



Zug Commodity Association

Annual Report 2019

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 **eighth year** of existence.

2019 was a happy year prior to Covid-19. "Pandemic" was a word hardly ever used in our vocabulary. Compared to the price moves in spring 2020, 2019 commodity prices were "steadily" moving up (metals +4%, agriculture +6%, energy +22%).

How much has life changed by now! But the Covid-19-pandemic has also brought forth the best out of creative people. Hospital and emergency personnel have with enormous commitment and dedication saved lives. Firms have been fixing broken supply chains. Governments have mobilized emergency funding. Most of us have experienced Home-Office.

One year ago, technologies, IMO 2020 and the threatening climate change were big topics. And ZCA also noticed at this point "Politically, populism continues to be strong, and the world order has become more disorderly, thus eventually, new ideologies could emerge." None of these keywords have lost their relevance. One sunny day, the current pandemic will be overcome, however, these challenges will continue to exist.

On a national level the new federal and cantonal tax regimes and the related vote was a big issue, not only for the commodity industry. Fortunately, the Swiss voters accepted the proposed changes which lead to a stable tax environment for the years to come.

The "Responsible Business Initiative" ("RBI") is the other big item on the political agenda that will affect the Swiss based global companies. Corona has brought that discussion to a halt, but it will be picked up again later in 2020 by the Federal Parliament. ZCA together with STSA will continue to work for an acceptable solution.

My personal takeaway keyword in relation to the RBI is "Differentiation". The commodity industry is heterogenous and "Differentiation" should be considered in all the discussions. Copper mining in Africa has other issues to deal with than grain in the Ukraine or oil in Alaska. Even copper in Australia is different to copper in Africa. "One-size fits all" has to be avoided.

Experience teaches that not individual super men will deal best with them, but capable institutions will do, be they big or small. ZCA is a small institution. And it will continue doing its small part, which is what it can do best: liaise with stakeholders, organize events, educate.

1. Eighth year of existence

ZCA did reasonably well during 2019. 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.

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 2019

a) Board Members

No changes took place during 2019.

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 2019, 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 2019 as new members:

- Beringfield AG
- DK Trade AG
- Oasis Trading AG
- Solway Investment Group
- Trade Data Monitor SA

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

The following members resigned in 2019:

- AMR Trading AG
- AOT Trading AG
- Brady Energy AG / Brady Plc
- Deloitte AG
- Integral Energy AG
- SUEK 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. The ZCA will continue to offer dedicated events to its members and their employees and to interested parties in 2020 – currently on a Video basis. We are confident that our events are an opportunity to reflect most actual topics in the commodity world and also a great place for speakers and sponsoring partners to build their network and generate new business out of these activities.

The following list reflects meetings and activities, which took place during 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.

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 2020. For additional details, please see **Annex I**.

- **30 January 2019**
Evening Event - DNV GL - Energy Transition Outlook to 2050 for the Maritime Industry
- **7 February 2019**
Lunch & Learn - Frequent issues under Swiss-law trading contracts
- **13 March 2019**
Evening Event - Tax Reform and AHV Financing (formerly: Tax Proposal 17): Key takeaways for the commodity trading industry
- **2 May 2019**
Evening Event - Shipping and Trading Law Seminar
- **15 May 2019**
Evening Event - Capturing CO2 from air
- **12 September 2019**
Evening Event - IMO 2020 Regulation: Is sailing an option?

- **24 October 2019**
Evening Event - Systematic Trading: Improving Performance with rule-based decision making
- **27 November 2019**
Seminar - Shipping and Trading Law
- **5 December 2019**
Seminar - Letters of indemnity: What the books do not tell you, the standard forms do not cover and the steps you can and should take to protect yourself

c) Political activities

On 19 May 2019 the Swiss accepted in a popular vote the tax reform and AHV financing (STAF) with a 66.4 % majority. After years of wrangling, an internationally accepted and business-friendly tax reform could finally be adopted as of 1 January 2020. The respective cantonal tax law has swiftly been adjusted and put in place by 1 January 2020. In addition, ZCA was invited to provide its views and inputs.

On 20 October 2019 voters reelected the National Council, changing the parliament into a remarkably younger, greener and more female one. The Zug cantonal parliament, too, has gradually adapted to this trend. These parliamentary elections have, however, not changed the government administrations in Berne or Zug, yet.

The EU continues to seek an institutional framework agreement with Switzerland in order to peg down the hitherto bilateral way. The debate was still on by end of 2019. ZCA had expressed its support of the proposed agreement, which the Swiss government has negotiated and presented to the public. Decisions (by popular votes) were expected by May 2020. Unfortunately, Covid-19 has forced the government to put these off for the time being. Meanwhile, priorities have changed on all sides. However, this will not provide more than time.

The contentious Responsible Business Initiative enjoys the support of a broad coalition of almost hundred NGOs. It could come up for vote in 2020. 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 2019, 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

The "Responsible Business Initiative" has brought the Commodity industry back into the spotlight. Although our colleagues at STSA are more engaged with interview requests by media, ZCA also received interview requests or invitations for public discussions. The goal is always to maintain a factual discussion.

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.

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 and Arts

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 had in 2019 again offered a Certificate of Advanced Study course, called CAS Commodity Professional. A proud class of the 2019 CAS Commodity Professional graduated in November 2019.



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

While it was planned to start another class in 2020, the start unfortunately had to be cancelled in view of Covid-19 and an insufficient number of registrations.

In September 2019, IFZ has moved to Zug Rotkreuz. ZCA will continue to offer events meanwhile via Video, in future in both places Rotkreuz and Zug.

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 of the association and 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, journalists 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, although for 2020 the course had to be canceled. 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 lot of effort into the ZCA program!

Very kind regards,



Martin Fässer
President of the ZCA

Annex I

Outlook of ZCA Events in 2020

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

- **22 January 2020**
Evening Event – Blockchain & Trading
- **18 March 2020**
ZCA HR Day - Cognitive diversity - the DNA of innovation
- **9 April 2020**
Online Info - Commodity and Covid-19 - Traders combatting the virus

Other upcoming activities in 2020 where the exact date still needs to be confirmed:

- Annual seminar for HR Professionals
- Webinar on Oil
- Annual seminar with HFW on Shipping and Trading Law
- New technologies impacting commodity related businesses

Due to the corona virus we had to cancel or postpone some events. We will come up with webinars soon. Members will be continuously informed about new events and the details about new activities will be posted on our website.