



Swiss Trading & Shipping Association
Association Suisse du Négoce & du Transport Maritime
Schweizer Verband des Rohstoffhandels & des Schifftransportes
Associazione Svizzera del Commercio & del Trasporto Marittimo



ANNUAL REPORT
October 2016 - September 2017



STSA 2016-2017 Annual Report

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STSA Commodity Dinner 2016 at the Kempinski Hotel (October 2016)

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5. View of Kempinski ballroom with STSA guests
6. STS Vice-President Ramon Esteve with Yves Cerutti of PwC
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14. STSA table of honour

Message

From the President

Once again it is a privilege to write to you as President of the STSA. I have been part of the commodity trading industry for over 30 years and during this time the industry has changed beyond recognition.

Across our sector, the professionalism and sophistication which have evolved are extraordinary. We manage our diverse risks through a range of market leading tools; we employ highly qualified lawyers, financiers and compliance professionals and we recruit our talent from world-class blue chip firms.

In this context, it is regrettable that public perception of our sector in Switzerland still lags so far behind the reality. In part, we have ourselves to blame; for too long we were silent, happy to operate quietly in the background, without explaining to the wider world how and how much value we add to markets globally. Our presence brings competition; increasing prices for producers and reducing prices for consumers.

As we move forward, questions regarding the role of business in society are increasingly being asked. As well as a legitimate challenge, this is a real opportunity for our sector to demonstrate both its value-add and the high standards to which we operate.

We must grasp this challenge and engage our stakeholders with renewed energy.

At the same time, Switzerland has some questions to ask of itself. Our sector contributes significantly to Switzerland's wealth and the standard of living many of its citizens enjoy. At the same time, we are sometimes reviled and heavily criticized, often unreasonably, and much more so than in other comparable markets. If this is to be accompanied by overly burdensome regulation, then Switzerland should not be surprised if the sector begins to migrate.

Having lived and worked in Switzerland for twenty years I am optimistic that we can find a solution. The commodities sector increasingly appreciates and embraces its responsibilities and, within the right framework, I hope will have a long future in the country.



David Fransen

David Fransen
STSA President

Welcome by

the Secretary General

The celebrations of the association's 10th anniversary in October 2016 marked an important step forward for STSA. For the first time, the industry's main representatives and politicians from across Switzerland (representing the three linguistic regions) met all together in Geneva in a festive atmosphere.

As demonstrated by the sizing study carried out by the Swiss Research Institute on Commodities in spring 2017, our sector is a significant contributor to the Swiss economy with over 30,000 jobs and 3.8% of GDP derived directly from commodity trading activities. This authoritative study has also led to a better awareness of its highly diverse make-up, with over 80% of businesses qualifying as SMEs alongside a number of global leaders, while highlighting the variety of business models making it difficult to give a standard definition of a trading company.

With our industry's ever more public profile it had become imperative for STSA to continue to strengthen its credibility by bringing together the various categories of companies active in Switzerland. To do so, the Association embraced a comprehensive revision of its statutes, along with the adoption of a reinforced governance structure allowing it to face the policy challenges ahead.

To list a few is already to give an idea of the scope of work at hand. Be it the corporate tax reform, new transparency provisions for international companies dealing with commodities, the implementation of financial regulation, the promotion of reasonable due diligence according to international standards or the adoption of best practices on business and human rights along the supply chain, STSA represents the natural platform for commodity trading companies at the forefront of the public debate. For each of those topics, the Association and its members are already proactively engaging with the sector's key stakeholders, civil society and the authorities.

In order for the voice of STSA to continue to carry far in the political arena, we need to stand united as an association representative of the sector in all its diversity; something we tirelessly work towards with the support of all our members, that I take this opportunity to thank.



Stéphane Graber

Dr Stéphane Graber
STSA Secretary General

Mission, Core Values & Organisational Chart

STSA's mission is to provide a neutral platform of exchange for all companies active in the commodity trading sector in support of their activities, to advocate industry interests in Switzerland, and to enhance its understanding within the general public.

CORE VALUES



Sustainability
Contributing to more sustainable value chains by driving best practices.



Transparency
Honest and fact-based communications as stated in our Code of Conduct.



Education
Act as a partner and provider of academic and practical education and training for commodity traders and supporting the rise of emerging talent.

