



# ANNUAL REPORT

October 2020 - September 2021

**STSA** 





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## Foreword of The President



Every year brings its lot of change and humanity adapts. COVID has disrupted manufacturing, supply chains, global transport, science, even the way we work and conduct business and unfortunately, the lives of many.

STSA has not been spared; we started the year with the Responsible Business Initiative (RBI). Our team led a successful communications campaign and the initiative was rejected by a majority of the Swiss cantons but only narrowly.

The time and money invested in the effort were definitely worthwhile but we now have to comply with the future ordinance of the counter-proposal; STSA participated in the government consultation process and is assisting its members with the implementation.

Traders have always considered themselves “B2B” but during this campaign and the preceding one that targeted speculation on food related commodities, we have come to realize that the public is very unaware of the role of our business and our significance to global supply chains. Yet the public is an important stakeholder who votes, not only in traditional polls but also, as consumers, through their buying choices and their support of NGOs. As a result, STSA has added to its mandate the new mission to inform and educate the public about our industry. Transparency in all government and business is a trend that is not fading away; our stakeholders want to know how food arrives at their table, gas into their tanks and cobalt into their cell phones and more generally how commodity traders contribute to the economy and the general well-being. STSA now communicates in French and German to a much broader audience which includes the federal and cantonal authorities, business associations and civil society.

This year, shipping was also a major topic for us due to the major disruptions it has been facing but also because of the challenges of decarbonisation. STSA is a member of the Swiss delegation at the International Maritime Organisation (IMO) and is regularly consulted by the Swiss government on new laws such as the tonnage tax, the strategy of the Swiss flag and on decarbonisation matters.

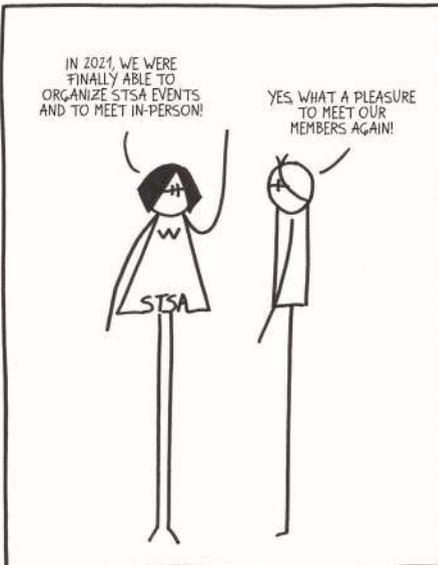
STSA published a White Paper on decarbonisation in the shipping industry; our desire is to push our federal authorities to promote more ambitious goals towards the reduction of greenhouse gas emissions; Switzerland being a major global shipping hub. The Association presented its White Paper during the 16th Parliamentary Dinner in Bern, which focused on “The dual challenge of maritime transport - between economic and environmental sustainability”.

Furthermore, following the various high profile fraud cases in South-East Asia, STSA served as the platform for banks to communicate and exchange lessons learned to strengthen market practice in the field of commodity trade finance.

Education is a major endeavour of STSA, COVID-19 has forced STSA Learning to switch completely to remote teaching as of November 2020. We are very grateful to our professors and our participants who successfully adapted to this new reality.

I am proud to say that the association with its team have been able to face these challenges with persistence and innovation. With the help of my fellow members of the bureau, I look forward to continuing to support the industry and the work of our association.

**Ramon Esteve**  
STSA President



## Interview of The Secretary General

**STSA sent a satisfaction survey to its members. What are the results?**

After 18 months of challenging times for the association, it was important for me to receive feedbacks from members, to make sure the association goes in the right direction and to hear what can be improved to serve you best. I was pleased to read that you are satisfied with the work of the STSA team and the support you get from the association.



**Florence Schurch**  
**STSA Secretary General**

The team worked hard this year and we are very proud that these efforts have been noticed. However, there is always room for improvement, and we aim to be more present in the German part of Switzerland.

According to the survey, the three main reasons for becoming an STSA member are the networking opportunities, the lobbying activities, communications, regular updates on new regulations and policies, and the representation of the industry to the cantonal and federal authorities.

**And what about education & training?**

As far as education is concerned, during this year we had to reinvent ourselves to make sure we will be able to organize training classes as usual. In an effort to maintain the course schedule as planned, we succeeded to convince the teachers to give classes online.

I am satisfied that training offers were well rated by the members, which shows that even with the online courses we have been able to adapt and offer a good service.

**There are comments from members that you are very active. How do you do that?**

During the first Executive Board meeting of the year, STSA's communication strategy was accepted. We launched many projects and adopted new ways of communicating with the media and with journalists. We use the social networks to inform about our daily activities. We have

accepted numerous invitations to give speeches and participate in panel discussions, the more STSA is present in the Swiss public, the more it raises awareness of the commodity trading industry's importance in Switzerland.

We endeavoured to communicate in an effective way, and it has paid off, as 58% of recipients take the time to read our weekly Highlights and other information.

### **What about STSA lobbying activities?**

After last years' vote on RBI, the association continued to follow the governments' deliberations on the new articles in the Code of Obligations and participated in the consultation procedure on the new RBI Ordinance. At the time of printing this Annual Report, the government has not yet released the final provisions that are going to enter into force in 2022.

STSA has been approached by the government to share the position of the industry on different dossiers, such as the Swiss tonnage tax and the future of the Swiss flag. STSA being a member of the Swiss delegation at the International Maritime Organisation (IMO), we work closely with the Swiss Maritime Navigation Office (SMNO) to advance the industry's point of view and evaluate member state proposals at the IMO. Furthermore, STSA has also been asked to develop industry Guidelines on combatting money laundering, terrorist financing and corruption.

We were active on the Net Stable Funding Ratio (NSFR), building a coalition with other cantons and other banking associations to oppose the new standards to implement the Basel III reform.

