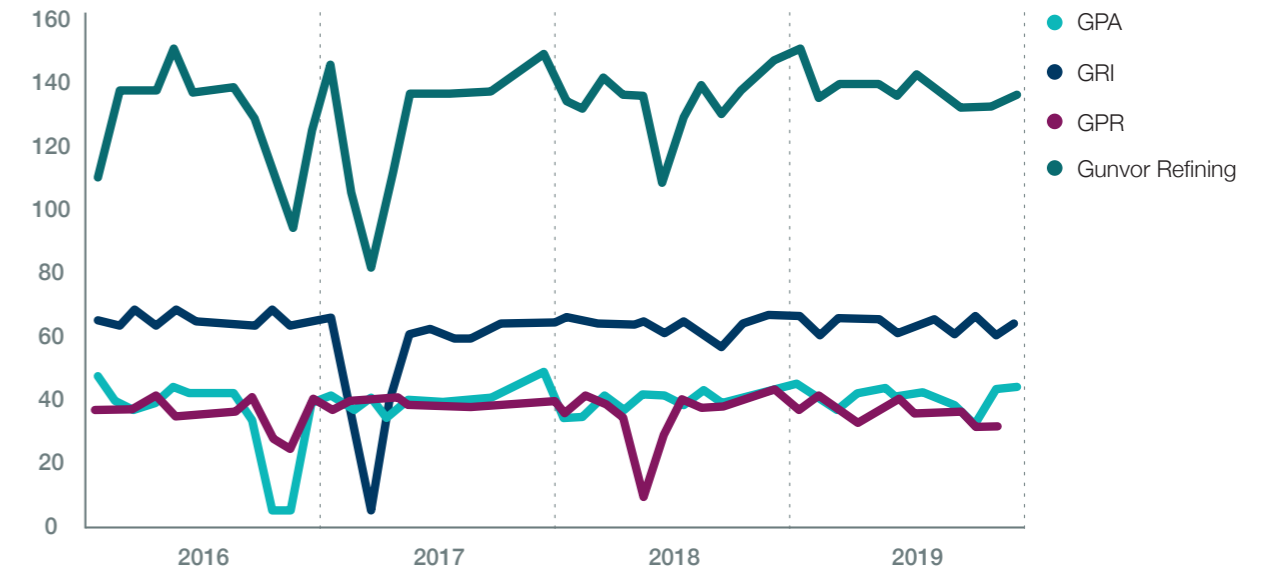
The CO2 emissions of our refineries are an important indicator that we monitor on a monthly basis. Oil refining is a very energy intensive industry, and major CO2 reduction projects typically require maintenance shutdowns that only take place during 4-6 year cycles. Important to consider is that there are also environmentally-driven measures that increase CO2 emissions on site, such as the lowering of the sulphur content of fuels, which is an energy-intensive process. These factors cause CO2 reduction in refining to be a slow process. Graph on next page shows the CO2 emissions for Gunvor’s three refineries individually and together.

Our priority is to reduce our emissions and optimize the use of energy. To that end, we implement many initiatives at each refinery. An example is how Gunvor Refinery Ingolstadt provides heating to the local community. For more information, see the related case study on page 33.