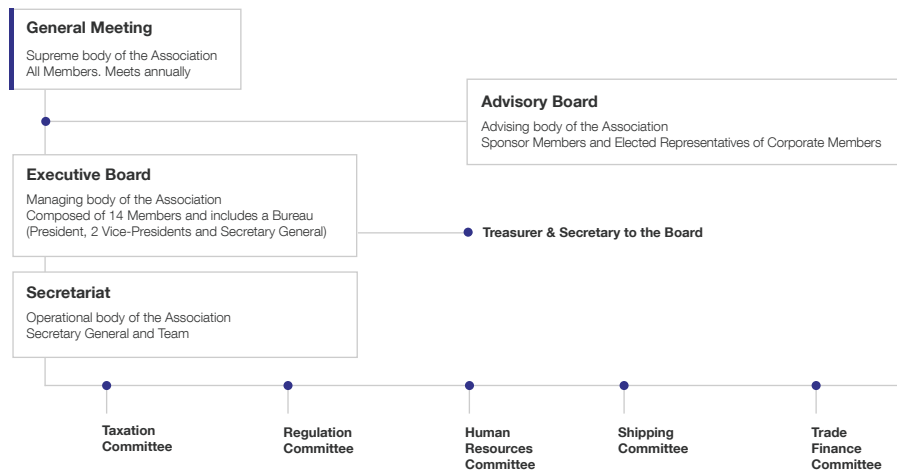


Collaboration
Engaging with all industry stakeholders to ensure policies favourable to the sector and host communities.



Neutrality
Bringing together all actors and commodity classes.

ORGANISATIONAL STRUCTURE



Executive Board & Bureau 2016-2017

MEMBERS OF THE BUREAU

The Bureau represents the Executive Board in supporting the daily operation of the Secretariat.



David Fransen
Vitol SA – STSA President *



Ramon Esteve
ECOM Agroindustrial – STSA Vice-President **



Hans Christian Jensen
ADM International SA – STSA Vice-President *



Stéphane Graber
STSA Secretary General

OTHER STSA EXECUTIVE BOARD MEMBERS



Gert-Jan van den Akker
Cargill International SA *



Alexa Aponte
MSC Mediterranean Shipping Company SA *



Jean-Pierre Carles
Augusta Energy **



Martin Fassler
President, Zug Commodity Association ***



Pierre Glauser
Crédit Agricole (Suisse) SA *



Daniel Jaeggi
Mercuria Energy Trading SA *



David Ohayon (until 18.09)
Louis Dreyfus Company Suisse SA *



Thomas Patrick
President, Lugano Commodity Trading Association ***



Pedro Nonay (from 19.09)
Louis Dreyfus Company Suisse SA *



Nicolas Matter
Walter Matter SA *



Nicolas Tamari
Sucafina SA *

* Sponsor members representatives ** Corporate members representatives *** Institutional members representatives

