



GUNVOR SUSTAINABILITY COMMITMENTS

Gunvor to cut Scope 1 & 2 emissions 40% by 2025

As a leading global physical commodities trading company, Gunvor Group is inherently equipped to be responsive to market changes, and the company's success over the last 20 years is based on its ability to do so. While Gunvor has historically focused on the safe and efficient movement of crude oil and oil products, the company has been for more than a decade diversifying into new commodities and strategies in response to shifting markets and opportunities. About 50 percent of Gunvor's trading today consists of "transitional" commodities, based on the EU Taxonomy, which includes biofuels, natural gas, and liquefied natural gas (LNG). The company has also ceased physical coal trading and acquired biofuels plants. Gunvor was the first physical energy trader to launch a sustainability-linked financing, directly tying its performance in 15 different environmental, social, and governance (ESG) criteria (including emissions reduction) to the interest rate of a facility.

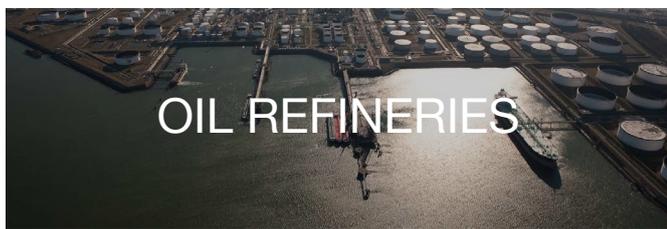
To build on this record, Gunvor now commits to both further improve the environmental impact of its current trading portfolio and invest in new sustainable commodities and businesses. Decisions made will be done not only in response to our desire to uphold our position as a responsible company, but because Gunvor believes it is possible to do well by doing good. Due to fundamental economic and logistics reasons, hydrocarbons will continue to be a part of the global energy mix for the foreseeable future. Therefore, steps must be taken today to effectively manage, limit, and where possible eliminate emissions. The commercial viability of sustainable sources of energy is also being increasingly realized. As new commodities enter and grow, Gunvor will be a part of ensuring their safe and efficient movement to help balance markets.

As a part of these efforts, Gunvor Group has begun to undertake the following commitments:

- ▶ Established dedicated vehicle, Nyera (Swedish: "New Era"), to formalize non-fossil fuel investments comprising a minimum of 10% of net equity that, with leverage, is expected to amount to a commitment of at least half-billion dollars (USD).
 - » Areas of Nyera's focus include carbon capture and storage, renewable fuels, renewable power, and alternative fuels, including ammonia and hydrogen.
- ▶ Company's major credit lines will continue to embed specific sustainability-linked goals with linked KPIs.
- ▶ For existing and new trading, dedicated programs will be established to reduce emissions and environmental impact, while taking into account human rights considerations, in line with our commitment to the UNGPs on Business & Human Rights.
- ▶ Emissions from refineries will continue to decrease compared to 2019, through efficiency projects and a switch to renewable and carbon neutral electricity.
- ▶ 100% of owned ships and 75% of time charter shipping fleet will be "eco-vessels" by 2022, with an overall 100% before 2027.
- ▶ Gunvor is in the process of finalizing its assessment of Scope 3 emissions, including those linked to the traded commodities and voyage charters; the company commits to follow the IMO improvement in efficiency targets of 40% by 2030, as per Gunvor's membership in the Sea Cargo Charter.

REDUCING EMISSIONS TODAY

For Gunvor, the two most significant activities that generate greenhouse gas emissions are the company’s industrial activities, specifically its European oil refineries, and its shipping fleet, both owned and chartered. Gunvor has committed to taking significant steps to reduce and/or compensate scope 1 and 2 emissions by 35% and 95%, respectively, by 2025, compared to 2019.



While Gunvor’s three oil refineries already have a significant track record for Scope 1 emissions reduction as a result of strict compliance with European regulations, operational transformations, and energy efficiency initiatives, the company will take additional steps to create improvements. Specifically:

- **Gunvor Refinery Ingolstadt (GRI)**
 - » In coming years, the refinery will undertake focussed projects on heating systems and exchangers to continue improving its energy efficiency and reduce its emissions.
 - » A planned turnaround will take place in 2023 allowing additional reductions. Specific projects will be undertaken on key units, including the Fluid Catalytic Cracker unit, improving efficiencies, reducing emissions and power consumption.
 - » GRI is currently in the process of completing the last phase of its project to provide heating to the local Ingolstadt community, which reduces the Ingolstadt area’s carbon footprint by 10% of the refineries emissions.