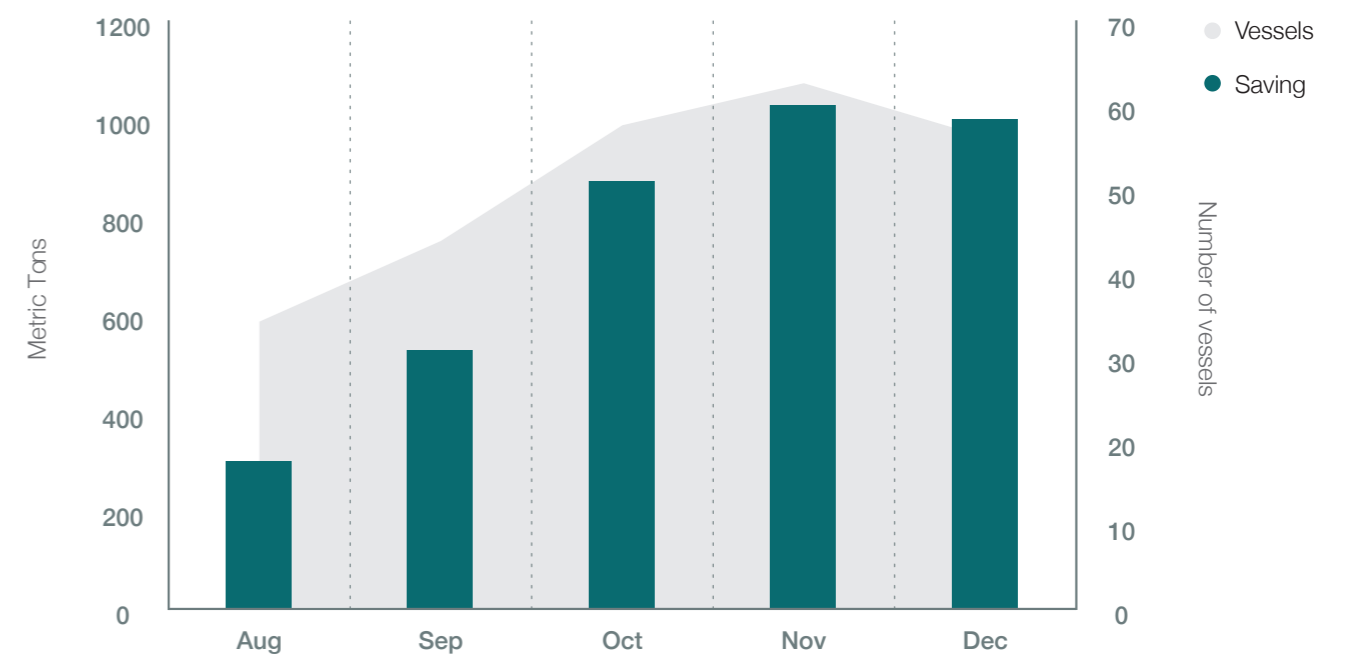
Shipping

Clearlake Shipping implemented the “Efficient Commercial Operation – Project ECO” in 2019 to optimize fuel consumption through planning and monitoring without compromising ship arrival time. The project relies on applying principles of intelligent speed simulation and routing, taking into account forecast weather conditions. This program increases interaction between Clearlake Shipping Operators and Masters to analyze any variance to the forecast route in real-time. We launched this project in August 2019 and have seen promising results.

CO2 Emissions Gunvor Refineries (thousands of Metric Tons per month)



CO2 Emission Savings (Metric Tons) from Project ECO and Number of Vessels



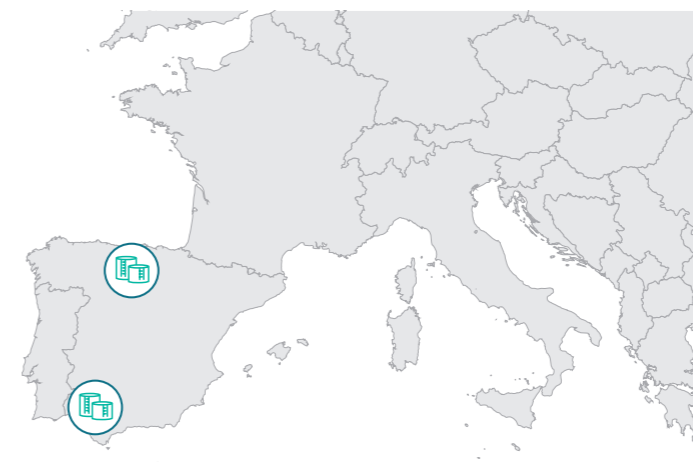


Environment Investments

Gunvor is proud to have completed the acquisition of the Spanish biodiesel division of CIE Automotive in 2019. It results in an increased share of sustainable fuels within Gunvor’s portfolio and is helping to reduce the CO2 footprint of the fuel that the company puts on the market. The sites are built to produce fatty acid methyl ester (known as “FAME” or “biodiesel”) from a variety of vegetable feedstocks, such as used cooking oil, residues from vegetable oil production, and types of vegetable oil. FAME is an important blending component for automotive fuels. It is regulated through the Renewable Energy Directive (RED), which requires European states to set an obligation on fuel suppliers to ensure that the share of renewable energy in the transport sector gradually increases to at least 14% by 2030. Both biodiesel plants are certified by ISCC and country specific certification schemes.

- **Gunvor Biofuel Berantevilla** (formerly “BIONOR”): Built in 2008, the facility is located between the Spanish provinces of Basque country and Rioja amidst agricultural camps and wine yards. The design is based on transesterification, esterification and distillation processes, with a capacity of 40,000 t/yr. It is capable of processing a wide spectrum of feedstock including used cooking oil, fatty acids, tallow (Category 1 animal fats), and other residues. The facility has 30 employees and produces biodiesel that complies with EN14214. The Gunvor Biodiesel trading desk has been providing feedstock that falls under the category of advance fuels as per RED. The plant imports/export via trucks exclusively and exports through the port of Bilbao.
- **Gunvor Biofuel Huelva** (formerly “BIOSUR”): Built in 2012, the facility is located at the petroleum/chemical hub of Andalusia in the Port of Huelva. The plant was partially completed for refined vegetable oil by the previous owner. Gunvor is investing in one of the most economically depressed regions of Spain and EU to upgrade this plant to a new technology that will allow the processing of used cooking oil (UCO) and a proportion of fatty acids up to 100,000 t/yr. The plant will also be able to produce byproducts like refined glycerine and raw materials for fertilizer. Gunvor hired 10 employees to operate the plant, and by the end of the project in July 2020, it will increase to 30 employees. The plant is connected to the port facilities for loading and unloading marine vessels.

During 2019, Gunvor focused on transitioning the two biofuel plants to the “Gunvor way” of working, which includes the adoption of our Health and Safety standards. An HSEC audit helped identifying key areas for improvement in order to comply with Gunvor’s standards. Site personnel expressed enthusiasm about the “energy” that Gunvor as new owner is bringing to the site.



Case Studies

District Heating Thanks to the Ingolstadt Refinery

The city of Ingolstadt, Germany and the nearby Gunvor refinery have signed a contract for the third stage of a joint district heating project, in which surplus heat generated by the refinery's processes is reused through heat exchangers and provided to the district heating network for public use. An extension of an 8-year cooperation, this project contributes to the reduction of CO₂ emissions for the whole area.

"District heating is an important pillar of Ingolstadt's energy supply," said Municipal Managing Director Matthias Bolle. "It is environmentally friendly and reduces CO₂ emissions. We are therefore happy to intensify our good cooperation with Gunvor and make a joint contribution to the energy transition."

