Global Commodity Trading Survey 2025

Investigating the challenges and what happens next for commodity trading companies and commodity-intensive corporations

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Preface

The commodity trading industry has always been subject to significant market movements. With a series of supply chain disruptions, geopolitical developments, climate and weather events, and now trade wars, the events of recent years have merely underscored this. Commodities are integral to global economies, playing a critical role in energy and food security. Companies need to adapt continuously to serve these needs.

At PwC we acknowledge this critical impact and the various challenges faced by the commodity trading sector. We value the work we do with our clients, helping them navigate turbulent times, adapt their finance and risk operating models as requirements evolve, identify and implement the necessary supporting technology, and build trust between trading companies and their stakeholders.

We hope that PwC's Global Commodity Trading Survey will yield some insights into the strategic priorities that define the trading industry today, for both commodity trading houses and commodity-intensive corporates. We also hope that it sheds some light on the way finance and risk functions are managing these priorities.

We would like to extend our gratitude to all survey participants for their invaluable contributions. Your participation has been instrumental in creating a robust and insightful overview that we hope will serve as a guiding resource for practitioners.

For any questions or further discussion, feel free to reach out to us. We are committed to maintaining a dialogue and to addressing challenges and opportunities within the commodity trading industry.

Michiel Mannaerts

Partner, Advisory
Commodity Trading and Treasury Leader
PwC Switzerland

michiel.mannaerts@pwc.ch

Introduction

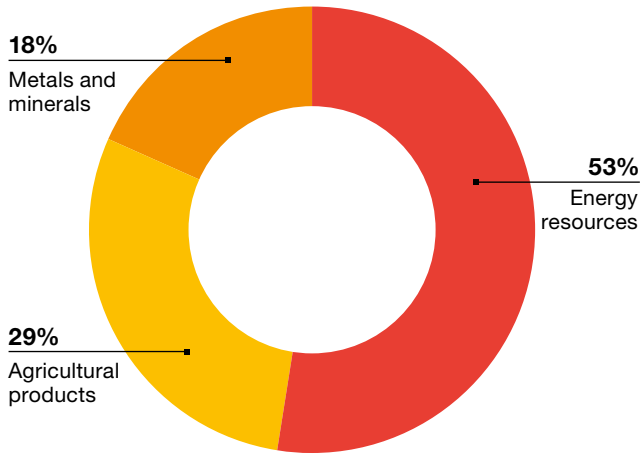
Commodities are more important than ever. They're bound up in everything from energy security in Europe and the metals and minerals required for the energy transition to the impact of climate change on agricultural commodities. In recent years, this growing importance has led to increased levels of market turbulence, exacerbated by tighter stakeholder reporting and transparency requirements – placing heavy demands on the finance, risk and ESG teams of companies operating in the commodities business.

All this has left trading organisations and commodity-intensive corporates wondering how to address these market circumstances and regulatory requirements They're also having to think hard about how to harness the rapid technological developments needed to do so.

PwC's Global Commodity Trading Survey aims to provide insights into these questions, with a specific focus on:

- Strategic environment: The survey sheds light on the external and internal priorities that will shape the trading industry in the next five years.
- Operating model of the risk and finance functions: The survey captures the latest trends in these functions' structure and role within the organisation. Risk and finance are now evolving as true strategic business partner. But what does that really mean?
- Technology and systems integration: With data processing and management on everyone's lips, the survey looks into the key challenges and opportunities that are emerging when it comes to enhancing the technology landscape.
- ESG and sustainability considerations: ESG-related topics are now reshaping all industries as much as data processing and automation. The survey examines the impact of new regulation on the commodities trading business and how this regulation has to be considered in every strategic decision, from reporting and disclosure in financial services to the choice of systems to capture the massive amount of data required.

Figure 1: Split of respondents by commodity classes



The surveyed companies are traders across all classes of commodities – energy (gas, oil and power), metals and minerals (refined and concentrates), and soft commodities (agricultural products) – as well as commodity-intensive corporates with significant exposure to commodity markets in the course of producing their final product.

The survey polled chief financial officers (CFOs), financial controllers and risk, commercial and IT managers at more than 70 companies across the globe.

In this report, we build on the survey findings to outline and explain developments in the industry and suggest things to consider if you're looking for ways of evolving in response to the ongoing challenges and opportunities in commodities.

Figure 2: Geographical coverage of the respondents

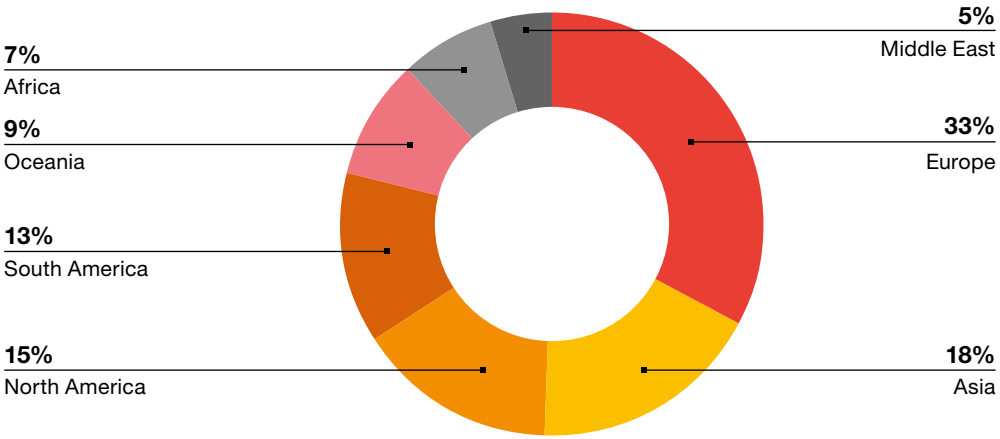
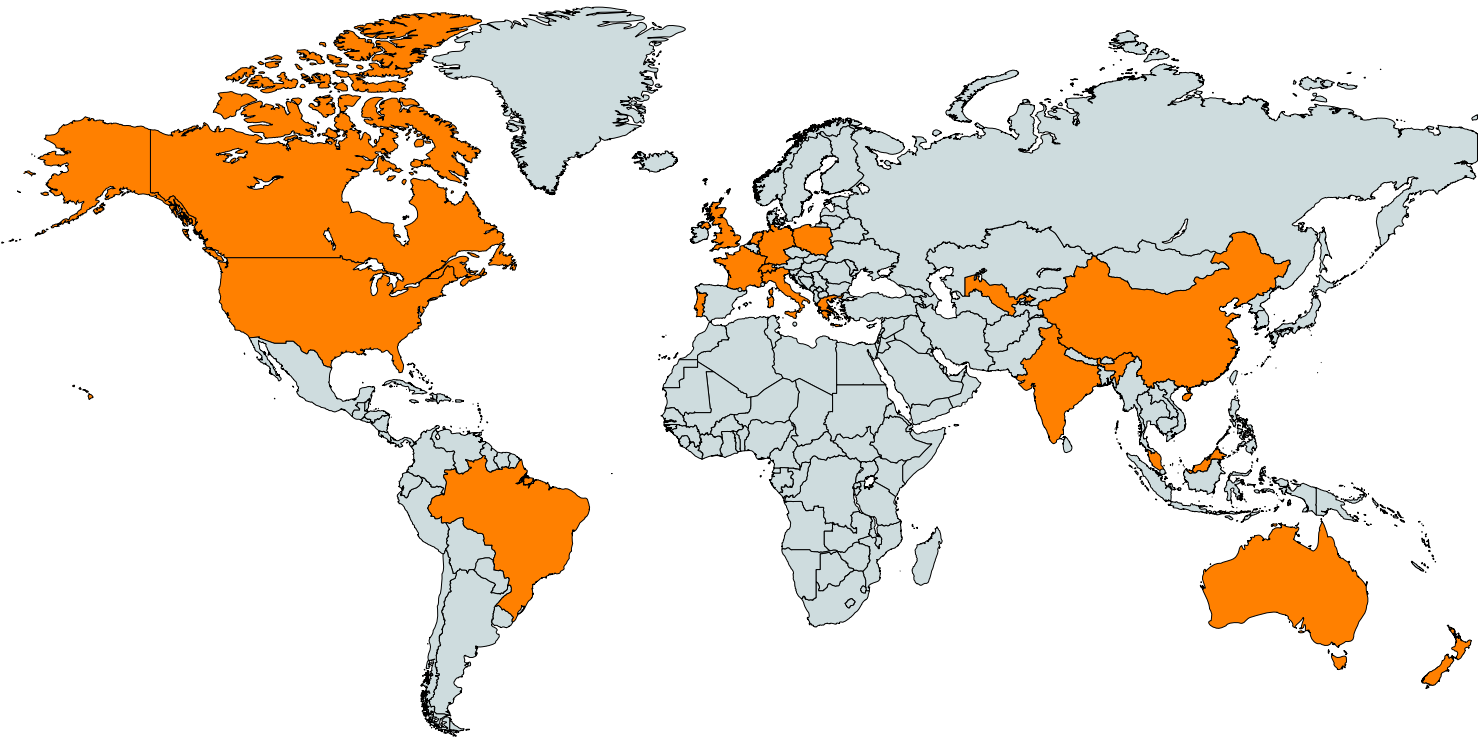


