



Zug Commodity Association

Annual Report 2018

Dear members and friends of the Zug Commodity Association,

Your membership and interest in the Zug Commodity Association (ZCA) is highly appreciated, and we are delighted to deliver insight into our **seventh year** of existence.

As usual, commodity markets have behaved heterogeneously, with some prices having gone up (e.g. lead +19% and wheat +18%) and other down (take coal -22% or worst performing crude oil -25%). As prices are signals of shortages, they keep on helping producers, consumers and traders to respond.

Of course, markets are different. Chinese strategies drive the steel market. Shipping's 2020 low Sulphur fuel rules affect everyone from oil producers to sellers and shipping companies. Global energy transition towards wind and solar power will surge up demand for energy base metals. Besides, new technologies do emerge. At this time, a series of blockchain-based platforms (Komgo, VAKT, we.trade, Voltron) compete with each other for efficiency and scale.

Politically, populism continues to be strong, and the "world order" has become more disorderly, thus eventually, new ideologies could emerge.

What does it mean for us? ZCA keeps on with doing within its reach what it can best: liaise with stakeholders, organize events, educate.

1. Seventh year of existence

ZCA did reasonably well during 2018. We held a whole series of interesting events in Zug. The membership base has remained stable.

We have deepened collaboration with our neighboring associations in both Lugano and Geneva, and regular and intense interactions took place within our umbrella organization Swiss Trading and Shipping Association (STSA). Besides, the multi-stakeholder dialogue with governments and NGOs keeps on going. ZCA fully supports the UN Guiding Principles on Business and Human Rights.

The canton of Zug and its municipals have elected on both levels new councils and new members of parliaments, omitting striking surprises.

Decisions that are more fundamental are on its way on national level; with votes on a tax reform and on a law on assault weapons. The tax reform should make Switzerland's tax jurisdiction more attractive, while rejecting the reform would delay alignment with OECD standards. Similarly, the revised weapons law would strengthen Swiss collaboration within the Schengen Dublin agreement, while rejecting the new law would jeopardize it.

Finally, the EU seeks an institutional framework agreement with Switzerland in order to peg down the hitherto bilateral way. The debate is on and getting somewhat emotional. ZCA is in support of the proposed agreement, which the Swiss government has negotiated and presented to the public.

We thank you for being our member, and for your continued loyalty. We look forward to many further interactions and interesting discussions with you and your team members going forward.

2. Activities in 2018

a) Board Members

Compared to the previous year, Ashwath Mehra replaced Werner Pfaffhauser as Vice President, after having decided not to make himself available for re-election to the board.

Executive Board:

Martin Fasser (President)
Phil Edmonds (Vice-President)
Ashwath Mehra (Vice-President)
Martin Spillmann (General Secretary)

Board:

Steve Hodgson
Irina Limonova
Bryce McFerran
Patrick Nützi
Yasmina Rauber
Margarita Zvezda

During 2018, six Board Meetings were held.

We propose the Annual General Meeting the following changes:

Leaving:

All of the existing board members make themselves available for re-election for another year.

New joiners:

No new board members are up for election.

b) Member and educational activities

ZCA welcomed in 2018 as new members:

- Brady Energy AG / Brady Plc
- Degussa Goldhandel AG
- Gazprombank (Switzerland)
- IMR Metallurgical Resources AG
- Integral Energy AG
- Nord Stream 2 AG
- TMT Metals AG
- VARO Energy Marketing AG

We are delighted having these new members on board of our Association.

The following members resigned in 2018:

- UniChrome AG
- Concordia Maritime AG
- Ocean Energy GmbH
- UBS Switzerland AG

As in the previous years, one of the main priorities of the ZCA has been to organize events with business related topics together with members and their business partners. Margarita Zvezda has handled these events with great dedication and inspiration (see appendix for details). Generally, these events are open for non-members for a symbolic charge and free for ZCA Members, allowing our Association to cover part of the costs. The ZCA will continue to offer dedicated events to its members and their employees in 2019 and to interested parties, who are welcome to join. We are confident that our events are an opportunity to reflect most actual topics in the commodity world and a great place for speakers and sponsoring partners to build their network and generate new business out of these activities.

The following list reflects meeting and activities, which took place during 2018, organized by the ZCA or in cooperation with ZCA. Monthly informal gatherings of commodity professionals continue to take place every first Tuesday of every even month in Zurich and every first Wednesday of every odd month in Zug.

Our digital platform also promoted several external events. Beside these events, different one-to-one meetings with local and national authorities took place.

ZCA's calendar of events continues in 2019. For additional details, please see **Annex I**.

