

Financing and sustainability

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The financing of the commodity trade has become subject to the sustainability policies of the lenders. Many banks have adopted policies that restrict or exclude the financing of thermal coal, of certain oil and gas activities and of commodities associated with deforestation. Their investors and regulators also expect them to report on the emissions associated with their financing. The commodity traders, whose business includes the trade in coal and oil, are directly affected. Some have agreed to financing terms linked to their own sustainability commitments, such as emissions targets.¹ The European Union's regulation on deforestation-free products requires that certain commodities placed on the European market, including coffee, cocoa, soy, palm oil, cattle, wood and rubber, be produced without deforestation and be accompanied by due diligence statements. It thereby affects the traders of soft commodities in Zug who supply the European market.² The coffee and cocoa traders of the canton must verify the origin of their goods to the level of the plot of land on which they were produced, a requirement that transforms the documentation of the trade.

1 Notes

1. Global Energy Monitor, "Institutional Coal Finance Restrictions", gem.wiki: over 100 institutions had announced coal finance restrictions by February 2019, among them Credit Suisse, UBS, BNP Paribas and ING. Global Witness, "Climate risks loom large as commodity traders tap financier ambiguity", globalwitness.org: a group of banks renewed Trafigura's USD 5.5 billion credit line with a pricing discount linked to emissions targets (sustainability commitments as a financing term). ESG Today, "Net Zero Banking Alliance Ceases Operations", 3 October 2025, esgtoday.com: after the exit of Goldman Sachs, JPMorgan, the Canadian banks, HSBC, UBS and Barclays in 2024–2025, NZBA

members voted to transition to a framework and the alliance ceased operations. ↩

2. European Commission, "Regulation on deforestation-free products", environment.ec.europa.eu, accessed September 2026: Regulation (EU) 2023/1115 covers cattle, wood, cocoa, soy, palm oil, coffee and rubber and certain derived products; operators and traders must prove that the products do not originate from recently deforested land; after postponement, application from 30 December 2026 for large and medium operators and from 30 June 2027 for micro and small operators. ↩

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