To increase the amount of heat provided, extra heat exchangers will be installed in the refinery, adding at least four megawatts of power to the network, representing a rise of 20%. The concrete foundations for the heat exchangers were laid in December 2019, and the necessary integration to existing installation is being carried out. By the end of 2020, the whole project will save 73,000 tonnes of CO₂ per year.

The new district heating supply contract runs until 2028, and is win-win for all involved as a clear step into the future of energy and the reduction of CO₂ emissions.



Case Studies Co-processing Vegetable Oils at GPR

Converting vegetable oil into a component for diesel reduces the CO2 footprint of the fuel, since the plants from which the oil is extracted absorb CO2 while they are growing. It is one of the options set in the regulatory framework for reducing greenhouse gas emissions of transport fuels, including the revised Renewable Energy Directive (RED) of the European Union.

In 2019, for the first time in nearly 60-year history of the Gunvor refinery in Rotterdam (GPR), vegetable oil was processed. This took place during a test run when vegetable oil was mixed into the feedstock for one of GPR's hydrotreating installations. That process, which is normally used for desulphurization, converts vegetable oil molecules to make them more suitable for automotive fuels.

To prepare the test run, a complete technical evaluation was done to assess possible process risks, and some changes were made to the refinery's existing Quality Management System, allowing certification for the storage and processing of renewable feedstock.

This first test run provided important feedback for future projects focusing on processing vegetable oil, in particular the addition of a new process installation dedicated to convert 100% renewable feedstock into transport fuels. GPR is preparing further test runs of co-processing vegetable feedstock to obtain additional information and to explore further opportunities for a sustainable future with renewable fuels.





Human Rights Approach & Objectives



The argument for fossil fuels is that they have been responsible for the alleviation of poverty and progress in living conditions for most of the global population. We recognize that all aspects of these fuels must uphold this idea, which is why we conduct Human Rights training, support transparency efforts, and uphold rigorous compliance practices.

Gunvor assigns the highest priority to respecting and promoting Human Rights across all of our activities. We aim to treat everyone fairly, with respect and dignity, and are committed to adhering to all internationally recognized Human Rights. We fully support the United Nations Universal Declaration of Human Rights.

Gunvor's commitments:

Community Engagement & Due Diligence

- To respect the Human Rights, culture, customs, and values of the people in the communities in which we operate in a manner consistent with the spirit and intent of Gunvor HSEC expectations
 - To undertake HSEC impact and due diligence assessments, as appropriate
 - To foster open, proactive, two-way communication with communities and knowledgeable stakeholders, and participate in community engagement activities, as appropriate
 - To contribute within our area of influence to promote Human Rights through enhanced economic, environmental, and social conditions, and serve as a positive influence in communities in which we operate
 - To ensure that any community donations are in line with the Gunvor Giving principles
-

Respecting Human Rights

- To respect the Human Rights and diversity of our employees as established in Gunvor's Code of Conduct & Ethics and Human Resources policies, including non-discrimination, prohibition of child and enforced labor, slavery and human trafficking
- Not to tolerate any workplace harassment, physical, or verbal abuse
- At a minimum, comply with legal requirements regarding wages, working hours, and conditions

Personnel & Asset Security

- To safeguard personnel and assets and provide a secure environment in which business operations can be successfully conducted
- To ensure the provision of security is consistent with international standards, the policies of Gunvor Group, and relevant local practices, as well as the laws of the countries in which we operate, using security services commensurate with the level of risk
- To report any incidents in line with legal and Gunvor expectations
- To undertake periodic reviews of our operations to measure progress and to ensure compliance with our expectations

United Nations Sustainable Development Goals

As a first step, Gunvor is focusing on the UN Sustainable Development Goals that we have the most influence on:

- No Poverty
- Good Health and Well-being
- Clean Water and Sanitation
- Affordable and Clean Energy
- Industry, Innovation and Infrastructure
- Responsible Consumption and Production
- Climate Action
- Life Below Water
- Life On Land
- Peace, Justice and Strong Institutions