We worked with the banks in drafting the "Best Practices" in the field of Commodity Trade Finance and with the shipping industry we wrote a White Paper on decarbonization and the importance of the Swiss maritime hub. Without forgetting our activity to defend the members' interests in the payment of the Serafe tax.

### **What do you wish for STSA in 2022?**

The association suffered from the pandemic. We could not meet the members, we could not organize education and training classes in person, neither could we organize events, or lobby properly, since the Federal Parliament was closed for visitors and politicians were not allowed to meet anyone.

I wish to go back to normal and finally start working in a "normal way"... So that I can raise my glass to 2022 and to the success of the industry and of STSA.

## Mission, Core Values & Organisational Structure

As a national umbrella association, STSA's mission is to provide an inclusive platform of exchange for all companies active in the commodity trading with the aim to support their activities, to represent its members' interests in Switzerland, to train young graduates and professionals, and to promote the understanding of the activity within the general public.

### Core Values



**Diversity:** advocating within the industry and beyond



**Transparency:** developing honest and fact-based communications on the industry



**Knowledge:** ensuring a constant pool of cutting edge talents



**Sustainability:** contributing to more sustainable value chains by driving best practices

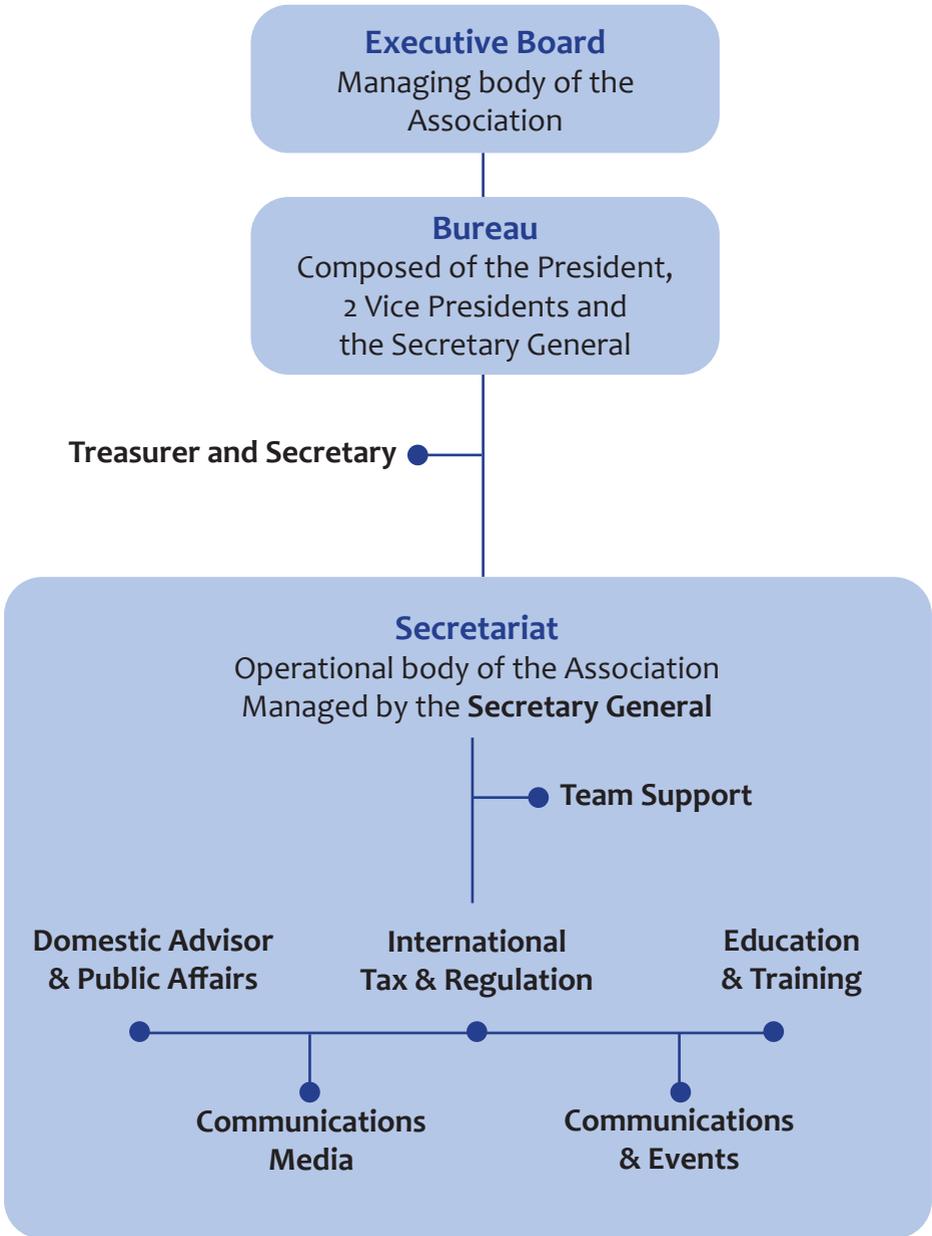


**Engagement:** engaging with all stakeholders to shape the future of the industry



**Representation:** bringing together all commodity classes and actors along the value chain

# Organisational Structure



## Executive Board & Bureau

### Members of the Bureau

The Bureau represents the Executive Board as a support to the daily operations of the Secretariat.