Figure 3: HQ location of the respondents



Switzerland	23%	Canada	3%	Netherlands	3%
France	18%	China	3%	USA	3%
Australia	12%	United Kingdom	3%	Malaysia	1%
Italy	10%	Greece	3%	New Zealand	1%
Germany	5%	India	3%	Poland	1%
Brazil	4%	Luxembourg	3%	Portugal	1%
				Uzbekistan	1%

1 Strategic environment

External priorities

Let's start with the main external challenges faced by the industry. Survey respondents cited three groups of factors:

Energy transition and climate change emerged as the most strategically important external factor. Commodity traders have traditionally tended to focus on cost, supply reliability and traditional energy sources such as oil, coal and natural gas. However, growing pressure from major corporates setting net-zero targets has shifted market dynamics. In response to local demand, there is a move towards renewable energy, a lucrative opportunity for traders. As leading companies push for cleaner energy sources to meet sustainability commitments, commodity

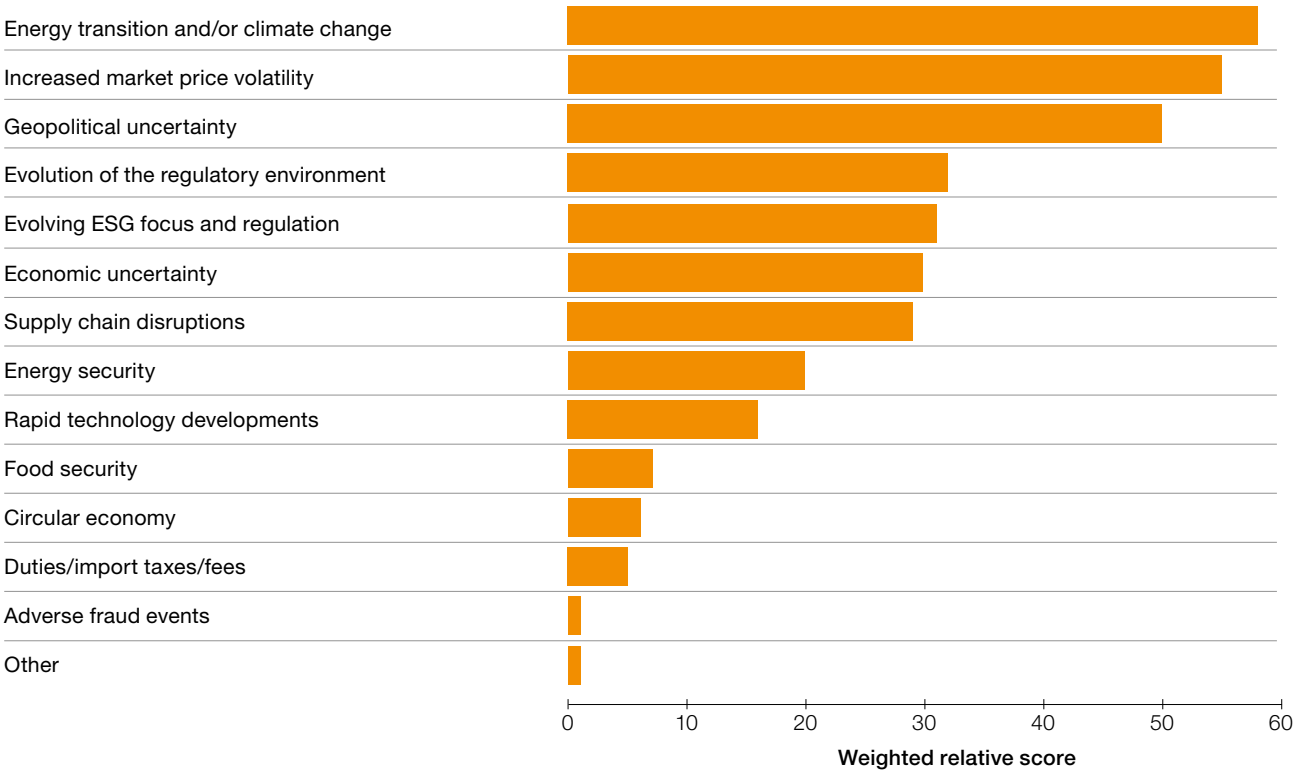
traders are adapting to capitalise on the increasing need for low-carbon solutions. This shift is reshaping supply and demand, requiring companies to innovate, manage new risks and position themselves strategically in an evolving regulatory and financial landscape. This, however, is all taking place against the backdrop of the new US administration, which is altering some of these dynamics.

Increased market price volatility was the second most critical issue named by survey respondents. Market volatility has always been a concern, but the drivers have changed. Historically, the primary triggers have been factors such as oil embargoes, natural disasters and economic recessions. Now we're seeing the current volatility intensified by geopolitical tensions, financial market dynamics and unexpected global events (for example the COVID-19 pandemic, the Russia-Ukraine conflict, tensions in the Middle East, climate change, and looming trade wars). This has resulted in a string of "black swan" events such as spikes in the prices of nickel (to over USD 100,000 per tonne) and gas (with TTF prices in excess of EUR 300/MWh), both linked to the Russia-Ukraine conflict, and, more recently, cocoa, coffee and other agricultural product prices, all of which have hit record highs owing to adverse weather conditions.

The survey suggests that many trading companies have benefited from this increased market volatility, generating value by using their logistical and financial capabilities to resolve market disruptions. Commodity-intensive corporates, however, have frequently seen price swings impact their profitability and cash flow, forcing them to refine their risk management strategies and hedging. The unpredictability of market movements underscores the need for agile financial planning and robust forecasting tools to navigate these turbulent conditions. Managing price volatility is as important as ever but is now influenced more by complex, interconnected global systems.

Geopolitical risk has been an increased driver of this volatility and has also emerged as one of the main concerns cited in the survey. The global commodity market is highly sensitive to geopolitical events, including trade disputes and threats of trade wars, sanctions, regional conflicts and shifts in government policies. In the wake of a resurgence in protectionism, tariffs and the implementation of quotas and pricing regulation, these factors have become more common, disrupting supply chains, creating regulatory hurdles and affecting commodity flows across borders. Navigating geopolitical risks requires a deep understanding of global affairs and flexible operational strategies to mitigate issues and capitalise on emerging opportunities.

Figure 4: Most strategic external topics, all industries (next 5 years)



Internal priorities

The external issues outlined above have prompted traders and commodity-intensive corporates to focus on a number of internal priorities.

Enhancing operational efficiency is the main priority for the surveyed companies. It's mainly about reducing costs, improving logistical processes and optimising revenues. Over the last decade, operational efficiency has evolved into a technology-driven transformation that is crucial to remaining competitive. This development is driven by major changes in system landscapes (process automation, AI and data management) and regulatory constraints. Enhancing operational efficiency also greatly facilitates risk monitoring and liquidity management, enabling companies to better navigate market volatility and maximise their profits.

Liquidity management is among the top priorities for the surveyed firms. Securing access to liquidity has always been important, but until recently was more of a background concern. In the last few years there has been a growing awareness of its importance, mostly thanks to major swings in commodity prices in the different markets, which has necessitated higher capital buffers for margin calls and hedging. The rising cost of borrowing has also made liquidity more expensive and harder to access.