🎯 2020 Objectives

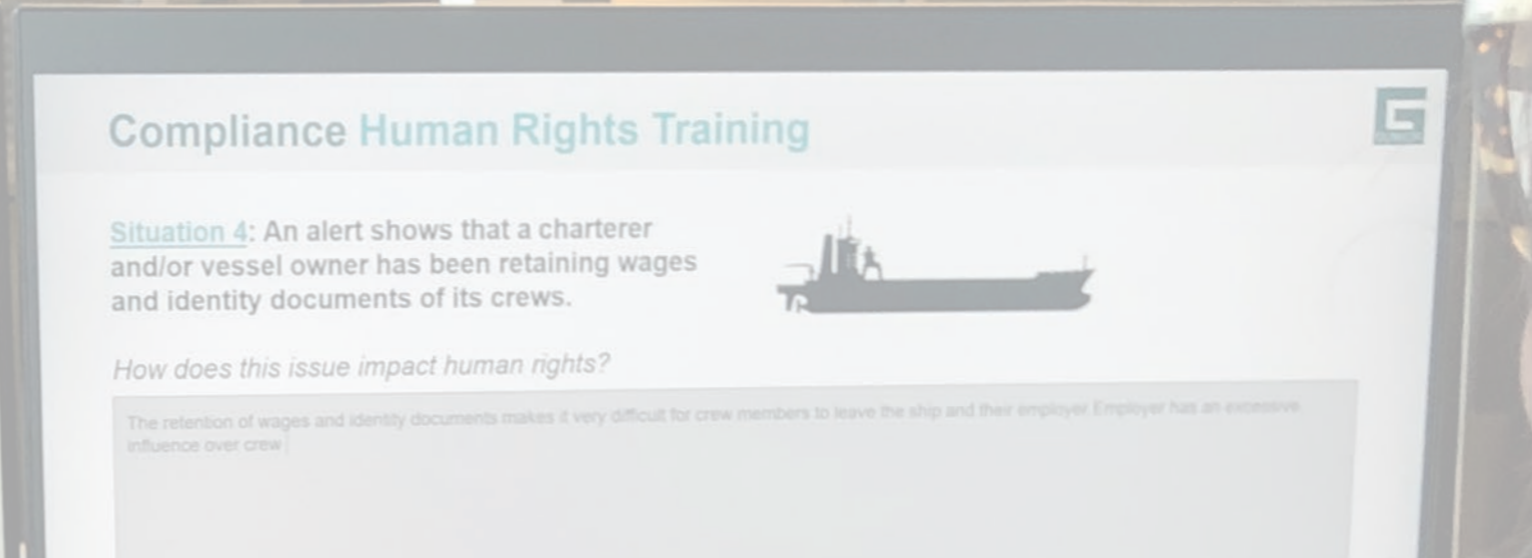
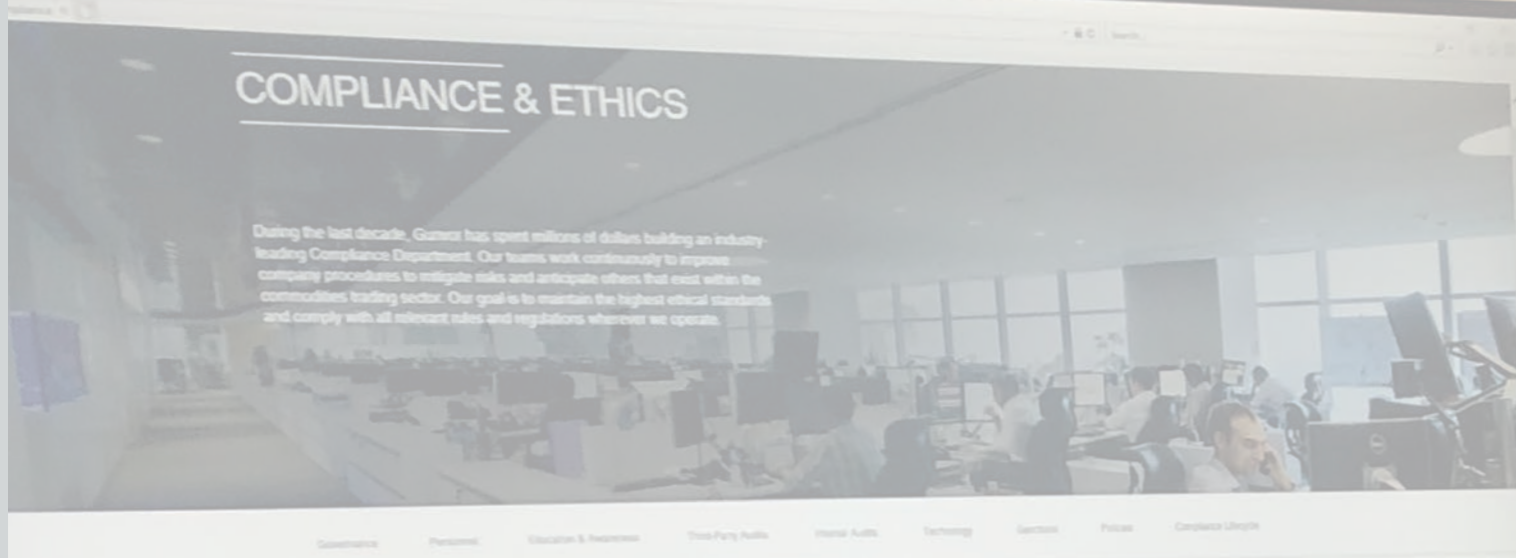
- **Assess all our majority-owned assets on Human Rights**
- **Start the assessment of a pilot partner**
- **Develop a global approach for remediation**
- **Include training on Human Rights in our annual training programs**

🎯 2019 KPIs

- 🎯 **# people trained on Human Rights**
- 🎯 **Human right clauses added to all our contracts**
- 🎯 **Findings from our Human right assessment in Ingolstadt actioned**

“As a global physical energy trader and industrial asset owner, Gunvor has a responsibility to uphold human rights and serve as a good corporate citizen.”

Torbjörn Törnqvist



Case Studies Supporting Training on Human Rights

As part of efforts to reinforce Gunvor's framework on Human Rights protections, in 2019 the Company worked with leading international Human Rights expert TwentyFifty to train Gunvor's global Compliance team on Human Rights due diligence. The training explained what is meant by "Human Rights" in the context of commodities trading, and covered the global framework for how Gunvor can detect possible violations, as well as how to manage them. External consultants working with Gunvor's Anti-Bribery & Corruption Compliance Director delivered the training at two of the company's main offices, Tallinn (Estonia) and Houston (United States).