**Ramon Esteve**  
ECOM Agroindustrial  
Corp. Ltd - President



**Hans Christian Jensen**  
ADM International Sàrl  
Vice President



**Jean-Pierre Carles**  
Augusta Energy SA  
Vice President



**Florence Schurch**  
Secretary General

### Other Executive Board Members



**G rard Delsad**  
Vitol SA



**Daniel R fenacht**  
SGS Ltd



**Martin Fasser**  
Zug Commodity Association



**Muriel Schwab**  
Gunvor Group Ltd



**Daniel Jaeggi**  
Mercuria Energy Trading SA



**Matteo Somaini**  
Duferco SA



**Sebastien Landerretche**  
Louis Dreyfus Company Suisse SA



**Nicolas Tamari**  
Sucafina SA



**Dominique Le Doeuil**  
Cargill International SA



**Alexandre Vassiltchikov**  
ING Belgium Brussels, Geneva Branch



**Nicolas Matter**  
Walter Matter SA

### Supported by



**Caroline Clemetson**  
Secretary to the Board



**Christophe Bellino**  
Treasurer

# The Secretariat

at the Members' Service

## Members of the Secretariat



**Florence Schurch**  
Secretary General



**Sylviane Chatelain**  
Training & Education Manager



**Lisa Weihser**  
Legal & Regulatory Affairs



**Raphael Jenny**  
Legal & Public Affairs



**Joëlle Wietlisbach**  
Communications Officer



**Victoria Carles**  
Communications & Events



**Léa Dupraz**  
Team Support Officer

## The Secretariat Activities

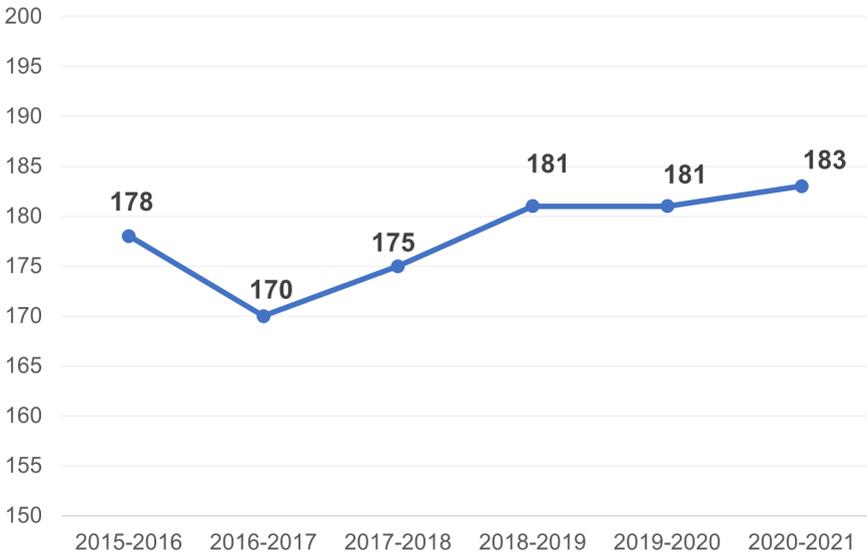


## STSA Members across Switzerland

ABC Maritime AG - ADM International Sàrl - AET - Agro Companies International SA - Agrocean SA - Allied Services - Allseeds Switzerland SA - Alvean Sugar SI, Bilbao, Geneva Branch - AMAGGI SA - Arab Bank (Switzerland) Ltd. - Attijariwafa Bank Europe - Augusta Energy SA - AXA Assicurazioni SA - Banca dello Stato del Cantone Ticino - Banca Zarattini & Co. SA - Bank GPB International S.A. - Bank of China Ltd, Geneva Branch - Banque Cantonale de Genève - Banque Cantonale Vaudoise - Banque Cantonale Vaudoise (BCV) - Banque de Commerce et de Placements - BDO SA - Berry Palmer & Lyle SA, Paris, Geneva Branch - BGN SA - BIC-BRED (Suisse) SA - Bulk Trading SA - Bunge SA - CA Indosuez (Suisse) SA - Cargill International SA - Castleton Commodities Merchant Europe Sàrl - Cc-Ti - Cereal Investments Company SA - CHABRIER Avocats SA - Chambre de Commerce et d'Industrie et des Services de Genève - CHS Europe SA - Coeclerici Commodities SA - COFCO Resources SA - Core Synergy LLC, Geneva Branch - Corner Bank SA - Credit Suisse (Schweiz) AG - Credit Suisse (Svizzera) SA - Cutrale Trading S.A. - Deloitte SA - Deltasteel SA - Département du développement économique - DP Trade SA - DSS International SA - Duferco SA - DXT Commodities SA - East Metals AG - Easteel SA - ECOM Agroindustrial Corp. Ltd - Enet Energy SA - Ernst & Young - Ernst & Young AG - Ernst & Young Ltd - Euler Hermes - Euromet SA - Eversheds Sutherland Ltd. - Ezpada AG - Ferrexpo AG - FIDINAM GROUP HOLDING S.A. - Filhet Allard Maritime - Filhet-Allard Maritime, Geneva branch - First Abu Dhabi Bank PJSC, Swiss Representative Office - Flame SA - Gazprom Marketing & Trading Switzerland AG - Gazprombank (Switzerland) AG - Gerald Metals SA - Gtrade System Suisse S.A. - GTY SWITZERLAND SA - Gunvor International B.V., Amsterdam, Geneva Branch - Hempel Intermetaux SA - Hershey Trading GmbH - Holman Fenwick Willan Switzerland LLP - HSBC Bank Plc, London, Zürich Branch - IBC Insurance Broking and Consulting Lugano SA - IMR Metallurgical Resources AG - Indagro SA - Inerco Trade SA - ING Bank N.V., Amsterdam, Lancy/Geneva Branch - Integral Commodities SA - Integral Petroleum SA - Intercommodities SA - Intertek (Suisse) SA - ITX SA - IXM SA - K2 SA - KazMunayGas Trading SA - Koch Supply & Trading Limited - Kolmar Group AG - Komgo SA - KPMG - KPMG AG - KPMG SA - LAD Trade SA - LCTA (Lugano Commodity Trade Association) - LH Trading Ltd - Litasco SA - Lloyd's Register - Louis Dreyfus Company Suisse S.A. - Lyra Commodities SA - Macquarie Commodities Trading SA - Mekatrade Asia Pte Ltd, Singapore, Geneva Branch - Mercuria Energy Trading SA - MET International AG - Metinvest International SA - Metrading International AG - MKS (Switzerland) SA - MME - MMK Steel Trade SA - Mocoh SA - MRI Trading AG - NLMK Trading SA - Nord Stream 2 AG - Nord Stream AG - Nova Marine Carriers SA - Nützi Christmann & Partner AG - Oasis Trading AG - Oil e Bio Trade SA - Oryx Energies SA - Paul Reinhart AG - Petraco Oil Company SA - PricewaterhouseCoopers Ltd - PriceWaterhouseCoopers SA - PWC - Quadra Commodities SA - REFINITIV Switzerland SA - Rusal Marketing GmbH - Sahara Energy International Pte Ltd - Saras Trading SA - Sberbank (Switzerland) AG - Schellenberg Wittmer - SCTA (Swiss Coffee Trade Association) - SGS SA - SIACI & PARTNERS SA - Siderfer SA - Sierentz Global Merchants SA - Socar Trading SA - Société Générale Corporate & Investment Banking - Sogescol FR SA - Solway Investment Group - SSA (Swiss Shipowners Association) - SSS Simpson Spence Young (Zug) AG - Sucafina SA - Sucden Geneva SA - Swiss trading and Shipping Association (STSA) - Swisslinx AG - Telf AG - Titan Bulkers Sagl - TMT Metals AG - Transamine Trading SA - Trasteel International SA - UBS S.A. - UBS Switzerland AG - UMP Trading SA - UniCredit Bank AG (Munich), Zurich Branch - Université de Genève - Valcambi - VARO Energy Marketing AG - Vitol SA - VTB Commodities Trading DAC, Dublin, Zug Branch - Walter Matter SA - Webcor SA - WISTA - WISTA Switzerland - ZCA (Zug Commodity Association) - ZUERCHER KANTONALBANK - Zug Commodity Association (ZCA) - Zuger Wirtschaftskammer - Zürcher Kantonalbank