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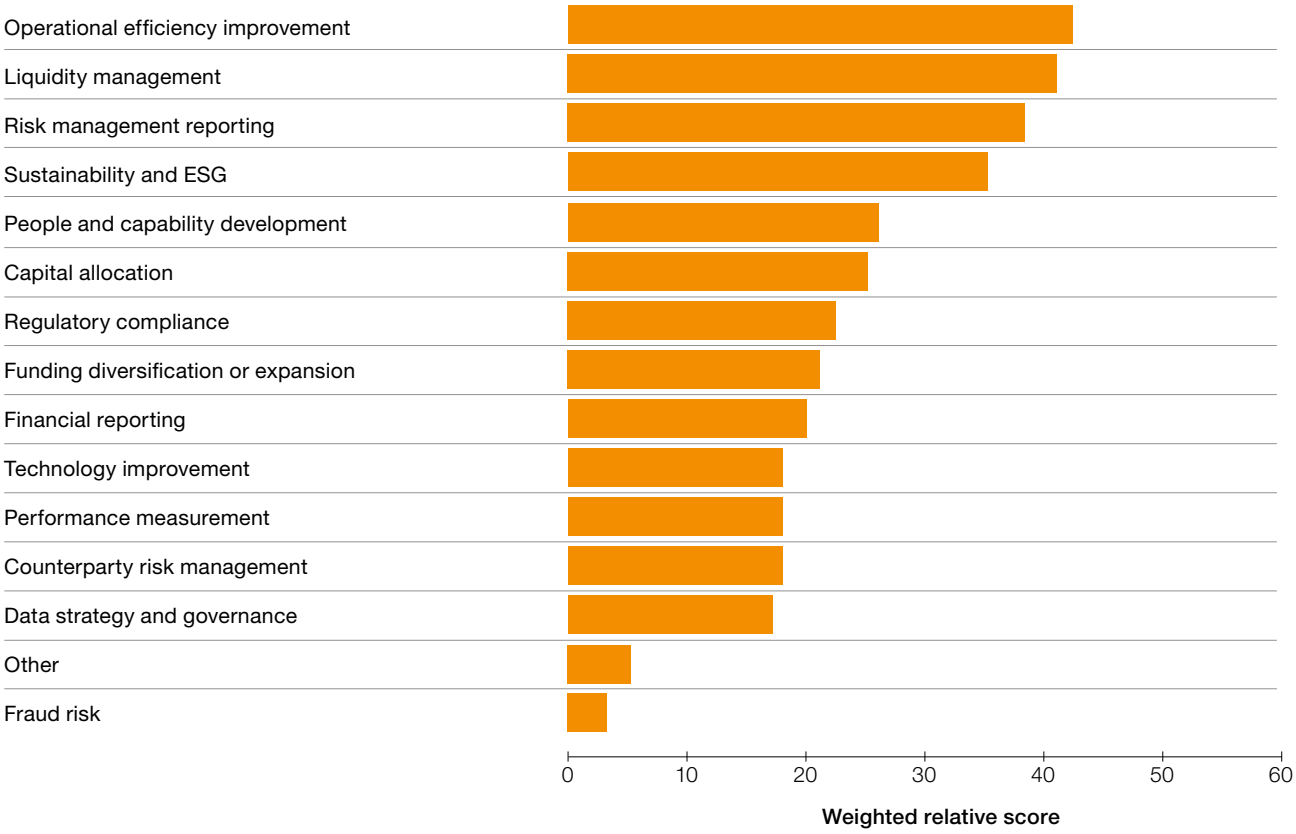
Risk management reporting has been another area of internal focus. Timely and accurate reporting on risk management matters is essential to navigate the volatility of the commodity market. Risk management functions have also developed in line with increasing demands for transparency from regulators and lending institutions, and risk management reporting needs have evolved in the wake of big improvements in companies' data management and system landscapes. The string of fraud cases uncovered during the COVID period has also increased the demands that financing stakeholders place on their customers. The importance of the risk function has forced organisations to undertake major transformation and strengthen their risk teams with better tools and processes.

Figure 5: Most strategic internal topics, all industries (next 5 years)



Reflecting the complex nature of the trading environment, these top three priorities for commodity traders are deeply interconnected. Effective liquidity management enables companies to respond to market volatility, but this is only possible with accurate risk management reporting that identifies potential threats, ideally before they occur, and helps mitigate financial exposures. For its part, operational efficiency plays into both these areas, as an efficient organisation is able to free up capital and improve liquidity, while efficient processes and reliable data enhance risk management for quicker decisions.

Besides these top three requirements, companies have also been focusing on a number of additional internal issues in response to the external priorities identified above.

For example, ESG is now among the top five priorities. We see major commodity trading houses investing more and more in low-carbon energy sources such as biofuel and hydrogen to align with global decarbonisation targets.

This new data-driven and ESG-focused environment calls for specialist risk management, digital transformation and sustainability capabilities. Adapting to it therefore requires a workforce skilled in data science, regulatory compliance and emerging market trends. To attract and retain the requisite talent and remain competitive in a rapidly changing industry, companies are investing in upskilling initiatives and partnerships with universities.

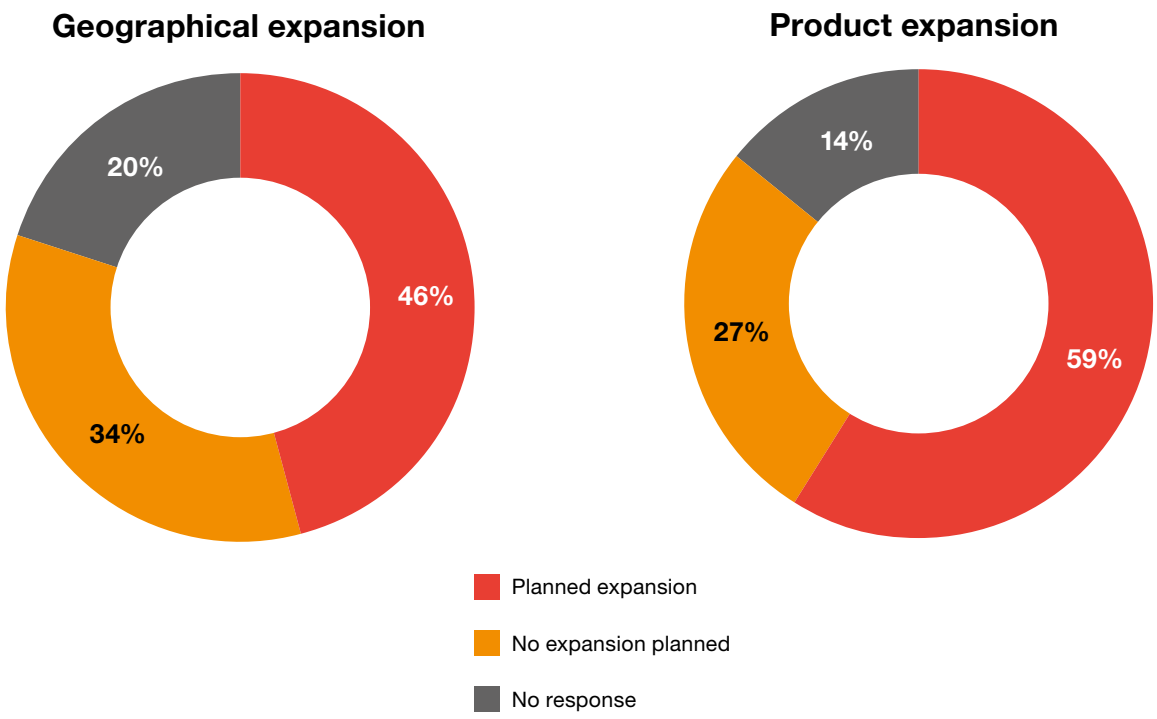
It's noteworthy that for all commodity classes, the risk of fraud comes bottom of the list of internal priorities. Despite the low occurrence of fraud, it usually creates a substantial stir in the media and can potentially have a serious impact on traders and corporates, significantly affecting their reputation and credibility. So even though fraud has lower priority than other internal challenges, it's essential to put robust measures in place to prevent and address it.

Expansion into new locations and products

While almost half the industry representatives polled value geographical expansion, there is a greater emphasis on expanding product ranges. Trading companies in the energy sector are setting up new departments for metals and minerals to meet the rising demand for renewable resources. Given that the location of these new businesses varies depending on the commodity's origination, this expansion into new products inevitably leads to geographic expansion as well.

Companies are now setting up offices in both the production and consumption hubs – not just to take advantage of local knowledge, but also to align with specific regulatory constraints. Markets are currently experiencing a return to regional focus (deglobalisation), with a resurgence of protectionism resulting in tariffs and quotas. ESG initiatives such as CBAM for Europe are a further driver of this development.

Figure 6: Plans to expand into new geographies and products, all industries



2

Risk management operating model and reporting

Our survey reveals several key trends that are shaping risk management functions across the commodities industry. Alongside the external and internal priorities identified earlier in this report, these trends reflect the evolving priorities of risk teams, technology adoption patterns and the ongoing challenges companies face when it comes to balancing efficiency with robust risk oversight.

Chief Risk Officer (CRO), Group Risk Officer and local risk team

In mid- to large-size companies, the Chief Risk Officer (CRO) function is typically established to define the organisation's strategic risk management efforts. The CRO is responsible for setting appropriate corporate risk limits and metrics across market, credit, and often cash liquidity risks, given the strong interlinkages among these areas. Therefore, the CRO ensures alignment between the company's business targets and stakeholder's or investor's expectations with the risk framework. The CRO often leads risk teams at both group and local levels which implement the risk framework and support tactical trade decisions.

The evolving role of risk functions

Risk teams are increasingly seeking to move beyond traditional roles focused on data management and reporting. Rather than spending significant time on raw data processing and generating standard reports, they aspire to becoming strategic business partners. The aim of this shift is to embed risk management more deeply in decision-making processes, allowing risk teams to provide proactive insights rather than mere advisory support. A key contributing factor may be that, when it comes to risk reporting, risk teams are able to use increasingly reliable and effective business intelligence (BI) solutions (although 34% of respondents still rely on Excel) that allow deeper analysis and the identification of trading patterns, from which they can derive simulations and what-if scenarios that trading teams can act upon.