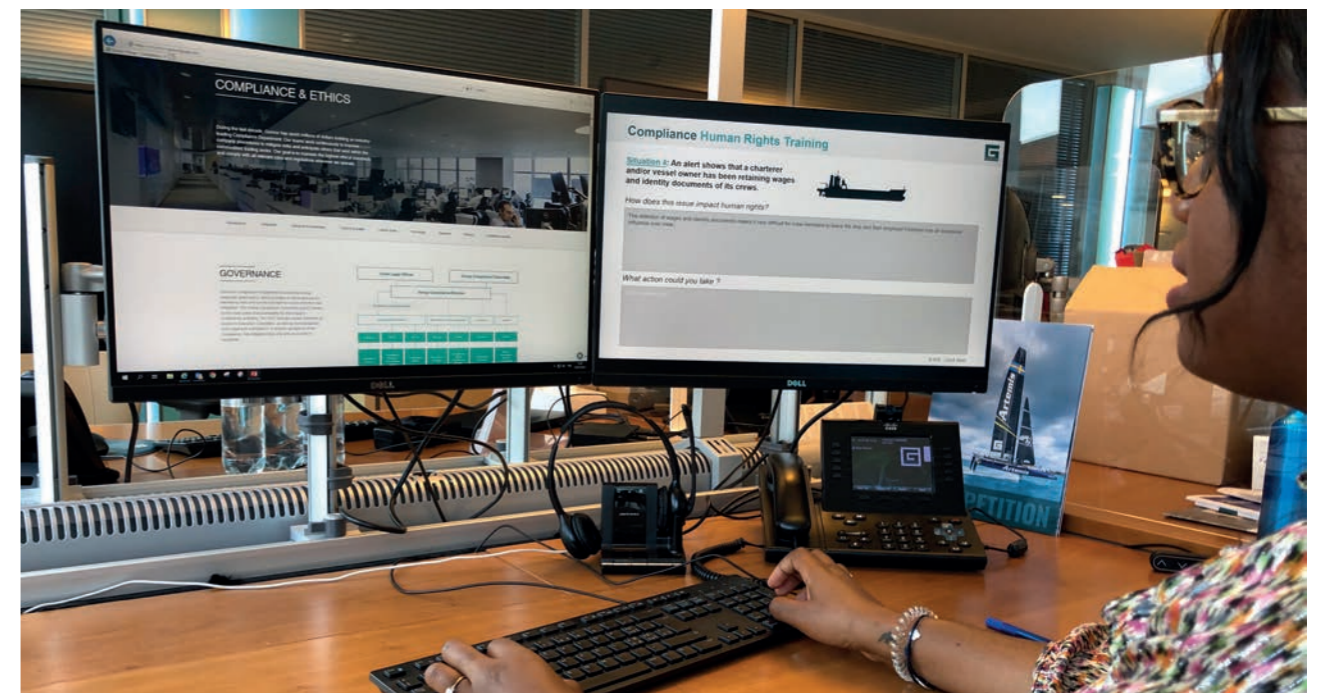
Feedback from participants showed a high level of adherence within our teams, recognizing the need for Gunvor to pursue its commitment:

"I am proud to be a part of an organization that is on the forefront of integrating the UN principles into its business. I was impressed by the training and the extent to which it broadened my understanding of how our business is impacted by Human Rights. Understanding how Human Rights intersect with our complex business will help Gunvor achieve its vision." (Houston Team Member)

"What I found new and especially interesting in the training was the practical value and applications of Human Rights compliance from the point of view of Gunvor's business...not merely something present only in celebratory speeches, but rather it's about taking those matters into account in our daily practise." (Tallinn Team Member)

To ensure the whole Compliance team has the same proficiency level, new joiners are systematically trained in smaller and dedicated sessions.

While Gunvor recognizes that Human Rights is an ever-evolving and complex issue, this training was a key step in Gunvor implementing its commitment to ensure its businesses adhere to the UN Guiding Principles. The training will be extended to other teams.





Human Rights Transparency

Gunvor Group has expressed support for the Extractive Industries Transparency Initiative (EITI) to establish a consistent means by which to reliably report on its payments to governments, with the aim to improve transparency and reduce the potential for corruption in cooperation with these governments.

Gunvor's reporting includes purchases of crude oil and refined oil products acquired from state-owned enterprises (SOEs) in EITI implementing countries (eiti.org). Governments of EITI countries must hold a majority stake (more than 50%) in the respective SOEs. Payments and volumes are aggregated under the parent company. Volume information is presented as available.

Given the complexity of transaction types and variety of data involved in these purchases, Gunvor intends to work closely with EITI, relevant trading peers, and other transparency-related organisations to improve disclosures going forward.

For 2019, Gunvor has added the load port for transactions, as stipulated by EITI, as well as taken the extra step to disclose the aggregate total of payments to all governments within the aforementioned definition, whether participating in EITI or not.

Payments to Governments Disclosure 2019							
Country	Counterparty	Load Port Country	Port	Buying Entity	Commodity	Payments (USD)	Volumes (MT)
EITI countries							
Cameroon	Société Nationale de Raffinage SA (SONARA)	Cameroon	Limbe, Douala	Gunvor SA	Refined Products	9,691,067.51	16,633.08
Indonesia	PPT Energy Trading CO LTD	Indonesia	Jakarta	Gunvor Singapore Pte. Ltd.	Refined Products	80,718,357.15	203,057.06
Nigeria	Nigerian National Petroleum Corporation	Nigeria	Bonny Offshore Terminal, Egina, Forcados Oil Terminal, Qua Iboe	Gunvor International B.V., Amsterdam, Geneva Branch	Crude Oil, Refined Products	61,778,229.38	518,525.19
Trinidad & Tobago	Trinidad & Tobago LNG Limited (TTLNG)	Trinidad & Tobago	Trinidad & Tobago	Gunvor International B.V., Amsterdam, Geneva Branch	Refined Products	15,272,017.63	72,120.37
Total: EITI countries							
					Crude Oil, Refined Products	167,459,671.67	810,335.71
Aggregate purchases from SOEs of EITI countries, whereby volumes may not represent equity oil and refined products							
					Crude Oil, Refined Products	1,200,826,471.87	3,280,249.78
Aggregate purchases from SOEs of non-EITI countries							
					Crude Oil, Refined Products	3,704,022,669.56	9,086,756.71
Total: All countries							
					Crude Oil, Refined Products	5,072,308,813.10	13,177,342.20

