



INTRODUCING THE 2023-2027

TRAFIGURA FOUNDATION STRATEGY

Our vision

A world where individuals thrive and communities prosper in harmony with the planet

Our mission

To invest in catalytic solutions for resilient communities and ecosystems

Our principles

Driving impact through catalytic solutions

Leveraging long-term investment through partnerships

Empowering resilient communities

Championing ecosystem-based adaptation

Collaborating for scale and effectiveness

Supporting community-centred insight and action

Our strategic rationale: responding to a burning imperative

Climate change worsens existing inequalities and disproportionately affects the most vulnerable. It disrupts global supply chains affecting the flow of goods and services required for individuals to thrive.

There is a **burning imperative to increase climate funding**.ⁱ Philanthropic investment in climate has increased substantially but continues to be small compared to other funding priorities.

The majority of climate funding available currently goes to mitigation.ⁱⁱ While decarbonisation strategies are indispensable and should be scaled up, many effects of climate change are already irreversible. **Adaptation strategies are therefore essential** to building resilient communities, supply chains, and ecosystems.ⁱⁱⁱ

Without a step change in support, adaptation actions will be outstripped by accelerating climate risks, which would further widen the adaptation implementation gap^{iv} and increase the risk of climate-related humanitarian crises.

The **Trafigura Foundation** will become an enabler of solutions focusing primarily on climate adaptation, the socioeconomic needs of vulnerable communities, and their connection with global supply chains.



The Intergovernmental Panel on Climate Change estimates that up to **3.6 billion** people currently live in high climate risk areas.

Our approach



A broad geographic scope

We will prioritise interventions with a broad geographic scope. We focus primarily on regional initiatives in Latin America, Asia, Africa, the Caribbean and the Pacific, alongside global initiatives. We will consider country-specific initiatives when they are scalable, replicable, and have the potential for significant impact.

1. Collective action

We will engage with a broad spectrum of actors, including philanthropists, development agencies, multilateral organisations, investors, academia, and donors. We will champion collaboration, ensuring our investments add maximum value to ongoing efforts by serving to leverage other funding and attract additional expertise.

2. Long-term commitment

We partner for the long run. Our partnership cycles are three to nine years. We invest in organisations and coalitions that set ambitious goals, supporting their initiatives from inception to maturity.

3. Additionality

Our climate adaptation work will bring additionality to the philanthropic community, whose climate efforts and investments are primarily centred on mitigation.

4. Learning

We are always learning. We are backed by our 15-year experience in philanthropic giving, working with vulnerable communities and supply chains around the world. Our partners on the ground provide essential insight into the practical day-to-day progress and impact of projects, and the experience of communities. We use these learnings to continuously improve our approach and processes, and to direct our investments for maximum impact.



Our toolbox

CATALYTIC FUNDING

Our investments are **patient, flexible, and risk-tolerant.**

Our portfolio includes grants as well as impact and blended investing to **spark innovation, scale up solutions, and mobilise collective action.**

STAFF ENGAGEMENT

We will mobilise the **expertise, resources, and energy of Trafigura executives and employees** across different geographies to gain insights, strengthen our partnerships, and inspire a **philanthropic spirit** throughout the Trafigura family.

PARTNERSHIPS

We can only achieve our mission by working with others.

We will **step up our partnership model** by engaging with coalitions, other donors, and philanthropic associations.

We will be rigorous in assessing and selecting partner organisations and coalitions, and in co-creating our interventions with them. We will also be rigorous in **evaluating our impact, in learning from our partners, and in sharing those learnings** openly.

Our areas of work

We see our areas of work as interconnected rather than separated business units. The synergistic interplay between these three areas will allow us to address social, economic, and environmental challenges systemically. We recognise the interdependency between human and natural systems and strive for long-term benefits for communities and ecosystems.



Sustainable livelihoods



THE CHALLENGE

For workers living in vulnerable communities, there are relatively few skills development and job placement programmes preparing them for the job market and helping them to find work. Micro, small, and medium enterprises (MSMEs), which collectively employ 45% of the global workforce^{vi} and are the largest suppliers of products and services across global supply chains, are frequently limited in their capacity to invest in innovation and technology and to respond to new business opportunities.

Climate change further complicates the situation. Jobs and business opportunities in mining, fossil fuel-based energy generation, manufacturing, forestry, and agriculture are likely to be lost or structurally changed by severe weather events and the transition to a greener economy. Increased demand for climate-resilient products and services across supply chains will require MSMEs to innovate, evolve, and diversify their portfolios and capabilities.^{vi viii}

OUR RESPONSE



Fair and just transition for workers

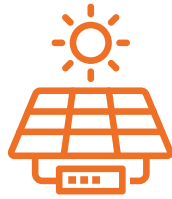
We will partner with and invest in organisations that are leading the development and implementation of skilling programs that build new labour forces, including supporting workers whose jobs are at risk because of climate change. We aim to scale training for underrepresented groups such as women, youth, and minorities so that they can benefit from green job opportunities, reducing the inequality gap.