Figure 7: Desired time allocation adjustment per role/activity in the risk function

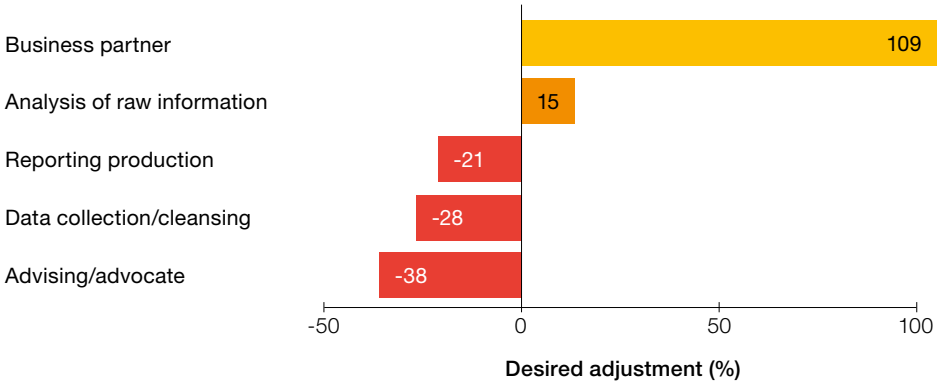
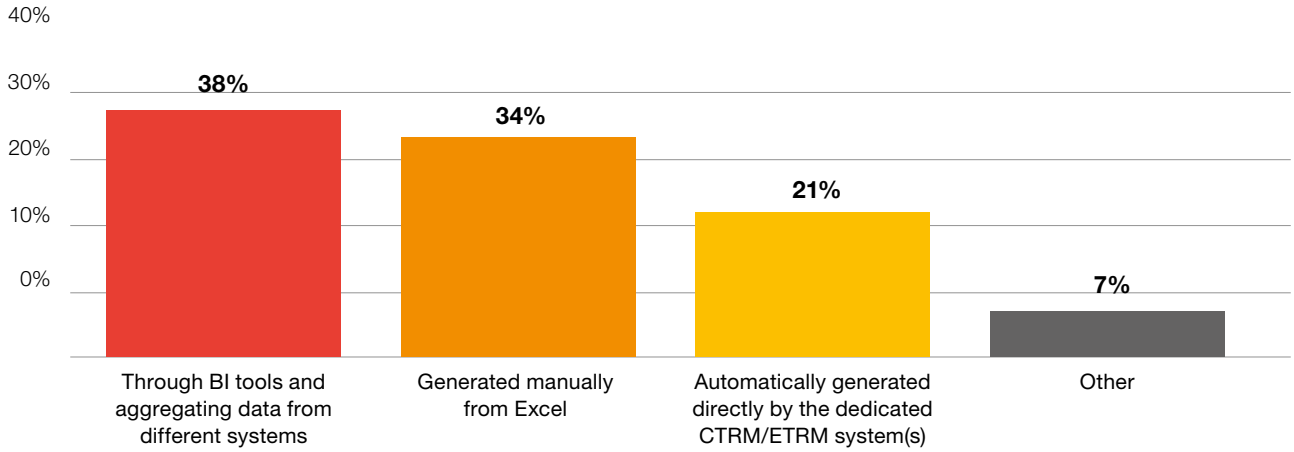


Figure 8: Tools used to generate risk management reporting package



Resource allocation and centralisation of risk functions

Larger commodity trading companies allocate more resources to risk management, reinforcing the notion that scale enables greater investment in sophisticated risk oversight. The majority of respondents reported having centralised risk functions, even within companies with larger teams (up to 20 people). Centralisation remains the dominant model even for companies operating in regional markets, suggesting a preference for unified risk governance frameworks across diverse trading geographies.

Figure 9: Number of resources within the risk organisation

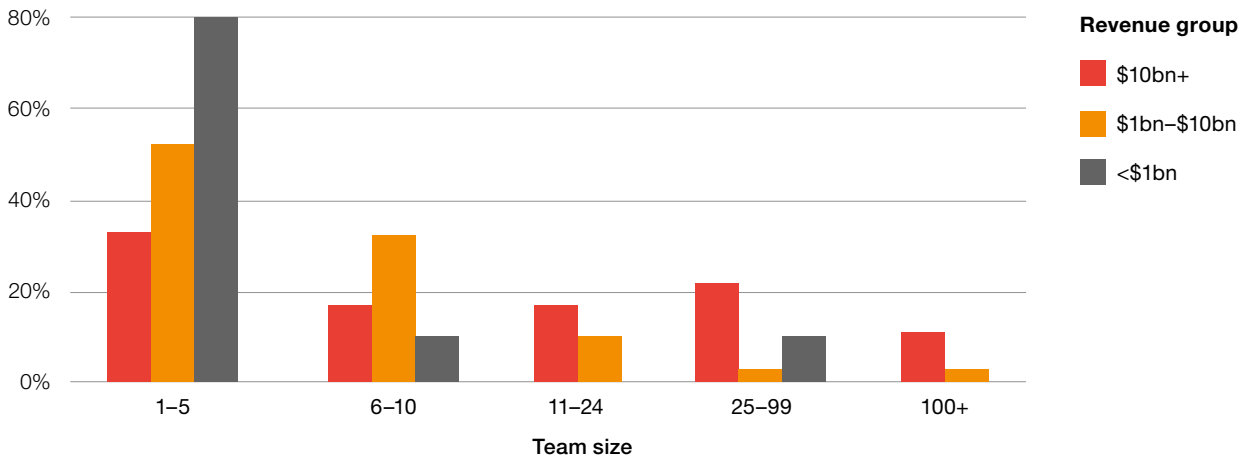
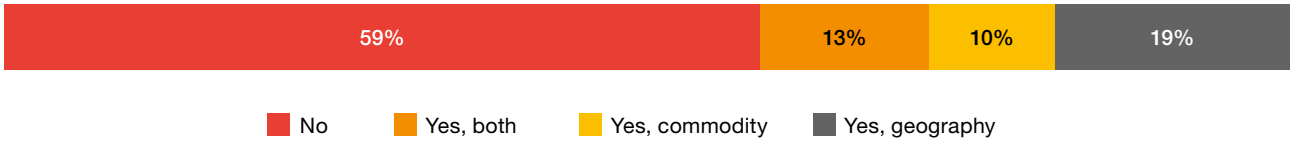


Figure 10: Type of decentralisation of the risk function



Use of derivatives in market risk management

The vast majority of commodity trading companies use derivatives to mitigate market risk, employing a mix of symmetric (futures and swaps) and asymmetric (options) instruments. From a price risk management standpoint, futures and swaps are primarily utilised to manage price volatility arising from time lags between purchase and sale prices – a common challenge for traders, distributors and transformers. Options, on the other hand, are commonly used by commodity-intensive corporates with mature market risk management strategies, particularly producers and consumers. These corporates rely on options to set prices for their commodities while maintaining flexibility. Options not only offer protection against adverse price movements but also allow participation in favourable market developments. Additionally, when purchased, options help solve margining challenges, making them a valuable risk management tool.

The hedging of price risk incurs other risks, such as liquidity risk when using exchange-traded derivatives or counterparty risk when using over-the-counter (OTC) derivative products. As a rule of thumb, the cost of hedging at that point in time is considered arbitrage-free. This is due to the cost incurred for holding liquidity for the derivatives or the expected credit loss due to a (usually very small) chance of default for OTCs. As the physical commodity markets become more transparent, the trading houses are becoming more sophisticated, making state-of-the-art risk-to-reward calculations to estimate the statistical benefits of price hedges.

IT landscape, systems, tools and data

The IT landscape within commodity trading companies is, in most cases, highly fragmented. This results from the complexity of their operations, as each system covers a dedicated aspect of the business. The backbone of the IT landscape for commodity traders is their commodity trade risk management (CTRM) and enterprise resource planning (ERP) software. Both systems capture different aspects of a company's activity. All trading and operations data are recorded in the CTRM, while the ERP captures all accounting entries related to trading activity. Later in the survey, we will see that defining the boundary between these systems is key to streamlining data flow and increasing efficiency.

The IT landscape within commodity trading companies is, in most cases, highly fragmented. This results from the complexity of their operations, as each system covers a dedicated aspect of the business.

The survey revealed that larger organisations have made the original backbone—CTRM and ERP—more complex by adding new software and microservices. They have incorporated risk management, logistics, and compliance tools to meet their needs.