1. Net payments pertain to actual cash payments made to state-owned enterprises (SOEs) during the stated calendar year for all crude oil and refined oil products purchases. We acknowledge that some activity may occur in a different calendar year to the invoice date, a situation which may cause some variations in volumes purchased and payments made, such as for prepayments or commodities purchased at the end of calendar year.

2. Gunvor executes offset transactions in which different transactions and their respective payments are offset by other means of compensation, such as a swap trade between crude oil and refined oil products. This may result in no actual cash payment.

3. All purchases from SOEs from EITI countries where the load port is not in the relevant country or where the transaction does not otherwise fall under the definition of "first trade", as defined by EITI, have been included separately.

4. Corporate taxes and license payments to governments are not included.



Community Approach & Objectives

Whether in our local communities, such as how we have adapted our processes to support those living nearby our German refinery, or more broadly around the world, such as our programs teaching eco-farming in Tanzania, Gunvor has a role to play in promoting sustainable practices.

As an employer of a global workforce and investor in industrial assets worldwide, Gunvor contributes economic benefits to where we undertake business operations. We have an impact on the communities in which we are active, both directly and indirectly, and we are committed to establishing and maintaining long-term relationships with all relevant stakeholders.

We further understand that we have a responsibility to give back and operate as a good corporate citizen. We work with local organizations on projects, as well as conduct philanthropic efforts worldwide through the Gunvor Foundation.

🎯 2020 Objectives

- **Further diversify representation of projects to include more Swiss-based non-profits and worldwide geographic coverage**
- **Conclude onsite audit of primary charity supported by Gunvor Foundation**
- **Adjust giving as needed to reflect global realities, including the effects of the pandemic and related poverty**

📊 2019 KPIs

- 📊 **Increased diversification of projects to include more Swiss-based non-profits and worldwide geographic coverage**
- 📊 **Upheld budgeting commitments despite prior-year corporate performance**
- 📊 **Delayed annual onsite audit major Gunvor Foundation charities, in particular Hand In Hand, due to logistics and personnel complications**



Community Foundation

Gunvor Foundation provides scholarships, grants, and donations for initiatives that further the mission of empowering individuals to contribute meaningfully to the development of healthy communities, the reduction of poverty, and the improvement of environmental conditions on local and global levels.

To uphold its place as a responsible corporate citizen, Gunvor since its founding in 2000 has annually allocated a portion of its net profit to charitable activities. To keep up with the growth of Gunvor's efforts, the Gunvor Foundation was established to formalize the structure and direction of these philanthropic programs.

Each initiative supported by the Gunvor Foundation is fully vetted to comply with Foundation standards and local and international laws governing financing and philanthropic giving. The goal is to support initiatives and programs that have a practical positive effect on the local community in which the initiative is being conducted.

The Gunvor Foundation Committee oversees all donations across the Group, in line with the mandate given by the Foundation Council, and ensures that internal criteria are met in each case. A percentage of funding is dedicated to Switzerland-based charities.



Community Supporting Eco-farming in Kenya



The Gunvor Foundation has undertaken a multi-year program to support the efforts of Hand In Hand International, a non-profit organization created to fight poverty with grassroots entrepreneurship. Hand In Hand has grown more than 4 million jobs – almost all of them women's. The complete results of Gunvor's four years of investment in Eastern Africa through partnership with Hand in Hand, as at 31 December 2019, are:

- 52,091 micro-businesses set up and run by the trained members;
- 75,177 jobs created by those trained with Gunvor's support, for themselves and for family members and neighbors in the community;
- Providing 241,814 children and adults with better food, clean drinking water, medicine and education – to put this into perspective, that is half of the entire population of Geneva.

Swedish Government Project: The Swedish government (Sida) project, which Gunvor has match-funded, is supporting 26,520 people across seven Kenyan counties - Baringo, Kajiado, Laikipia, Machakos, Makueni and Nakuru – and facilitating the creation of 18,564 enterprises and 24,133 jobs.

14,737 members have been enrolled to date, 56 percent against the overall project target by completion, while 6,958 enterprises and 9,275 jobs have been created. The entrepreneurs who had already benefited from Gunvor support across four branches (Machakos, Makuru, Nyahururu and Tala) prior to the start of the project in 2018, and transitioned onto the Sida project, continue to contribute the bulk of these achievements, accounting for approximately 58 percent of the total number of enterprises and jobs created or improved.



A key feature of the project is facilitating the creation of “Community Based Organizations” (CBOs), made up of members who have completed our training and are seeking links to wider markets. The project’s CBOs are working on climate-resilient activities that can survive prolonged droughts, such as sweet potatoes and poultry farming. By the end of the project’s first year in October 2019, eight CBOs were formed and continuing to grow.