THE STSA EXECUTIVE BOARD IS SUPPORTED BY



Caroline Clemetson
Secretary to the Board



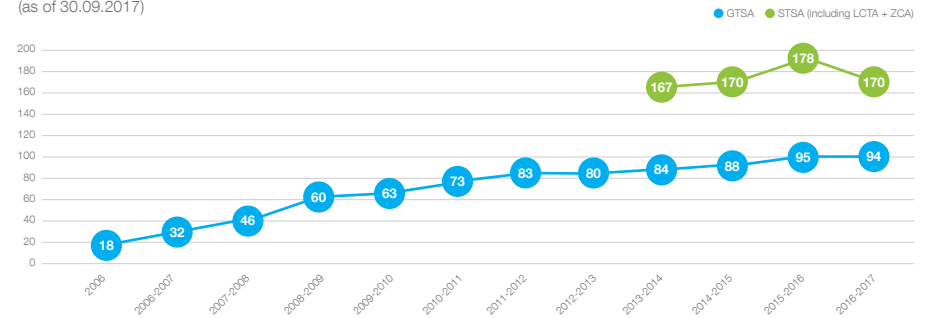
Christophe Bellino
Treasurer

Consolidated List of STSA Members

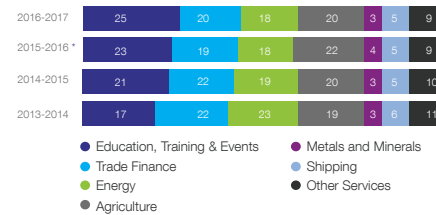
TRADING COMPANIES • Acemar AG • ADM International Sàrl • AET • Agrocean SA • Agro Companies International SA • Allied Services SA • Allseeds Switzerland SA • Alpicom SA • Alvean Sugar S.L., Bilbao, Geneva Branch • AMR Trading AG • AOT Trading AG • Apex SA • Arrow Metals and Trading AG • Augusta Energy SA • BASF Intertrade AG • Bulk Trading SA • Bunge SA • Cargill International SA • Castleton Commodities • Cereal Investments Company SA • Chemtrade Aglobis AG • CHS Europe SA • City Trade & Investment SA • Coeclerici Commodities SA • COFCO Resources SA • Core Petroleum LLC • Cronimet Metal Trading AG • Cutrale Trading SA • DP Trade SA • DSS International SA • DufEnergy Trading SA • Duferco SA • East Metals AG • Easteel SA • ECOM Agroindustrial Corp. Ltd • ECSA Energy SA • Enet Energy SA • Engelhart Commodities Trading Partners • Euromet SA • Euronova Energies SA • Ezpada AG • Ferrexpo AG • Flame SA • Flint Hills Resources Sàrl • Formatron Industrie SA • Gazprom Marketing & Trading Switzerland AG • Gerald Metals SA • Gunvor Group SA • Gurta AG • Hershey Trading GmbH • Inerco Trade SA • Integral Petroleum SA • Intercommodities SA • IPCO Trading SA • KazMunayGas Trading SA • Koch Minerals SA (Kom SA) • Koch Supply & Trading Sàrl • Kolmar Group AG • LH Trading Ltd • Lia Oil SA • Litasco SA • Louis Dreyfus Commodities Suisse S.A. • Lynx Energy Trading Pte Ltd • Lyra Commodities SA • Maddox SA • Mekatrade Asia Pte Ltd, Singapore, Geneva Branch • Mercuria Energy Trading SA • MET International AG • Metinvest International SA • Mezzcor SA • MKS (Switzerland) SA • MMK Steel Trade SA • Moch SA • Neste Oil (Suisse) SA • Netsa SA • New Stream Trading AG • Nord Stream AG • Novex Trading (Swiss) SA • Ocean Energy GmbH • Oryx Energies SA • Petraco Oil Company LLP, London, Lugano Branch • Quadra Commodities SA • Red October International SA • Roquette SA • Rosneft Trading SA • Rusal Marketing GmbH • Sahara Energy Services Sàrl • Saras Trading SA • Socar Trading SA • Sucafina SA • Sucden Geneva SA • Suek AG • Telf AG • Trammo AG • Transamine Trading SA • Trasteel International SA • UMP Trading SA • Valcambi SA • Vitol SA • Walter Matter SA • Webcor SA • **SHIPPING COMPANIES** • ABC Maritime AG • Concordia Maritime AG • GK Maritime AG • Massoel SA • MSC Mediterranean Shipping Company SA • Nova Marine Carriers SA • Suisse-Atlantique Société de Navigation Maritime SA • **TRADING RELATED COMPANIES** • Arab Bank (Switzerland) Ltd. • Ares Insurance Broker • Attijariwafa Bank Europe • Banca dello Stato del Cantone Ticino • Banque Cantonale de Genève • Banque Cantonale Vaudoise • Banque de Commerce et de Placements SA • BC Insurance SA • BDO SA • BIC-BRED (Suisse) SA • BNP Paribas (Suisse) SA • Chabrier Avocats SA • CNA Insurance Company • Corner Bank SA • Cotecna Inspection SA • Crédit Agricole (Suisse) SA • Credit Suisse AG • Deloitte AG • EFA Merchant Finance SA (Eurofin Asia) • EFG Bank SA • Ernst & Young AG • Euler Hermes • Fidinam Group Holding SA • Fundo SA • Holman Fenwick Willan Switzerland LLP • ING Belgium Brussels Geneva Branch • Intertek (Suisse) SA • ITX SA • KPMG SA • MME Legal • NBAD Private Bank (Suisse) SA • Nützi Christmann & Partner AG • Optimum Management Financial Services SA • PricewaterhouseCoopers Ltd • Sberbank (Switzerland) AG • SCCF Sàrl • Schellenberg Wittmer Ltd • SGS SA • Siderfer SA • Société Générale Corporate & Investment Banking • SOS-Consult GmbH • SSY Simpson Spence Young (Zug) AG • Swisslinox AG • Tarchini Group • UBS AG • UniChrome AG • UniCredit Bank (Munich) • VTB Capital Trading Limited London, Zug Branch • Zürcher Kantonalbank • **INSTITUTIONS & ASSOCIATIONS** • Camera di Commercio Cantone Ticino (Cc-Ti) • Chambre de Commerce et d'Industrie et des Services de Genève • Commodity Club, Zurich • Geneva Trading & Shipping Association (GTSA) • Institut Supérieur de Formation Bancaire (ISFB) • International Commodities & Derivatives Association (ICDA) • Lugano Commodity Trade Association (LCTA) • Office de la Promotion Economique du Canton de Genève • Swiss Coffee Trade Association (SCTA) • Swiss Futures and Options Association • Université de Genève • Women's International Shipping & Trading Association (WISTA) • Zug Commodity Association (ZCA) • Zuger Wirtschaftskammer •