As the IT landscape becomes more complex, one key challenge arises: integrating a fragmented IT environment. For larger corporations, the difficulty lies in ensuring seamless data flow, connecting all systems in real time while maintaining data accuracy and consistency. However, a trend is emerging towards data aggregation from various sources in both structured and unstructured formats. This is driven by the general consensus that a unified data model enhances decision-making capabilities and operational efficiency. To reach this level of integration, major corporations are building central data infrastructures connecting their ERP, CTRM and other tools. By linking all software to a single data repository, they improve data consistency and enable real-time data transfer. This evolution in IT strategy highlights the industry's move towards a more cohesive and data-driven approach, reinforcing the need for continuous innovation in system integration and data management.

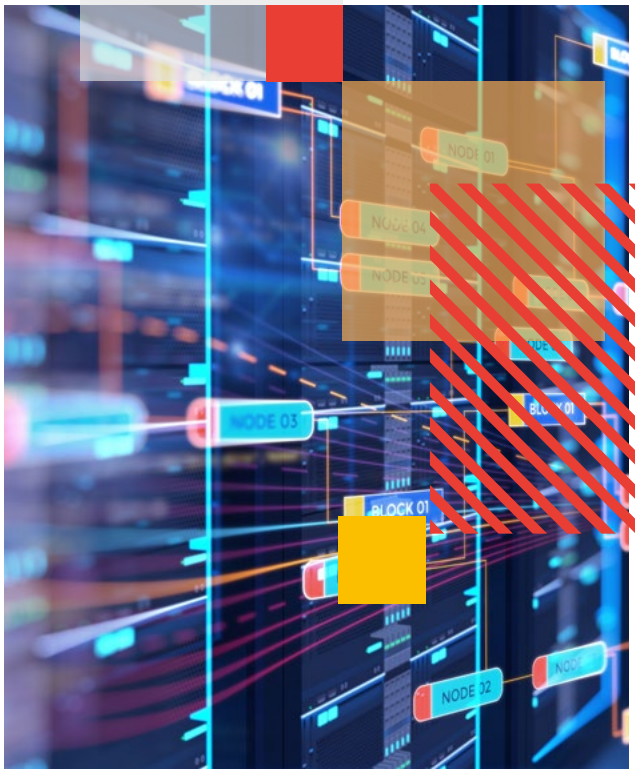


Figure 11: Breakdown of the IT landscape

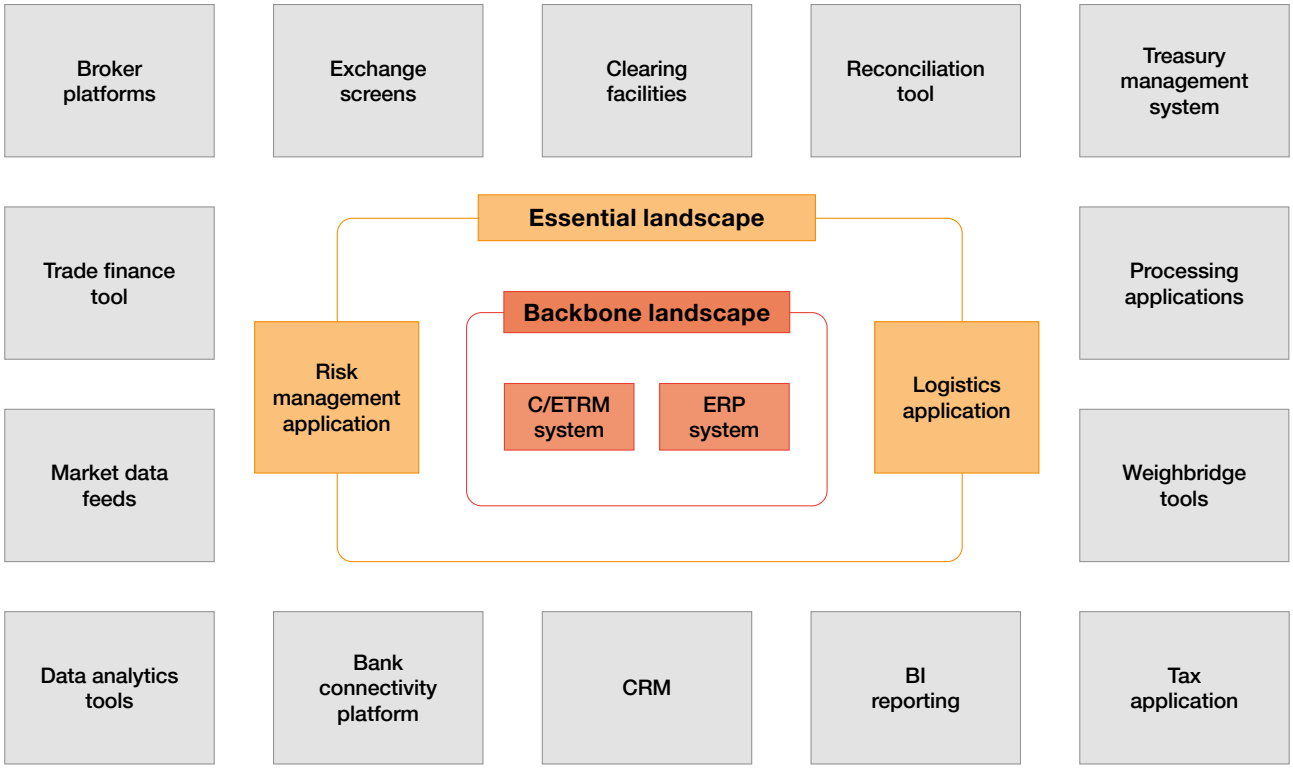


Figure 12: Level of integration of the different system

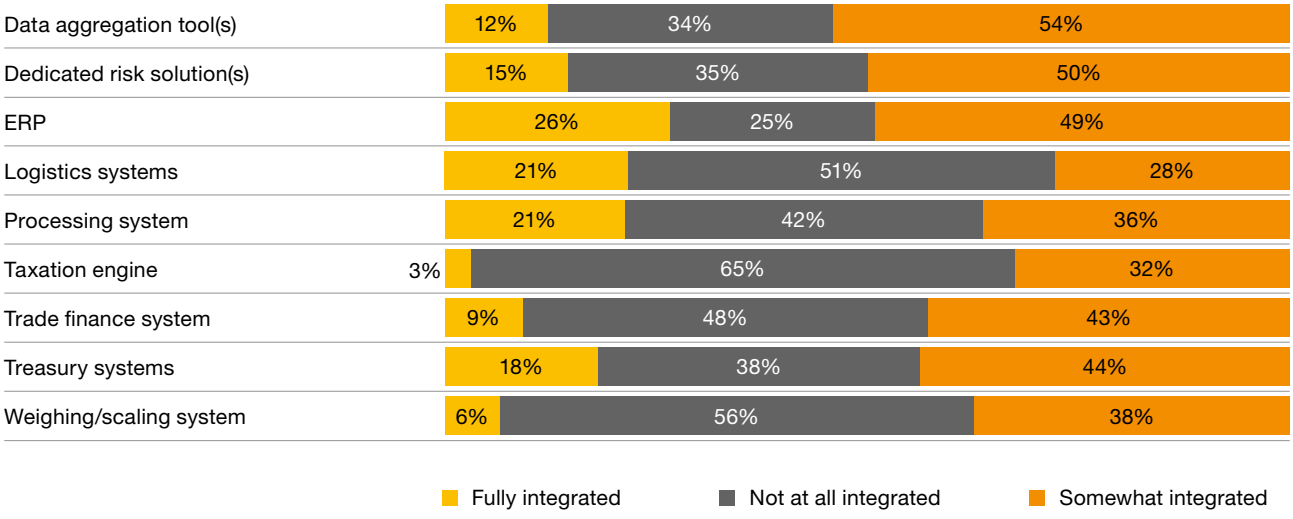
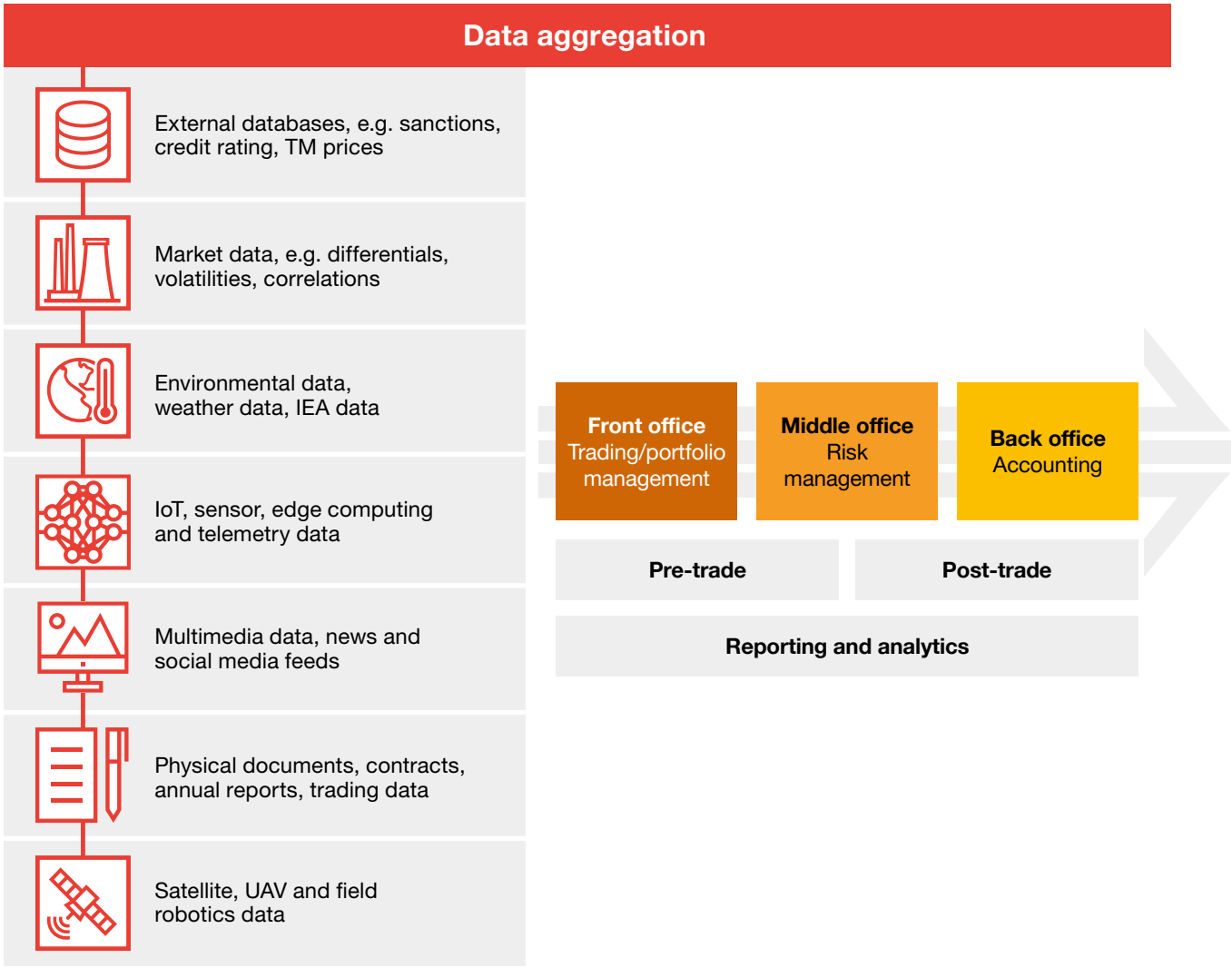