Eco-Farming Project: As of 31st December 2019, Gunvor’s “Eco-farming” project has now been underway for 27 months since October 2017, having enrolled 12,435 members for training. Across its Kiambu, Limuru and Eldama Ravine branches – covering seven counties in total - the project focuses on facilitating the creation of climate-resilient farming-based enterprises. 5,630 enterprises had been created by the end of the year, 3,952 of which being “green”.

The project is training members in “green”, climate resilient techniques that they can apply both in their enterprises and everyday lives. This includes using ‘demo farms’, where our trainers demonstrate how to plant particular climate-resilient crops or perform different methods. Potato farmer Ciliah, pictured above, has incorporated the techniques she learnt through the project to conserve soil and improve yields, including adopting the use of organic manure, crop rotation, and using an improved potato variety. She significantly boosted production and made a profit of KSH 120,000 (US\$1,198) after the harvest – a 281 percent income uplift from the KSH 31,500 (US\$315) she had made from her last harvest.

Start-up in Tanzania: Gunvor is one of Hand in Hand’s founding partners in Tanzania, without whom, it could not be operational in the country. By the end of 2019, Gunvor’s support had allowed to enroll 2,070 community members across Arusha and Kilimanjaro for training. These members have gone on to launch 2,567 enterprises, ultimately improving the lives of over 10,300 people.

Case Studies Building Strong Community Links in Ingolstadt

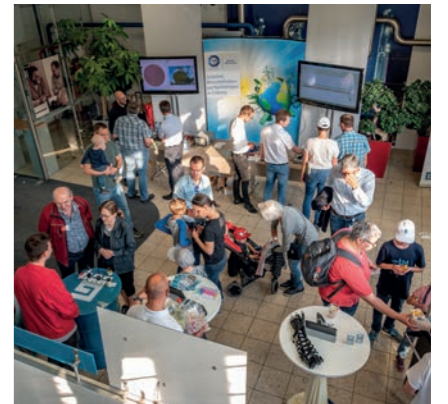
Gunvor Refinery Ingolstadt has built very strong bonds with its local community through regular, direct engagement. One such event took place in May 2019, when more than 2,500 neighbors visited the refinery to have a look at its operations.

The open-door event was part of the “Long Night of Science and Industry” organized by the regional management initiative (IRMA), a networking activity between public authorities, science officials, and companies. The Gunvor refinery and its contractor companies presented their activities and were open for questions and discussions. Typical refinery jobs and education possibilities were presented, with a focus on the apprentice program. No one was left behind as games were offered to kids.

Each year, the Ingolstadt refinery offers between 20 and 30 special guided tours for people from the commercial chamber, universities, schools, government authorities, neighbor associations, and more.

To keep continuous contact with its “neighborhood”, the refinery has also established a public hotline to allow people to easily get in touch. Behind the hotline is a structured system in place to categorize and prioritize incoming calls, and, in case of complaints, to be able to quickly find the reasons for the call and define measures to reduce or eliminate the causes.

The hotline is available 24/7 and immediately after the call, root cause analysis starts, with a callback the next business day. The refinery differentiates between complaints caused by noise, smell or flaring, requests from authorities or general questions.





Compliance Approach & Objectives

During the last decade, Gunvor has spent millions of dollars building an industry-leading Compliance Department. Our teams work continuously to improve company procedures to mitigate risks and anticipate others that exist within the commodities trading sector. Our goal is to maintain the highest ethical standards and comply with all relevant rules and regulations wherever we operate.

Gunvor's Compliance Department is bound by strong corporate governance, which provides a robust process for identifying risks and sound oversight to ensure effective risk mitigation. The Group Compliance Committee (GCC) serves as the main point of accountability for the Group's Compliance activities. The GCC includes senior members of Gunvor's Executive Committee, as well as representatives from Legal and Compliance. It reviews all aspects of the Compliance risk mitigation plan and acts as a point of escalation.

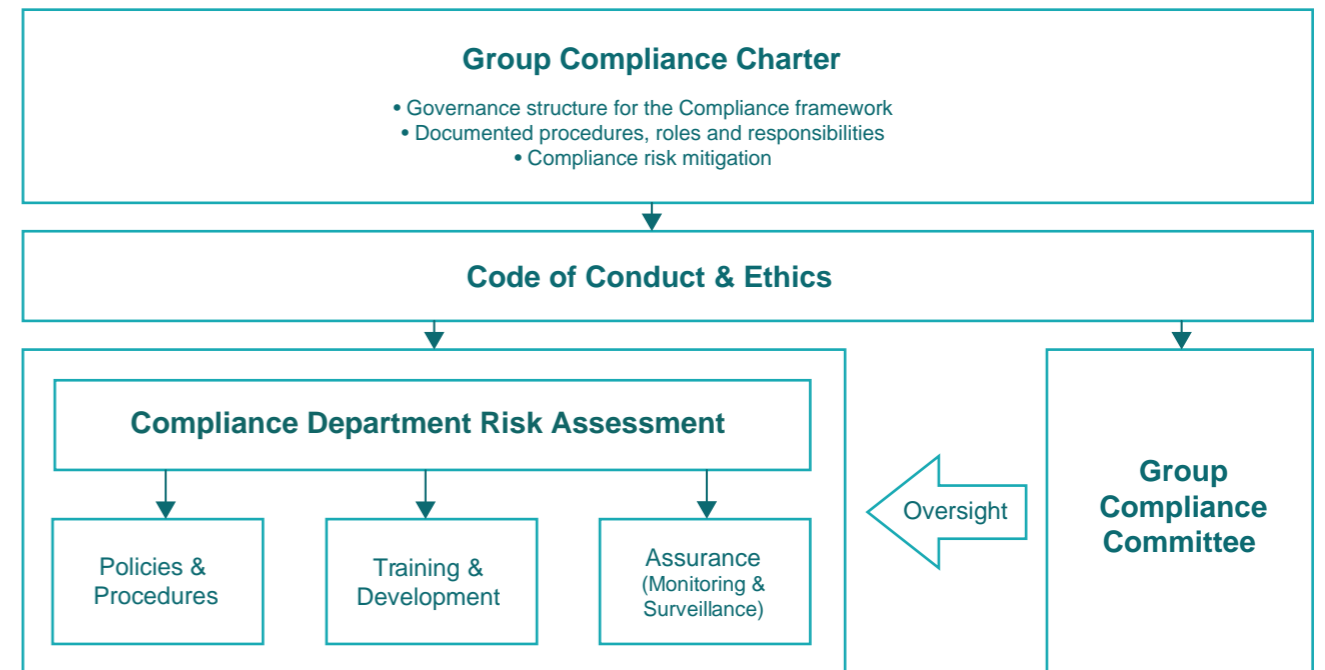
Gunvor Compliance Department oversees all of Gunvor Group's operations, ensuring that all activities are conducted within the requirements of applicable laws, regulations and Gunvor's own principles of Ethics and Integrity as stipulated in the Code of Conduct & Ethics.