Membership & Finances

EVOLUTION OF STSA MEMBERS 2006-2017
(as of 30.09.2017)

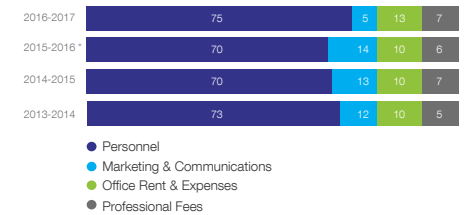


INCOME BY SOURCE OF CONTRIBUTION IN %
(LCTA and ZCA not included)



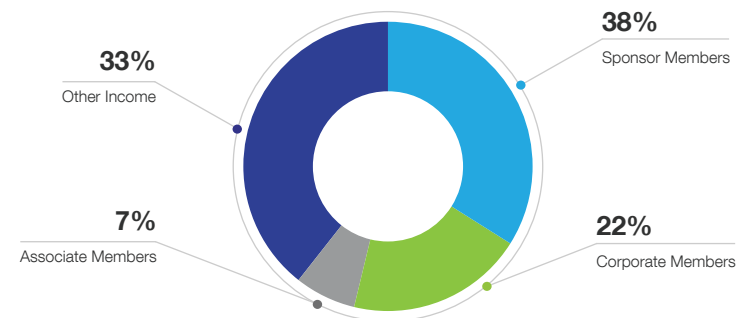
* excluding JUSO campaign

EXPENDITURE BY TYPE IN %
(LCTA and ZCA not included)



* excluding JUSO campaign

INCOME BY MEMBER CATEGORY AND STSA ACTIVITY
(LCTA and ZCA not included)



The STSA Secretariat, at the Members' Service

MEMBERS OF THE STSA SECRETARIAT



Stéphane Graber
STSA Secretary General



Silvine Chatelain
Education and HR Manager



Nina Eggert
CSR Officer



Thomas Esdaile-Bouquet
Chief Operating Coordinator



Miléna Piletta-Zanin
Team Support Officer (until 31.08)



Tiziana Rizzo
Team Support Officer (since 23.10)

MEMBERS OF EGTA (AN STSA PLATFORM)



Guy de Pourtalès
Chief Technology Officer



Naomi Bohnenblust
Operations Manager



Robin Dunou
Chief Commercial Officer

STSA ACTIVITIES



STSA Outreach Activities

SECTOR COMMUNICATIONS



Insights
Fact-based papers on specific industry issues



Highlights
Weekly news on sector issues, priorities and activities



Press Review
Weekly selection of key articles and reports

SOCIAL NETWORKS



LinkedIn
Promoting STSA's activities, events and training programmes to the industry



Twitter
Providing a direct channel to engage in public discussions



YouTube
Video content explaining what commodity trading is about



Facebook
Promoting the STSA education & training offering

COMMUNICATIONS TO THE GENERAL PUBLIC



Media
Interacting with press, radio and TV journalists



Website
Providing access to facts & figures and industry news



Conferences & events
Dissemination of knowledge for different constituencies



SRIC Foundation
Promotion and dissemination of academic research on commodities

POLITICAL ACTIVITIES



Parliamentary Sessions & Parliamentary Dinners
Fostering dialogue between parliamentarians and industry executives



Auditions
Providing expert input on current policy projects



Bilateral meetings with authorities
Representing the industry and interacting with policymakers



Study trips
Exposing parliamentarians with real-life field experience

A Rich and Diverse Industry Landscape

The Swiss commodity trading industry has grown over the years to become the global leader, bringing together the world's largest independent trading houses, along with hundreds of small and medium-sized companies specialised in one or several commodity classes.

Besides the main trading hub of the Lake Geneva region, Switzerland hosts several other hubs, the most important being located in Lugano and Zug.



Source: Figures based on STSA list of companies active in commodity and related activities in Switzerland

STSA Annual Report 2016 - 2017

Swiss Political Environment

In 2016-2017 the political environment was dominated by issues related to transparency, responsible business conduct, and taxation.