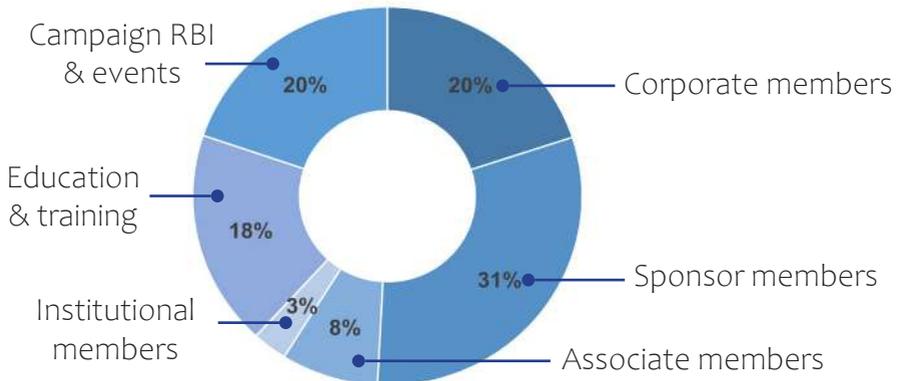
# Membership & Finances

## Evolution in the number of members 2015-2021



## Income by member category & activity 2020-2021

LCTA & ZCA not included



# The Association in Numbers

## Website

### Gender Distribution

**37%** are female

**63%** are male

### Average time spent

**00:02:36** per visit

### Page views

**100'568** over the year

**+2 pages** per visit

### News vs Returning

**84,8%** new visitor

**15,2%** returning visitor

## Social Media

### LinkedIn

**25'611** impressions on average per post

### 30 days overview

+100 followers

+50% of shares

### Device used

**72%** computer

**28%** mobile

### Top 5 use by country

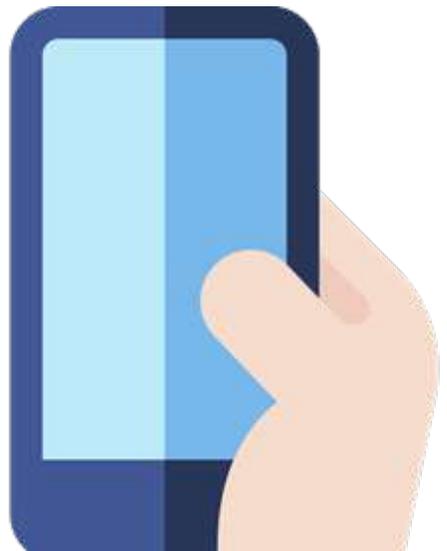
**46%** Switzerland (+11% compared to last year)

United States

France

United Kingdom

India



**A National Association**

close to its Members



**3 Chapters across Switzerland**

Geneva - Zug - Lugano

**180 Members & partners**

Small, Medium and  
Large Companies

**6 Association Committees**

Sustainability,  
Communication, Regulation,  
Trade Finance, HR, Shipping

**One Professional  
Training Center**  
STSA Learning

# STSA



STSA 



**zca** Zug Commodity  
Association

**LCTA**

## Get to know us

### the Secretariat Team

#### Meet Florence Schurch

Secretary General



**What's your superpower?**

Being on the phone while writing an email.

**Which commodity you can't live without?**

My cotton shirt.

**What's your favorite memory of this year at STSA?**

Reading cartoons on commodities.

**Describe your year in a few words:**

Look into the future.

#### Meet Lisa Weihser

Legal & Regulatory Affairs



**What's your superpower?**

I am a Hamburger (not a Berliner).