- **17 January 2018**
Evening Event – Blockchain Technologies, Machine Learning, Artificial Intelligence & their potential in Commodity & Finance
- **24 January 2018**
STSA Breakfast Meeting with focus on the fiscal reform (PF17) and the step-up in political negotiations at both federal and cantonal level
- **21 March 2018**
Evening Event - Dispute Resolution in Commodity Contracts
- **4 April 2018**
Evening Event – An interactive case study covering shipping, trading and banking issues
- **10 April 2018**
CIPS Evening Event – Procurement & Supply chain evening event
- **18 April 2018**
Evening Event – US Tax Reform and tariffs on imports of steel and aluminium – What is the impact for the Commodity Sector?
- **2 May 2018**
Afternoon-Event: Shipping and Trading Law Seminar
- **15 May 2018**
Evening Event – Turkey in today's context
- **22 May 2018**
Evening Event – Charterer's protective agency
- **6 June 2018**
ZCA Lunch & Learn – New Opportunities with 1E Pension Solutions
- **12 June 2018**
MME Evening Event – Transportation Litigation and Arbitration in London
- **13 June 2018**
WISTA Evening Event - Digitalization on Ships - June 13, 2018
- **20 June 2018**
Lunch & Learn - The Federal Council's expectations of the Corporate Sector and an Introduction to Human Rights Due Diligence
- **27 September 2018**
Workshop - Compliance in the Commodity Industry
- **10 October 2018**
ZCA Evening Event - Changing the game:
New horizons in Trade Finance and Trade Logistics with Blockchain
- **11 October 2018**
Afternoon Seminar - Management Training
- **7 November 201**
Day Event- Human Resource Related Topics in the Commodity Industry
- **29 November 2018**
Afternoon Seminar - Long term commodity supply contracts

c) Political activities

Provided the tax proposal 17 (TP17) becomes accepted by voters on 19 May 2019, it will become swiftly implemented on cantonal level. The respective cantonal tax law has already been prepared and is currently in a consultation round with various stakeholders. Also ZCA is invited to provide its views and inputs.

The contentious Responsible Business Initiative enjoys the support of a broad coalition comprising of 85 NGOs. It could come up for vote in early 2020. Meanwhile, the two chambers of parliament are still discussing a counter proposal. However, with the outcome remaining uncertain, ZCA continues to support the STSA on how the "UN Guiding Principles on Business and Human Rights are best implemented into the Swiss commodity industry.

During 2018, ZCA board members met with various Zug members of the national parliament in both chambers to exchange views and ideas.

The ZCA also met regularly with related Industry Associations in Zug. Two times during 2019, it has met with all Cantonal Councils of the Zug government.

d) Media / public relations

While the public media interest in commodity related topics and into our association has abated, there is continuing interest from students in writing a thesis or dissertations about commodities or the commodity industry. Whenever possible, ZCA supports and helps to find the appropriate interview partners.

Through the collaboration with the STSA, ZCA can provide a weekly overview of the media activities to our members.

All ZCA members should support the Association in these activities to ensure that a truthful view of the role and value of our industry in everyone's daily life is firmly anchored in the public's mind.

e) Cooperation with Lucerne University of applied Sciences

ZCA will continue collaborating with the Institute of Financial Services Zug (IFZ), which is part of the Lucerne University of Applied Sciences and Arts (www.hslu.ch). IFZ is serving as the association's secretariat, administrating the daily needs of ZCA.

Lucerne University of Applied Sciences and Arts will in 2019 again offer a Certificate of Advanced Study course, called CAS Commodity Professional. The newest course has started on May 2.

<https://www.hslu.ch/en/lucerne-school-of-business/continuing-education/cas/ifz/commodity-professional>



A proud class of the 2018 CAS Commodity Professional graduated in November 2018

The premises of IFZ at Grafenauweg 10 in Zug will continue to be the venues of most of the ZCA events. By September 2019, IFZ will move to Zug Rotkreuz. ZCA will continue to offer events centrally in Zug. However, we will move across the street from Grafenauweg 10 to Aabachstrasse 7 (KBZ building).

3. Use of resources

The ZCA Board will continue to manage costs carefully, grow the membership base and influence of the association, promote events together with its members, generate income from non-members participating in the various events, so that we can remain confident that our financials will continue to develop soundly.

ZCA is therefore planning to keep its yearly membership fees unchanged at CHF 3'000.- per company and year. Please bear in mind that with this yearly contribution, all employees of a membership company have full beneficiaries of all ZCA services.

4. Ambition, plans and outlook

To continue providing best services to our members, ZCA appreciates inputs of all members regarding improvements on the associations, topics to cover, allowing ZCA to improve and offer more and customized services to its members.

ZCA will continue to be the first contact in the Swiss German speaking part to all interested parties, companies, Federal and Cantonal Administration, politicians, journalist as well as students, for commodity related interactions. It will continue to offer educational offers such as the CAS in combined effort with the IFZ. In addition, networking events have been enforced in the form of bi-monthly informal networking gatherings together with the Commodity Club in Zurich. In addition, the ZCA website and the ZCA LinkedIn Group offers a great platform to its members to promote their events.

I would like to thank the board members, the IFZ and especially Martin Spillmann and his team for their great work. Special thanks also to Margarita Zvezda who puts a program in place better than we could have dreamt of!

Very kind regards,



Martin Fasser
President of the ZCA

Annex I

Outlook of ZCA Events in 2019

Monthly informal gatherings of commodity professionals continue to take place every first Tuesday of every even month in Zurich and every first Wednesday of every odd month in Zug.

- **30 January 2019**
Evening Event – DNV GL - Energy Transition Outlook to 2050 for the Maritime Industry
- **7 February 2019**
Lunch Meeting - Frequent issues under Swiss-law trading contracts
- **13 March 2019**
Tax Reform and AHV Financing (formerly: Tax Proposal 17): Key takeaways for the commodity trading industry
- **2 May 2019**
Afternoon Event - Shipping and Trading Law Seminar

Other upcoming activities in 2019 where the exact date still needs to be confirmed:

- Annual seminar for HR Professionals
- Updates on the commodity related tax environment
- New technologies impacting commodity related businesses

Members will be continuously informed about new events and the details about new activities will be posted on our website.