In October 2016, a coalition of over 80 NGOs from different social movements cutting across the classical left-right divide, submitted the Responsible Business Initiative. The initiative calls for companies to respect human rights and the environment in their activities in Switzerland but also abroad, with extensive liability. In this context, STSA invited Lucrezia Meier-Schatz, President of Action de Carême's Forum and former National Councillor, to its Advisory Board annual meeting. This allowed an open and fruitful discussion on the expectations of Swiss authorities and civil society and on the measures taken by companies in the area of responsible business conduct. This dialogue was pursued with Swiss MPs at the two Commodity Dinners organised in collaboration with the Parliamentary Intergroup Switzerland-Africa ¹ and for the second also with the Parliamentary Intergroup Swiss-International Solidarity ².

The Parliament resumed the discussion on the corporate law reform embedding transparency of payments to governments for the extraction and production of oil, gas and minerals, consistent with European legislation. STSA was auditioned by the National

Council's Legal Affairs Committee ³ where it had the opportunity to recall its acceptance of transparency requirements for production and extraction under specific conditions. Following NGOs requests to extend the transparency requirement to first sales, STSA stressed that including trading in the scope would require an internationally agreed approach across all commodity trading hubs and a common definition of the types of payments to be disclosed to be effective and to ensure a level playing field.

Finally, the year was also marked by the campaign and the rejection by the Swiss people of the Corporate Tax Reform III in February 2017. After the vote a consensus emerged among political actors that a new bill (Tax Project 17) should be submitted soon in order to adhere to the OECD timeline and a consultation procedure was opened in September 2017. This result also had implications for the Swiss tonnage tax project treated in a separate work stream, now on hold at least until the end of the TP17 consultation.

STSA was auditioned by the Federal Tax Administration in January 2017 to provide further technical details on tonnage tax schemes. The project also received strong support of the Parliament, with more than 130 parliamentarians voting in favour of it.



¹ **Isabelle Chevalley**
President
Parliamentary Intergroup
Switzerland-Africa



² **Carlo Sommaruga**
President
Parliamentary Intergroup
Swiss-International Solidarity



³ **Jean Christophe Schwaab**
President
National Council Legal
Affairs Committee

Highlights of the Year

STSA POLITICAL HIGHLIGHTS

Exchange with Lucrezia Meier-Schatz (Action de Carême) ○

Federal administration audition on Swiss tonnage tax proposal ○

Rejection of CTR III & new STSA positioning ○

Geneva Mayor Barazzone meeting with the commodity trading community ○

STSA Dinner during Spring parliamentary session ○

STSA contribution to federal authorities on main guidelines for Fiscal Project 17 ○

Federal administration audition on transparency in commodity trading ○

STSA Dinner during Autumn parliamentary session ○

OECD audition on implementation of Anti-bribery Convention in Switzerland ○

ASSOCIATION AND SECTOR HIGHLIGHTS

○ Commodity Dinner celebrating 10th anniversary of STSA

○ Adoption of new STSA governance structure and Statutes

○ AGM and election of new Executive Board

○ FinfraG Implementation Workshop

○ Joint STSA-LCTA-ZCA press conference

○ Launch of new STSA website

○ "The unintended consequences of regulation" seminar (with GAFTA and ICDA)

○ Publication of sizing study report by SRIC and UNIGE & Publication of Commodities 2017 magazine

○ Trading Forum 2017 conference

○ Oxford Economics study on Swiss shipping sector

○ Summer Networking event with African chocolate chef champion André Bayala

○ Members exchange with FINMA

○ New set-up of STSA Regulation Committee

● 2016 ● 2017

| Education & Training

Education & Training is a core activity for STSA and is key to maintaining cutting-edge expertise in Switzerland and preparing the next generation of leaders.

Over the past year STSA has reinforced and diversified its professional offering, with a renewed STSA Operator's Certificate programme and trainings on specific topics such as IFRS accounting standards. The Association also actively participated in the reshaping of the University's curriculum to ensure adequacy with a fast changing environment and design a new Diploma format targeting non-Swiss based member staff.

“

The industry is in constant need of well-trained staff as know-how is one of the key assets of commodity trading companies.

Hans Christian Jensen
ADM International Sàrl

| Communications

The information landscape has evolved and it is important to engage with the general public and address media requests. STSA helps members endorse this role and has seized this trend to update the Association's communication tool-kit and empower members with media training and guidance. STSA launched a new website and a Youtube channel, part of an effort to better explain the industry's activities to the general public using media-rich content such as videos, on top of providing expertise on specific topics and introducing a new newsletter format.