**Which commodity you can't live without?**

Water, it's the gold of the future.

**What's your favorite memory of this year at STSA?**

Reducing Zoom, Webex and MS Teams time to finally meet in person again; at conferences and afterwork gatherings.

**Describe your year in a few words:**

One challenge brings many opportunities.

### Meet Rafael Jenny

Legal Advisor & Public Affairs Officer



#### What's your superpower?

I can drink 10 coffees a day while remaining relaxed!

#### Which commodity you can't live without?

Definitely meat - apologies to all vegetarians and vegans...

#### What's your favorite memory of this year at STSA?

The afterwork drinks we had.

#### Describe your year in a few words:

Fulfilling and positively surprising!

### Meet Léa Dupraz

Team Support Officer



#### What's your superpower?

I survived a year and a half of online classes at University.

#### Which commodity you can't live without?

Definitely coffee.

#### What's your favorite memory of this year at STSA?

The unexpected fireworks at the STSA Back to Business event.

#### Describe your year in a few words:

20 years old, graduated, first job.



## Meet Sylviane Chatelain

Training & Education Manager



### What's your superpower?

I survived 3 different Secretaries General over the years.

### Which commodity you can't live without?

Rice – I love sushi !

### What's your favorite memory of this year at STSA?

The Graduation of all intakes at la Maison Dufour.

### Describe your year in a few words:

Busy, creative, successful, challenging.

## Meet Victoria Carles

Communications & Events



### What's your superpower?

Read people's mind.

### Which commodity you can't live without?

I can't live without cocoa because a life without chocolate is not worth it.

### What's your favorite memory of this year at STSA?

The meet in-person events at Metropole and Back to Business.

### Describe your year in a few words:

Hardworking, surprising, exciting, meeting inspiring people!



# Our Committees

## Overview



### SUSTAINABILITY COMMITTEE

- Sustainability Self-Assessment Tool
- Implementation of the United Nations Guiding Principles on Business & Human Rights (UNGPs)
- Comprehensive Sustainability Reporting (ESG)



### SHIPPING COMMITTEE

- International Maritime Organization (IMO)
- Seafarers' Rights: Sustainable Shipping Initiative
- Piracy: Gulf of Guinea Declaration
- Swiss Maritime Navigation Office (SMNO)
- Federal Tonnage Tax Consultation
- Federal Swiss Flag Consultation



### TRADE FINANCE COMMITTEE

- Credit Risk - Basel III implementation
- Net Stable Funding Ratio (NSFR)
- Sustainable Trade Finance
- CTF Statements of Best Practices



## REGULATION COMMITTEE

- Implementation of the counterproposal to the Responsible Business Initiative
- AML/CTF/Anti-Corruption Guidelines
- Illicit Financial Flows (IFF) OECD



## HUMAN RESOURCES COMMITTEE

- Training offer
- COVID-19 measures
- Salary surveys



## COMMUNICATIONS COMMITTEE

- New Communication Strategy
- Media Relations
- Public Newsletter
- Communication with members
- Events & Seminars

Our committees **bring together experts** on diverse topics from member companies to discuss current affairs and **define the best way of acting for the industry**. Their role is **key to the unity of our sector**.

### Our Professional Trainings

The **STSA Operator's Certificate** provides participants with a well-rounded foundation in the commodity trading industry and allows them to understand the life cycle of a trade. While primarily focused on pure operations, the programme covers a wide range of areas encountered by an operator on a daily basis.

The **STSA Commodity Trading Risk Analyst Certificate** will expose the participants to a wide range of both operational and financial risks that are often interconnected. This position being constantly evolving, the process of changes and the implementation of new projects and advanced technologies are also addressed.

The **STSA Documentary Credit Officer** is constituted of 4 Modules of the STSA Operator's Certificate that are fundamentals for junior Credit Officers. It enables the participants to acquire quickly a good understanding of the documentary credit transactions, the various techniques and their implementation.

The **STSA Documentary Credit Specialist Certificate** is designed to deepen participants' technical understanding of documentary credit or other instruments. The point of view of the commodity trading company and the bank are presented.

The **STSA Commodity Trading Fundamentals** aims to provide participants with a comprehensive understanding of all steps needed to execute a transaction. It focuses on the importance of each phase of a contract and emphasises the interactions between them.



## Education in times of pandemic

This year will certainly be remembered and will have changed - perhaps forever - the way we think about education. Due to the first lockdown, all programmes planned for the spring had to be postponed to the autumn. This period gave us time to organise ourselves and, in order to respect the social distancing requirements, we rented large classrooms in several different hotels, which seriously complicated our organisation. And this, regardless of the fact that COVID-19 surprised us once more in November, forcing STSA Learning to completely rethink its organisation again, by switching to online courses. This forced the course lecturers, as well as the participants to adapt to this new reality. Some courses kept running rather smoothly, while others are more demanding. Keeping a class of 20 participants focused for more than 5 hours remains a real challenge.

In order to anticipate all the problems and constraints related to the pandemic, we had to draft new procedures, adapt our general information, as well as all our contracts. We have also launched a platform dedicated to the curricula with all the necessary documents so participants can follow their programme correctly. All the evaluations are now organised online thanks to another specific platform to which we have added a video surveillance system to avoid cheating.

## Master of Science in Commodity Trading

In September 2020, we were pleased to welcome 21 students in the Master of Science in Commodity Trading. They successfully completed their degree while navigating and constantly adapting through uncertain times due to the COVID-19 pandemic.