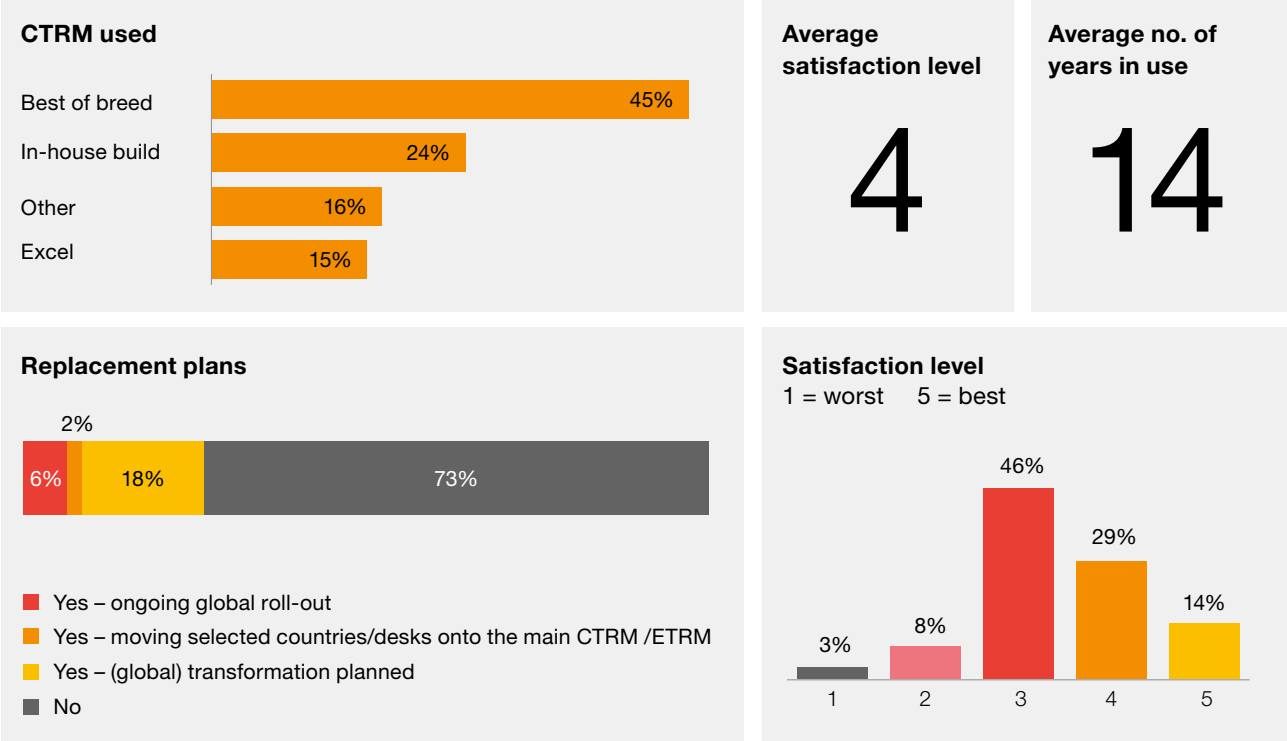
Figure 13: New data model management



Technology trends: in-house versus commercial solutions

In the context of the observed desire to increase operational efficiency, the survey also looked at the use of CTRM technology. A noteworthy finding is that risk management systems built in house exhibit higher user satisfaction than commercially available solutions. In addition, many companies express firm intentions of replacing Excel-based processes with more sophisticated tools. Interestingly, the level of integration of Excel within existing risk management systems is comparable to that of commercial software, underscoring the challenge of transitioning away from legacy spreadsheet-based workflows.

Figure 14: CTRM used, replacement plans and satisfaction levels



Conclusion

The risk department is the cornerstone of any trading company, often led by the CRO and supported by more tactical group or local risk officers, as it is ideally equipped to support business decisions at an early stage of the transaction. The survey results highlight the ongoing transformation within commodity trading risk functions. There is a clear drive to enhance strategic engagement, improve market risk capabilities and transition towards more advanced technological solutions as the risks involved in a transaction extend beyond market risk to include credit, liquidity, operational and other factors. While it is often easy to capture gross profit, capturing all direct and indirect earnings might be more challenging. This means that in addition to reliable models, the risk management function now also needs the ability to oversee the E2E transaction flow, which is often cross-departmental. After all, risk management follows the risk, not the organisation.

While centralised models and in-house systems continue to dominate at major trading houses, the increasing reliance on derivatives—futures, swaps and options—highlights the industry's focus on mitigating risk effectively no matter the size of the company. The push to replace Excel with more robust BI and risk management tools signals an industry-wide focus on efficiency and long-term resilience. A straightforward way to assess the need for such investment is to analyse the foreseen risk-to-reward ratio.

As risk teams evolve, their role in shaping business decisions will become increasingly critical to ensuring both operational stability and competitive advantage. This will be achievable only if the risk team is supported by the appropriate system and the right people, as mentioned above.