“

People often struggle to understand what a trader is. The answer is simple : someone who can buy high, sell low and make money on the trade.

Ramon Esteve
ECOM Agroindustrial Corp. Ltd

| Transparency & Responsibility

There is a universal trend today towards greater corporate transparency and responsibility. The sector already committed to the UN's Guiding Principles on Human Rights and Business ('Ruggie' principles) in 2013 and over the past 12 months STSA and its members actively pushed ahead with work on the guidance for trading under development by Swiss authorities.

In parallel, STSA and its members brought their expertise to the Extractive Industries Transparency Initiative (EITI) at the initiative of Swiss authorities, helping a dedicated working group deliver recommendations on transparency of payments for the first sale of oil.

“

Sustainability is key to the future of commodity trading as reflected in the evolution of business models.

Pedro Nonay

Louis Dreyfus Commodities Suisse SA

| Regulation

In the wake of increasing financial sector regulation, commodity trading has been indirectly impacted. STSA liaised closely with Swiss financial authorities and regulators as part of its work with members and experts on the implementation of the Swiss Financial Market Infrastructure Act, reflected in the upcoming publication of a step-by-step guide for small companies.

The Association – representing shipping in Switzerland- also engaged authorities to actively participate in discussions at the international level on the future regulation of maritime transport, actively monitoring and informing the members on new environmental rules.

“

Commodity trading evolves in an increasingly globalised and complex regulatory environment. It is therefore key that regulation is consistent at the international level and is fit for purpose. That's why the STSA works along with its members to navigate these changes.

Victoria Attwood Scott

Mercuria Energy Trading SA

Tax

STSA actively supported the transition to a new fiscal framework in Switzerland that complies with international standards and provides a stable fiscal outlook. It ensured that the voice of the commodity trading industry in Switzerland is heard, be it in the initial CTRIII project or the new PF17 by liaising with Federal Councillor U. Maurer and with cantonal level authorities.

STSA also anticipated the popular vote rejecting the CTRIII proposal and kept its members informed of the Swiss political process. In parallel, STSA dedicated substantial resources to work on the introduction of a Tonnage Tax for shipping activities in line with EU practice.

“

The reform of the Swiss tax framework is key for the competitiveness of the hub and the tonnage tax project mustn't be forgotten.

Serge Meyer
ABC Maritime

Social Projects

STSA is firmly committed to contributing to the wider goal of sustainable development. Each year, the Association supports one or several social projects that meet this criteria.

FOR 2017 WE WILL ALLOCATE THE PROCEEDS OF OUR ANNUAL CHARITABLE GALA DINNER TO:



Foundation Cap Loisirs
Geneva



Improves the lives of children, adolescents and adults with mental disabilities and of their families by providing leisure activities to complement their educational development.

Kalaamugosi Women's Co-operative Society
Uganda

Aims to develop a sense of dignity and empowerment for women active in coffee production in order to drive development through training in good agricultural practices.



Nouvelle Planète
Burkina Faso



Supports the development of professional training in the commodities transformation sector for bakery and chocolate industry professionals.

STSA
Swiss Trading and Shipping Association (STSA)

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November 2017

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IMAGE CAPTION

1. STSA General Assembly 2016 at Société Générale CIB (November 2016)
2. STSA Operator's Certificate study trip to Rotterdam (March 2017)
3. Joint Parliamentary Dinner on « Business and Human Rights : Current Developments in Europe and Switzerland" (September 2017)
4. David Fyfe at the Trading Forum 2017 (March 2017)
5. The Future of Sustainable Commodity Trading & Shipping Roundtable at Davos (January 2017)
6. Meeting with high-level business delegation from Burkina Faso at the CCIG (October 2017)
7. NYU Stern Professor Michael Posner at the SRIC Conference on Measuring Human Rights Performance (November 2016)
8. STSA Summer networking boat cruise with African chocolate chef champion André Bayala (June 2017)
9. National Parliamentarian Isabelle Chevalley and guest at the STSA Spring Parliamentary Dinner on "Trading Houses' contributions to development projects » (May 2017)
10. Stéphane Graber with Karin Orsel, President of WISTA International, the Women in Trading and Shipping Association and the President of WISTA Hellas (September 2016)
11. Graduation ceremony of the STSA Operator's Certificate 9th intake (August 2017)





STSA 