### Credit Risk - Basel III Implementation

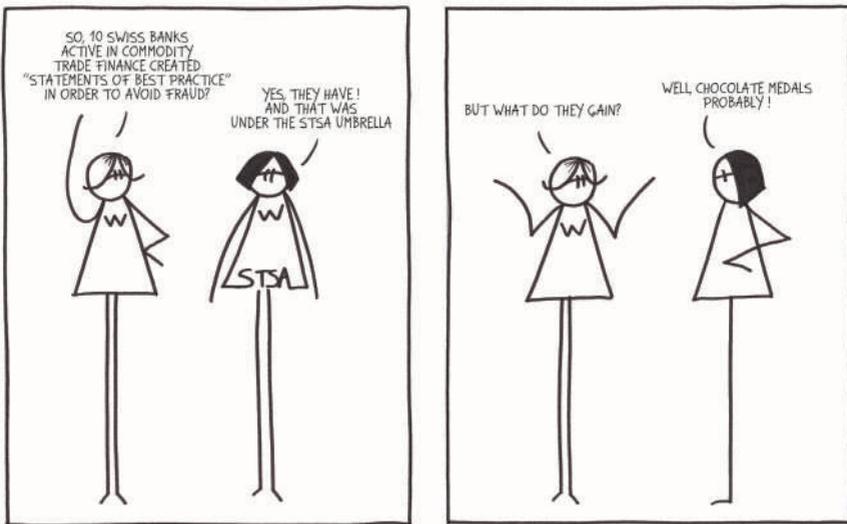
Following a request by FINMA, a group of banks gathered to improve the regulatory definition of Commodity Trade Finance (CTF) transactional facilities. The aim was to come up with a good and operational qualification for regulatory purposes that the industry and regulatory authorities understand and can work with. With this purpose, the group produced a common definition of transactional commodity trade finance and identified very strong transactions among this transactional CTF category.

### Net Stable Funding Ratio (NSFR)

Following the lack of liquidity of banks during the financial crisis of 2007-2008, the Basel Committee adopted two new standards to be implemented with the introduction of the Basel III reform. The first standard is the LCR (Liquidity Coverage Ratio) and the second is the NSFR (Net Stable Funding Ratio). STSA has been made aware by some of our member banks, that the latter poses a challenge to banks that finance commodity trading and that have no or very limited wealth management activities. In order to implement the Basel III reform in Switzerland, the Federal Department of Finance and the FINMA had to modify the Ordinance on the liquidity of banks and securities firms. This modification entered into force in Switzerland on 1 July 2021. The modifications have a tremendous impact on banks specialised in CTF without wealth management or investment activities and penalize them vis-à-vis their European competitors. STSA has raised this topic with the Swiss parliamentarians and is in the process of lobbying for a change of the Liquidity Ordinance.

## CTF Statements of Best Practices

Switzerland is the leading European center for commodity trade finance. Ten banks active in the field of Commodity Trade Finance (“CTF”) in Switzerland have worked to produce a summary of recommended best practices for their CTF activity. This initiative arose as a result of the significant losses experienced in a number of fraud or insolvency events that impacted the sector globally in the course of 2020, leading to a perceived need to strengthen market practice in the field of commodity finance. Good implementation of best practices by the relevant sectorial teams of each bank, and an on-going initiative to exchange views on these subjects of common interest are seen as useful tools to reduce the potential for future losses and deemed important to ensure the sustainability of CTF activities. It is important to highlight that the adoption and implementation of such recommendations is voluntary, non-binding and remains at the full discretion of each bank, being subject to their respective internal processes and working guidelines. Each bank remains free to tailor the degree of adoption to the circumstances of its individual client relationships. These practices were already largely applied to the small commodity trading companies and should not have any further influence on their access to finance. Recognizing differences in the modalities of trade and consequently specific finance practice between the various commodities, a general common practice was prepared and a summary of these recommended best practices was published in autumn 2021.



## Sustainable Commodity Trade Finance

Financial institutions are being impacted by Environmental, Social, and Governance (ESG) regulations. The trend to regulate financial institutions with respect to ESG criteria impacts also the financial covenants applicable to operational companies borrowing for their activities, including corporations active in the commodity business. STSA had the honor of giving a presentation on the ESG financial covenants applicable in the financing of commodity trading as part of the UIA Academy of High Legal Education's Summer Course on Business and Human Rights for Legal Practitioners on 12 July 2021.



## Shipping

### STSA White Paper on Shipping

The STSA is in regular contact with the Swiss Maritime Navigation Office (SMNO) in order to assure the Association's participation as part of the Swiss delegation at the IMO meetings. The Swiss shipping community, together with STSA member companies, is spearheading a global decarbonization coalition and assists in the development of a robust Swiss maritime flag with the required support of the industry and the Swiss Maritime Navigation Office, urging the IMO to adopt an effective global mid-measure as soon as possible. During this year, STSA attended the Marine Environment Protection Committees' (MEPC) 75<sup>th</sup> and 76<sup>th</sup> meetings at the IMO and published its White Paper, highlighting the importance of Switzerland as a maritime nation and urging the IMO to adopt a more ambitious position to meet the climate targets it set itself.



## Seafarers' Rights: Sustainable Shipping Initiatives (SSI)

Ensuring that seafarers' rights are respected is a critical element of the shipping industry's sustainability journey, underpinned by the achievement of milestones in the Roadmap to a Sustainable Shipping Industry relating to healthy, safe and secure work environments, rewarding careers, as well as a diverse and inclusive maritime workforce. Given the rising attention to human rights, SSI has developed and finalised in September 2021 the Code of Conduct – Delivering on Seafarers' Rights, in partnership with the Institute for Human Rights and Business (IHRB) and in collaboration with the Rafto Foundation. The Code of Conduct can be used to meet growing demands and reduce risks through improved compliance, helping shipowners and ship operators understand the extent to which current operations meet their human and labour rights and responsibilities, as well as helping charterers and cargo owners strengthen due diligence and inform chartering-related decision-making. Accompanying the Code of Conduct is a Self-Assessment Tool, developed by SSI in partnership with IHRB and in collaboration with RightShip, which provides the due diligence guidance of how to meet the Code of Conduct as well as how to track progress. The STSA Shipping Committee has provided valuable comments to the SSI to ensure that the Code of Conduct and the Self-Assessment Tool take into account the realities of the industry and many STSA members already support this Initiative.