Green entrepreneurship

MSMEs are uniquely positioned to create jobs, unlock local solutions that drive climate adaptation, and build resilience to climate change. Thus, they become agents of climate resilience themselves.^{ix}

Our MSME investments will follow a twofold approach. First, we will invest in making MSME operations more resilient to climate risks. Second, we will use catalytic grants and impact investing tools to support MSMEs to develop and bring to market new green businesses, eventually connecting those with business opportunities across global supply chains.



Green energy communities

We will invest in accelerating innovation and providing access to affordable, reliable clean-energy solutions for last-mile communities. These are rural populations far from the grid where private and public investments are unlikely to occur. Our aim is to increase their climate resilience and improve livelihood opportunities and income. To provide the most strategic use for our funding in this vast area, we will collaborate and partner with clean energy donors, coalitions, and impact investing funds.



MSMEs generate as much as **33%** of GDP in developing countries.^x



Thriving nature



THE CHALLENGE

Healthy ecosystems provide essential services for human well-being, increase climate resilience of communities, and protect business assets across global supply chains. However, ecosystems are showing rapid decline worldwide.^{xi}

Ecosystems serve as natural buffers against extreme weather, protecting vital infrastructure and saving lives, while simultaneously providing many other crucial ecosystem benefits such as food and water.^{xii} The approach known as ecosystem-based adaptation (EbA) harnesses nature-based solutions and ecosystem services to help people adapt to climate change.^{xiii} Although EbA is a cost-effective and sustainable way to address climate resilience challenges, one of the main barriers for EbA is the lack of public and private funding for testing and implementation.^{xiv}



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THE DEGRADATION OF FORESTS, FARMLANDS, AND COASTS IS ALREADY AFFECTING THE WELL-BEING OF AN ESTIMATED 3.2 BILLION PEOPLE.^{xviii}

OUR RESPONSE

We will invest in partnerships that focus on testing and scaling-up EbA approaches. Our partnerships will specifically support the sustainable use, management, and restoration of ecosystems by involving local communities as the stewards, knowledge-holders, and owners of those resources.



Scaling up ecosystem-based adaptation

We will focus on scaling up EbA by investing in new and tested solutions, technologies, and approaches. Our investments will also serve to connect communities with practitioners to encourage learning and the transfer of best practices across regions.

We will also invest in nature-based solutions that reduce climate risks for built infrastructure and

communities, such as investment in mangrove restoration for coastal protection and forest management for slope stability.



Ecosystem restoration and management

We will invest in programmes that increase the capacity of vulnerable communities to implement ecosystem restoration, management, and conservation initiatives from an EbA perspective.



Climate-resilient agriculture

Smallholders represent 75% of global farms^{xv} and produce a third of the world's food.^{xvi} They are disproportionately affected by weather events.^{xvii} Because of the water-energy-food nexus, disruptions in agriculture and food production

spill over to supply chains and thereby impact global trade.

Accordingly, we will invest in the development, testing and scaling of low-cost, low-carbon agricultural solutions that increase climate resilience. We will integrate traditional and local knowledge, and support smallholders to improve productivity while reducing the impacts of extreme weather events on their farms.



Smallholders produce a **third** of the world's food.

Prepared communities

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FOR EVERY USD100 SPENT ON DEVELOPMENT AID BETWEEN 2010-2018, ONLY 47 CENTS WERE ALLOCATED TO DISASTER RISK REDUCTION.^{xxiii}

THE CHALLENGE

Millions of people are affected every year by disasters. Marginalised communities are more vulnerable and exposed due to a lack of economic opportunities, inadequate basic services, deficient infrastructure, and living in unsafe areas.

One in 23 people on the planet now needs humanitarian assistance, twice the number compared to just four years ago.^{xix} Climate change has exacerbated crises and will continue to do so, leading to more frequent and severe extreme weather events, increased food insecurity, displacement, and economic vulnerability.^{xx}

Although funding for disaster response and humanitarian crises has increased, it still falls short of meeting the actual needs.^{xxi} At the same time, there is growing recognition of the need for holistic approaches to disaster response, but investments in prevention continue to lag behind.

Investing in disaster risk reduction saves lives and money. Local communities are uniquely positioned to identify immediate needs, coordinate preparations, supplement official response efforts, implement emergency response programs, and contribute to local decision-making for future events.^{xxii}





OUR RESPONSE



Disaster risk reduction

We will partner with global organisations and coalitions that promote risk assessments, community-based disaster preparedness, early warning systems, resilience-building activities, and nature-based solutions.