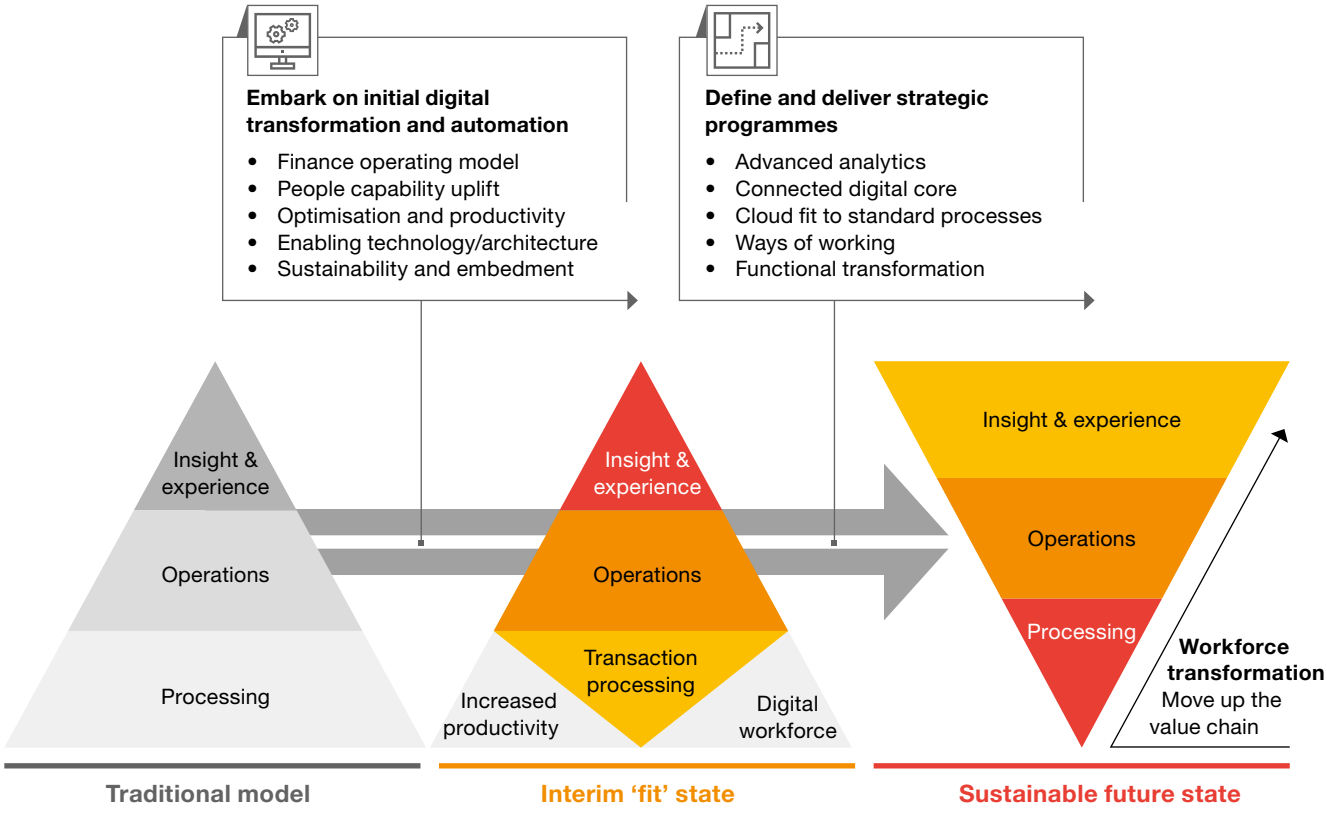
3

Finance's new vision: evolving into a business partner

Traditionally, the finance function has been primarily associated with financial and external reporting, management reporting and compliance. However, as the commodity industry evolves in the wake of digital transformation, Finance is shifting its focus. Thanks to its strategic position within the organisation and unique access to data, the function is now able to offer comprehensive strategic insights and add value to the business. It is moving towards becoming a true partner able to provide advice that supports business growth in line with the same trend we observed for the risk function. Figure 15 shows the evolution of the finance function to this new operational state.

This section of the survey was supplemented by a series of interviews with experienced finance professionals at leading trading houses.

Figure 15: The future of finance



Achieving the vision with a finance target operating model

A common thread in the interviews was a desire to move to a more strategic and value-driven finance function, encompassing improvements in the organisational model, processes and automation, technology, tools and data management, the service delivery model and reporting. By restructuring these components, Finance can enhance its capabilities, streamline operations and leverage data-driven insights to drive informed decision-making and value creation.

Organisational model

Surprisingly, we observed from our survey and interviews that the organisation of the finance function differs significantly from one commodity company to another. The main organisational design questions we discussed revolved around:

1. The proximity and distribution of tasks between the finance and middle office, including how the process between daily PnL preparation and monthly financial reporting is linked to achieve faster, insightful and clearly explained, daily and monthly management reporting and PnL. A best practice that we observed is a set-up where trading controllers based in Finance remained very close to the daily PnL process, ensuring issues were tackled well ahead of monthly closing.

2. The distribution of responsibilities between financial controlling, business controlling and FP&A. We observed cases with business controlling taking a stronger role in both daily PnL preparation and trading-related financial reporting, consistent with point 1 above. We also discussed examples where business controlling is tasked with being an advisor to the front office teams or heads of business units and supporting with strategic projects.

3. The use and organisation of an SSC, including the activities that are supported, notably considering transactional, analytical and strategic tasks. We noted a divide between traders in terms of how the SSC is organised: by product versus by process (O2C, P2P). A particular concern was raised about the ability of a process-based set-up to adequately cover product-specific characteristics.

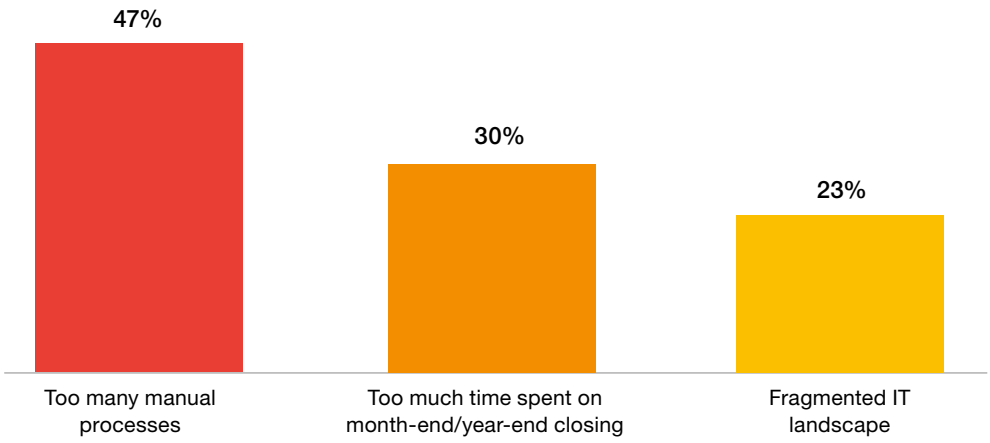
4. The organisation around finance IT and its reporting lines within the company. We observed that some organisations separated finance IT from the rest of the IT organisation and had it reporting directly to the CFO. In this set-up, finance IT managed all finance applications and took responsibility for technical and business analyst support.

5. Trade support or operations sitting within the finance organisation. We discussed trade support owning payable and receivable invoicing and settlement flows, bringing heightened control to these processes.

Process and automation

Of the companies surveyed, 77% identified manual processes and the time spent on month-/year-end reporting as the two primary obstacles preventing the finance function from evolving into a more effective business partner. The IT landscape came a close third.

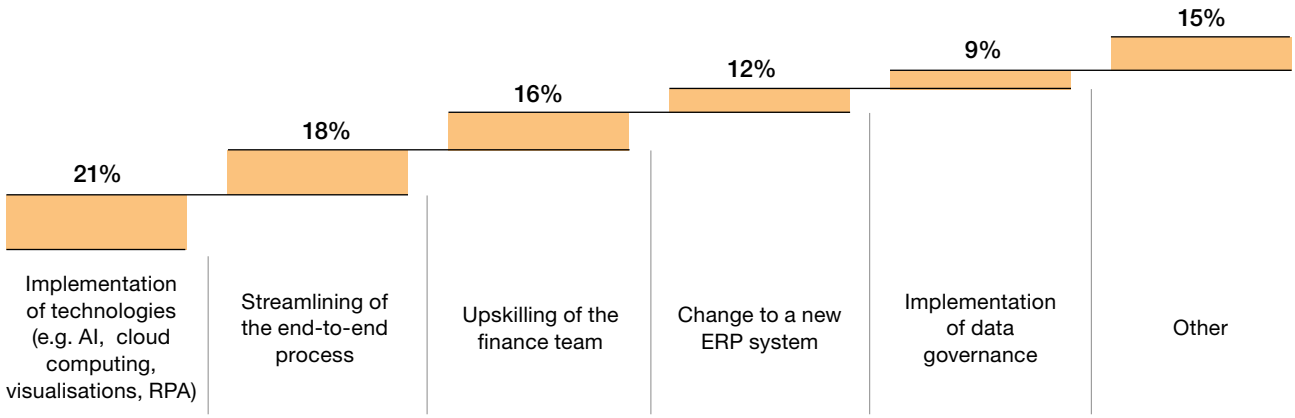
Figure 16: Finance's biggest obstacles to operational efficiency



Key game-changers include technologies such as AI, cloud computing, visualisations and robotic process automation (RPA), as well as the streamlining of end-to-end processes and ERP transformation.

The survey revealed a number of key "game-changers" that have emerged over the past 24 months in response to these obstacles. They include the adoption of technologies such as AI, cloud computing, visualisations and robotic process automation (RPA), as well as the streamlining of end-to-end processes and ERP transformation. These initiatives have helped improve process efficiency, enable straight-through processing and tighten control over finance operations. Significant advances in these areas are anticipated in 2025 as the finance function continues to strive towards achieving its vision.

Figure 17: Finance game changers in the past two years



Technology, tools and data management

Integration of the ERP and connected systems plays a major role in facilitating financial and management reporting, as well as strengthening business control. It's important to determine which data will flow across the frontier between the CTRM and ERP, the level of data aggregation and the necessary information that will flow back into the CTRM.