## Tonnage Tax Consultation

In February 2021, the Federal Department of Finance launched a public consultation on the introduction of a tonnage tax system in Switzerland. The tonnage tax is an alternative method of calculating profit tax and is widely accepted internationally. Its introduction into Swiss tax law would create a level playing field for the shipping transport of goods and people and would attract more shipping companies into Switzerland. While STSA welcomed in its position statement to the Administration the fact that a tonnage tax system shall be introduced, several critical amendments have been requested with respect to the scope of application and operating activities covered under the current legislation. STSA is pleased that during the Federal Council's review process all major concerns expressed by the industry have been considered. The new law will be adjusted accordingly - in favor of the industry. While the Federal Parliament will debate as next on the subject in 2022, the introduction of the new tax scheme may be expected in 2024, subject to potential amendments by the Federal Parliament.





## Piracy: Gulf of Guinea Declaration

In 2020, 135 crew members were kidnapped from their ships worldwide, with the Gulf of Guinea being responsible for over 95% of hijacked crew members. The pirates launch their attacks from the Niger Delta, where they subsequently hold their hostages. In response to the growing concern and increasing attacks in the region, a working group of stakeholders from across the shipping industry drafted the Declaration on Combating Piracy in the Gulf of Guinea, which was published on 17 May 2021. The declaration was signed by stakeholders from across the maritime industry including flag state administrations, ship owners, charterers and shipping associations such as STSA. The declaration is intended to make governments aware and to keep seafarers safe.

## Federal Swiss Flag Consultation

At the beginning of July 2021, the Federal Department of Foreign Affairs (FDFA) launched an informal consultation on the future orientation of the Swiss flag and maritime fleet. STSA responded to the consultation and expressed the opinion that any decision on the future of the flag and the fleet should be integrated into a strategy whose aim is to increase Switzerland's attractiveness and competitiveness while creating a level playing field with other countries. A future global maritime strategy should also define Switzerland's role and position with respect to international laws and standards on global targets adopted by the International Maritime Organisation (IMO). In particular, it is relevant to reiterate Switzerland's vision on reducing greenhouse gas emissions in the international maritime transport sector, in line with Switzerland's long-term climate strategy and the UN Sustainable Development Goals.

### Anti-Money Laundering and Anti-Corruption Guidelines

Following the Federal Council's recommendation to develop sector-specific guidelines on due diligence that would strengthen the competitiveness and integrity of the sector, while validating the already existing practice of some traders, STSA, together with its members, has started drafting a toolbox that sets out a risk-based approach and identifies the red flags for the commodity trading sector.

### Federal Blockchain Consultation

In October 2020, the Federal Department of Finance initiated the consultation on the blanket ordinance in the area of Blockchain. STSA has been consulted to provide feedback and welcomed developments in digitalization, while highlighting the need to facilitate the implementation of electronic documents, in particular electronic customs documents, as these are important elements of day-to-day operations.



## Federal Ordinance on Conflict Minerals and Child Labor Consultation (RBI Ordinance)

In April 2021, the Federal Department of Justice launched, as the follow-up of the Responsible Business Initiative, a public consultation procedure on the Ordinance on due diligence and transparency requirements for conflict minerals and child labor. The Ordinance will specify, among other things, which companies must comply with the new due diligence requirements. It sets volume thresholds for the import and processing of minerals and metals from conflict zones below which companies are exempt from due diligence duties. The Ordinance also provides for exceptions in child labor for SMEs and companies with low risks of child labor. While STSA welcomed the fact that the draft Ordinance is referring to internationally recognized standards and frameworks such as the ones from the OECD and the EU, additional clarifications have been requested in its position statement to the Administration in order to ensure its proper implementation. The Ordinance shall take effect as of 1 January 2022.

### IHEID Geneva Capstone Project



Applied Research Projects (Capstones) bring together small groups of students from the Graduate Institute with partners from diverse sectors of International Geneva to conduct innovative research that addresses real-world challenges. STSA is the institutional partner to one of the Graduate Institute's Capstone project on *“Increasing transparency and traceability in the gold, tin, tantalum and tungsten supply chain: The role of Blockchain technology.”*

When it comes to metals and minerals, it is difficult for consumers to know if a component of the product they have bought was produced while respecting the surrounding environment and international responsible sourcing standards set by the OECD. Despite this difficulty, the trend for responsible sourcing from conflict-free zones and sustainable supply chains is gaining traction in metals and minerals trading (e.g. in the EU Conflict Minerals Regulation which entered into force in 2021) and this project explores the role of the Blockchain or other technolo-

## R4D.ch Project on Curbing Illicit Financial Flows

This 6-year interdisciplinary research project, which began in 2017, seeks to analyse how commodity-trade related Illicit Financial Flows (IFFs) from resource-rich countries can be significantly reduced in order to finance the Sustainable Development Goals (SDGs). The research focuses on commodity trade-related illicit financial flows (IFFs) from resource-rich developing countries, specifically related to trade mispricing and abusive transfer pricing. These IFF channels have been highlighted as a major cause of tax-base erosion in developing countries whose budget largely depend on commodity export revenue. Since the 2008 financial crisis and the adoption of the SDGs in 2015, IFFs have garnered increasing policy traction and scholarly attention. However, research to date – conducted primarily by think-tanks and advocacy groups – suffers from poor data and methodological concerns.