Disaster response

When disasters occur, we will support organisations that offer timely and effective relief and recovery efforts, including efforts to restore infrastructure, livelihoods, and basic services. In those cases, we will prioritise projects that address the immediate needs of affected communities while considering their long-term recovery and resilience-building. We will prioritise community-centred and locally-led approaches that promote gender equality and foster social cohesion in the prevention, recovery, and rebuilding process.

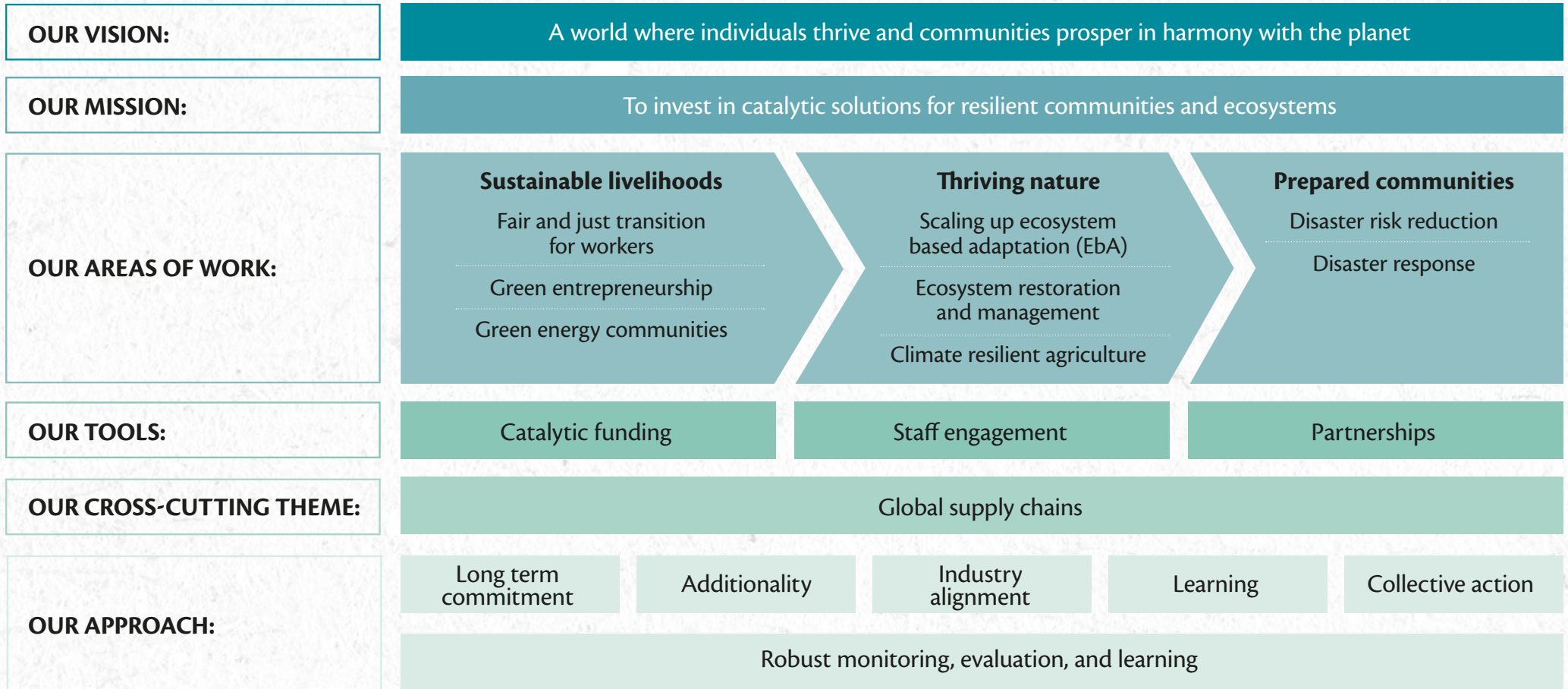
**The crosscutting theme underpinning our strategy:
responsible supply chains**

Supply chains are our crosscutting theme, common to all our activities because of their power to connect local communities with jobs, products, and services that have a global reach. Supply chains are also particularly susceptible to disruption from extreme weather events.

By investing in initiatives for livelihoods, ecosystems, and communities, we will work in countries and regions which support major supply chains. These initiatives will address drivers of vulnerability, including unemployment and low productivity, ecosystem degradation, low coping capacity, lack of investments for innovation and scaling up of local MSMEs.



Our strategy at a glance



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