- » The refinery is strategically located to be part of the future energy landscape of the European Union. In the mid-term, the company is working on decarbonising its processes, along with the mobility industry, while looking into green hydrogen solutions or waste to fuel projects.
- **Gunvor Petroleum Rotterdam (GPR), Gunvor Petroleum Antwerp (GPA)** have been transformed in the last 2 years, with GPR having shuttered its crude processing units, and GPA being mothballed. Looking ahead, we believe that their strategic locations will allow Gunvor to contribute to the transition towards “greener” fuels, especially for the shipping industry.
 - » In Rotterdam, new processes around hydrogen and co-processing of vegetable oil are being developed.
 - » In Antwerp, terminal activities continue at the site, and future development opportunities are being assessed for the land and the mothballed refinery.

Overall, Gunvor commits to undertake programs to mitigate emissions related to development of all of its industrial activities. The company will achieve a net reduction of Scope 2 emissions in its refineries by switching to renewable and carbon neutral electricity.

Gunvor also owns two biodiesel refineries in Spain, which have been full refurbished and are operating at fully capacity. Their Scope 1 and 2 emissions are less than 1% of Gunvor’s overall emissions. The fuels produced at these plants enable greenhouse gas savings in the range of 85%. Gunvor does not have Scope 1 and 2 emissions from oil and gas production activities.



Gunvor, through its subsidiary Clearlake Shipping, has begun to transform the company’s fleet to comprise a greater percentage of “eco” vessels, which are ships meeting standards for design, construction and operation beyond statutory requirements and translated into class notation.

Gunvor’s fleet, which used to consist of 73% non-eco vessels, is being transformed to comprise 100% owned and 75% time chartered “eco”-vessels by 2022, with the goal of it comprising 100% eco-vessels by 2027 latest.

The company will further incorporate:

- ▶ Carbon intensity in its vetting process, with any vessel rated “D” or “E” to require special internal approvals.
- ▶ Route modelling and live tracking to optimize each vessel’s voyage.
- ▶ Low or zero emission fuel ready ships in our time charter fleet (such as those that run on ammonia)
- ▶ Direct cooperation with shipbuilders and owners to build ships running on low or zero emission fuels.

Gunvor has also reduced the carbon footprint of the commodities it trades. Already, the company has permanently ceased the trading of coal, and increased significantly the trading of biofuels, natural gas, and LNG. For 2020, about 50% of our trading is Energy Transition commodities. Gunvor will:

- ▶ Continue to expand in LNG and natural gas; reviewing opportunities in the gas to power space (e.g., Vietnam project).
- ▶ Continue to build out power trading to include trading of renewables and energy transition commodities.

Gunvor further commits to developing programs for offtake opportunities in order to manage emissions and any potential environmental impact, including human rights considerations.

Measurement of related trading emissions will be included in the company’s Scope 3 figures in the future, while Gunvor will be working directly with partners to manage risks. We are working on reducing the emissions due to travel and energy consumptions in offices. Gunvor is also contributing to efforts to support the commercialisation of alternative fuels and carbon reduction technologies, through membership of:

- ▶ [Ammonia Energy Association](#)
- ▶ [Global Carbon Capture & Storage Institute](#)
- ▶ [Hydrogen Europe](#)

INVESTING FOR TOMORROW

To realize Gunvor’s goal of dedicating 10% of net equity to non-fossil fuel investments over the next three years, the company has established an investment vehicle, Nyera, which in Swedish means “new era”. Nyera will employ funds which, with leverage, is expected to amount to a commitment of at least half-billion dollars (USD). Depending on partnership structures and opportunities, this will evolve over time. Areas of immediate interest for Nyera include:

- ▶ Deployment of capital in renewable power (e.g., solar, biomass), including supporting projects through offtakes and investments. Consistent with Gunvor’s overall corporate strategy, investments will be to complement trading activities, which in this case will support the further development of the company’s Power Desk.
- ▶ Exploring opportunities in the alternative fuels space, such as ammonia and hydrogen, to support the commercialisation of these fuels as part of the global energy mix. Blue and green hydrogen, in particular, has the potential to be commoditized, and is an area of significant focus.
- ▶ In connection with the aforementioned initiatives being undertaken at Gunvor’s three refineries, Nyera will look to invest in the facilities’ existing infrastructure, both in terms of energy efficiency and emissions reductions initiatives, and to develop logistics and supply chain capabilities for green ammonia and green hydrogen.
- ▶ Exploring the potential to increase the biofuel component in the marine fuels used by the company by leveraging on our strengths in biofuels and blending in key maritime hubs (e.g., ARA).

The targets and goals outlined in this document represent the formalization of Gunvor’s path in the context of the “Energy Transition.” These will be updated and elaborated upon over time. Ultimately, Gunvor’s trading activities must be performed on a commercial basis, and therefore the company will be deliberate and prudent in the steps it takes to ensure a sustainable long-term model.

Gunvor Group is one of the world’s largest independent commodities trading houses by turnover, creating logistics solutions that safely and efficiently move physical energy from where it is sourced and stored to where it is demanded most. With strategic investments in industrial infrastructure—refineries, pipelines, storage and terminals—Gunvor further generates sustainable value across the global supply chain for its customers.