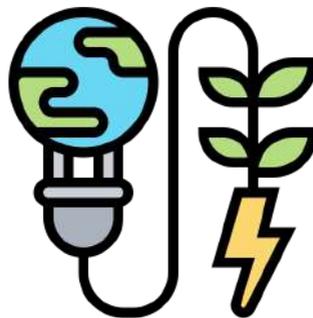
Some members of the STSA’s Regulation Committee are therefore actively collaborating with the research team from the Graduate Institute Geneva, University of Bern and the ETH Zurich.



## OECD Report on IFFS and Commodity Trading: Opportunities for Identifying Risks in Energy Traders' Financial Conduct using Groups' Corporate Filings



The OECD Report on IFFs and Commodity Trading forms part of a multi-year programme of work on 'Illicit Financial Flows and Oil Commodity Trading' under the auspices of the Anti-Corruption Task Team (ACTT) a subsidiary of the OECD Development Assistance Committee. Towards the end of the 20th century, the typical multinational enterprise (MNE), including the majority of the important global players in the energy trading sector, has evolved into highly complex, multi-subsidiary, multi-jurisdictional organization, linked together by a complex web of ownership arrangements. The report, which was published in January 2021 and to which several members of the STSA active in the energy trading sector have contributed, investigated the nature of the inner structure of a corporate network, geographical and topographical location of corporate entities, as well as the organisation of equity ownership of a selected number of energy trading groups.



### Creation of the STSA Sustainability Committee

In March 2021, the first meeting of the STSA Sustainability Committee took place. The newly created expert Committee will respond to the fast-evolving world of sustainability requirements, particularly in the commodity trading industry. The objective of the Committee is to detect and discuss current topics in sustainability and reporting as well as advise the STSA Executive Board in related questions. Key priorities of the Committee are Human Rights, Climate Change and Energy transformation and its underlying reporting challenges. The Committee meets on a regular basis and is composed of 13 STSA member companies represented by their sustainability and ESG experts. It complements the work of the other STSA expert Committees, notably the Regulation Committee, while setting its own priorities.

During its first sessions, the Committee focused on the challenges implementing the upcoming legislation on conflict minerals and child labor (RBI Ordinance). The second half of the year centered around climate change reporting and the sustainability self-assessment tool.

### Responsible Business Initiative: Moving on

#### RBI IMPLEMENTATION WORKSHOPS

In the first semester 2021, STSA organised in close cooperation with the Human Rights Consultancy TwentyFifty, mandated by the Federal Department of Foreign Affairs (FDFA) and the State Secretary for Economic Affairs (SECO), two unique, innovative online workshops. The two workshops involved actors from across the energy and metals & minerals value chain, including traders, financial institutions, insurers, and other corporate actors. The purpose of these workshops was to support companies in responding to existing and upcoming Human Rights legislation, predominantly the Commodity Trading Sector Guidance on the implementation of the Human Rights as well as the related Federal Ordi-

nance on conflict minerals & child labor. In April 2021, STSA also organised a dedicated webcast, hosted by KPMG, on transparency in non-financial matters. The webcast focused on regulatory developments in Switzerland and global trends in the world of sustainability reporting. It aimed to support STSA members in understanding the basic regulatory requirements deriving from the counterproposal of the Responsible Business Initiative, relevant trends in investors' regulatory environment and current best practices in corporate reporting, in particular the journey towards net zero.

Additional workshops for STSA member companies dedicated to the proper implementation of the Federal RBI Ordinance (focus on child and forced labor) as well as on sustainability reporting are planned at the end of this year.

## **SUSTAINABILITY SELF-ASSESSMENT TOOL**

To support member companies in their efforts to implement the necessary requirements with respect to Human Rights, inter alia the upcoming Federal Ordinance on conflict minerals and child labor, STSA together with Intertek has developed a self-assessment tool (supply chain due diligence platform) for its members. The aim of this tool is to provide for a self-assessment resulting in a gap analysis on the status of the implementation of respective Human Rights obligations. The supply chain due diligence platform called "Inlight" enables an inherit risk analysis and profiling. Based on risk profiles and severities, it supports performance assessments and creates corrective action plans to improve compliance and performance. It also includes learning and training opportunities where needed. After the testing phase in the first semester of 2022, the ultimate goal is to have a holistic Environment, Social and Governance (ESG) self-assessment tool covering all ESG dimensions to support STSA member companies in their ongoing efforts to comply with and implement necessary ESG obligations in their operations.

# Communications

## Outreach Activities

### Key facts



New Communication strategy

### Communication channels:



55 Daily and Weekly Press Reviews

- 26.1% open rate
- 5% click rate



44 Weekly Highlights sent

- 26% open rate
- 2.3% click rate



9 Monthly Public Newsletters

- 36.2% open rate
- 5.2% click rate

The communications sent by STSA were highly appreciated, not only by our members, but also by the general public.

The Public Newsletter addressed different themes such as shipping, gold, cotton, Swiss Initiatives on commodities, sustainable energy resources, and exclusive interviews, in order to raise awareness about the commodity trading industry's importance within the general public.

## Events

### Highlights 2021

#### March 2021

**26**

MAR

Commodities Magazine is out!

#### May 2021

**26**

MAY

STSA Online Speed Recruiting Session for the  
Master in Commodity Trading

#### June 2021

**24**

JUNE

STSA Learning Graduation Ceremony

**30**

JUNE

STSA Webinar on the Responsible Business  
Initiative (RBI) with CCIG and KPMG

**30**

JUNE

STSA Summer Networking Event

#### August 2021

**29**

AUG

STSA Garden Party

#### September 2021

**1**

SEP

STSA Back to Business Event

**27**

SEP

Parliamentary Dinner in Bern





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We would like to thank all our members, partners, employees and board members for their commitment in this past year. We look forward to the year ahead and the ongoing work leading to the success of the association!

Copy and editing: STSA  
**November 2021**

**The STSA team is looking forward to the next year!**





**STSA** 