As a fully integrated risk management department within Gunvor, the Compliance Department operates control systems, which allow Gunvor to identify and effectively manage compliance risks in a timely manner.



The Gunvor Compliance Department is staffed by 17 professionals who come from the Finance and Corporate industries, giving Gunvor a very broad knowledge and experience base, to provide Gunvor with the best advice and risk management.

Although Gunvor has an existing, well established, Compliance programme, the Compliance department continues to reassess the risks and mitigation processes to ensure the most optimal risk mitigation and adapts quickly to changing business needs.





Compliance In Detail

2019 saw the Compliance department continue its efforts to further develop the KYC and ABC programme. This resulted in the hiring of three new employees dedicated to this function. Of these new hires, two are senior members of the team having been hired from a Regulated Bank and from an Oil Major.

In 2018, Gunvor had engaged external consultants TwentyFifty to assist Gunvor's implementation of the UN Guiding principles on Human Rights. In 2019, the implementation work has continued, as developed in the Human Rights section of this report.

- **Anti-Bribery & Corruption:** As a company active in the global commodities markets, bribery and corruption and money laundering remain amongst the top risks to the company and as such have a high proportion of resources dedicated to it.

In 2019, the Gunvor Compliance team continued rolling out its Anti-Bribery & Corruption mitigation plan. Compliance is expanding further the areas of thematic reviews, for example conducting more in-depth reviews of its incorporated and un-incorporated Joint Ventures with third parties, even where Gunvor is a minority partner. In some instances, this has involved the Gunvor Compliance department providing advice and training to our Joint Venture partners to ensure that the principles of the Gunvor Code of Conduct & Ethics are adhered to at all times.

- **Counterparty Due Diligence:** Since 2019 has seen the completion of the project to link all Gunvor's principal trading and operational systems to the central Compliance Counterparty Management System (CMS), Compliance is working on linking the remaining minor systems, which represent a negligible percentage of the Gunvor business. All counterparty due diligence is centralized in a single compliance controlled system ensuring uniformity of processes, oversight and control. Gunvor continues to push forwards with more automated and sophisticated controls, with improved on-going screening tools being implemented.

- **Sanctions:** As a large actor in the global commodities markets, Gunvor takes its sanctions obligations very seriously. Throughout the counterparty due diligence process, sanctions checks are carried out, through third party systems as well as Gunvor own internal processes. On a daily basis, Gunvor sends all its active business counterparties, including relevant associated individuals, to an external vendor to conduct daily screening, which includes sanctions issues. Gunvor continues to ensure awareness of sanctions issues across all its teams through the face to face annual compliance training.
- **Vessel Screening:** Gunvor has continued to work closely with PoleStar in relation to vessel screening. The PurpleTrac system is fully integrated within our CMS system, leveraging the interface and escalation technology already in place. On any one single day, Gunvor's Chartering teams screen approximately 15 vessels.

In 2019, Gunvor decided to expand its screening to vessels used but not chartered by Gunvor, such as Gunvor's FOB purchases and CIF/CFR sales. Gunvor's system integration allows easy increase in screenings, providing additional risk mitigation at little or no cost to the Gunvor business.

- **Markets Compliance:** 2019 saw the Advisory Compliance team continue to improve and enhance the existing compliance program relating specifically to Gunvor's trading activities. In addition to be located on all Gunvor's main trading floors, the Advisory compliance team are always looking to increase visibility and knowledge of Market Abuse related issues.

The Advisory Compliance team use of automated surveillance has increased with the completed implementation of TradingHub's Market Abuse Surveillance Tool (MAST). In addition, work has started on global implementation of physical market surveillance tool, ensuring Compliance's oversight of all markets it operates within.

- **Regulatory Engagement:** As a participant in the global physical and financial markets, it is important Gunvor participates in the debates and discussions, to ensure the continued orderly functioning of the markets. Gunvor participates in industry bodies, as we see this as the best method to achieve meaningful engagement. Gunvor is presently a member of ISDA, EFET, STSA and CMCE, as well as its direct representation to relevant regulatory and governing organizations.

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