Leading organisations are prioritising the establishment of a unified data model and centralisation of master data, particularly in light of new reporting, statutory and legal requirements such as ESG, CSRD and BEPS, but also to capture the complex landscape of systems built over the years to handle dedicated tools such as logistics and risk management software.

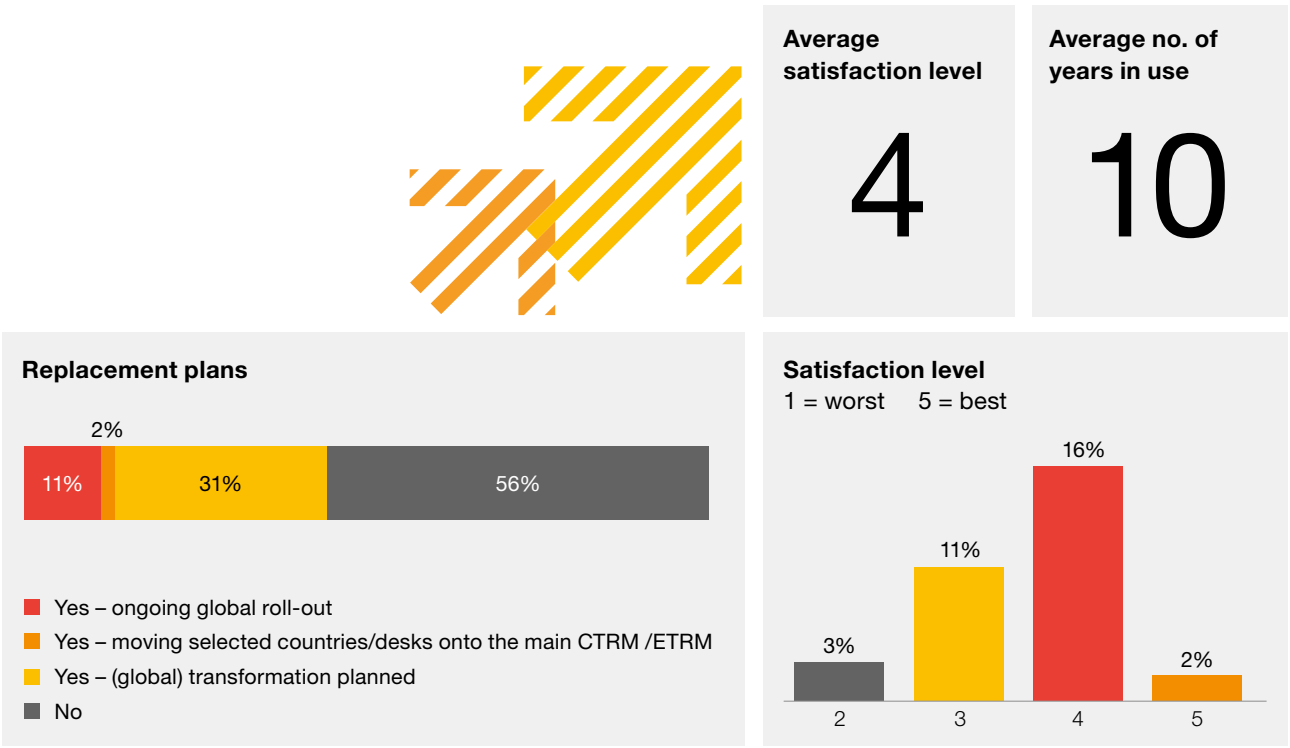
The survey yielded some important findings in this connection:

- The most widely used ERP vendors are SAP, Microsoft and Oracle.
- Users of leading ERP systems reported higher satisfaction than those using smaller or contender systems.
- The average lifespan of an ERP system among respondents is just under 10 years.

As companies seek to adapt to evolving market dynamics and regulatory demands, ERP transformation emerges as a key initiative (45% of survey respondents are already running or are planning an ERP replacement project), driven by the imperative to modernise legacy systems. The anticipated uplift in technology-driven finance transformations in 2025 is expected to further underscore the pivotal role of ERP systems in supporting strategic decision-making and operational excellence within the finance function at commodity trading companies.

Larger organisations are starting to use data lakes to streamline system integration and achieve deeper reporting capabilities and insights (as explained in the section on risk management technology trends). There is a strategic focus on optimising technology tools and platforms to support the finance function's vision.

Figure 18: ERP used, replacement plans and satisfaction levels

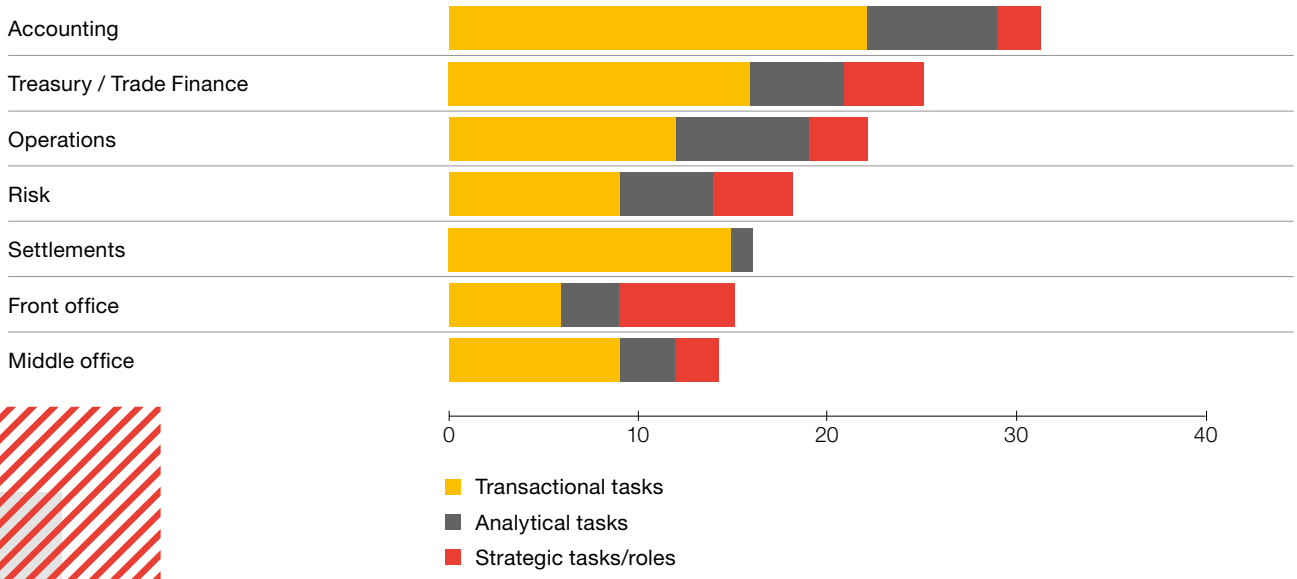


Service delivery model

In alignment with finance's goal of becoming a strategic business partner, a key indicator of the function's maturity is its use of shared service centres (SSCs). SSCs play a pivotal role in reducing the time allocated to routine reporting tasks, allowing finance teams to focus on value-added activities that drive business growth. Notably, over half of the survey respondents operating SSCs have established multiple locations globally, underscoring the scalability and reach of this operational model as well as the regional benefits achieved.

SSCs function as centres of excellence, emphasising the centralisation and standardisation of financial processes. The survey showed that their responsibilities primarily revolve around transactional tasks, particularly in accounting, trade finance/treasury and operations, where the bulk of operational activities are carried out. While SSC responsibilities are typically activity-driven, leading traders have adopted a department-driven SSC approach, aligning operational functions with specific business units for enhanced efficiency and effectiveness.

Figure 19: Different uses of shared service centres (in number of responses)



Reporting

While financial reporting is crucial for stakeholders such as shareholders, financing banks and counterparties, its delayed availability often limits its utility for internal decision-making within the company itself. To help facilitate management decisions, management reporting needs to happen within shorter time frames – post month-end and even intra-month.

Key findings from the survey include the following:

- It is common practice for traders to complete the internal monthly close process within 10 working days, a target achieved by 65% of respondents.
- The annual reporting process presents challenges, with 12% of respondents completing it within one month, 48% taking between one and two months and the remaining 40% taking three months or more. There is clear room for improvement. Banks in particular want a transparent view of the company financials.
- Leveraging leading ERP systems and automating manual processes are identified as key strategies for achieving a more efficient and expedited close process.

In addition to routine financial reporting, finance departments face a growing number of third-party audits, including special audits focusing on governance and risk management. Of those polled, 71% have participated in such audits alongside financial audits. The survey also revealed that 70% of traders manage non-financial reporting, including sustainability and ESG reporting, under the leadership of group finance. Finance is having to deal with evolving reporting needs and balance the imperative of meeting reporting requirements with the desire to identify opportunities in their value chains.

Figure 20: Duration of the monthly financial close (in days)

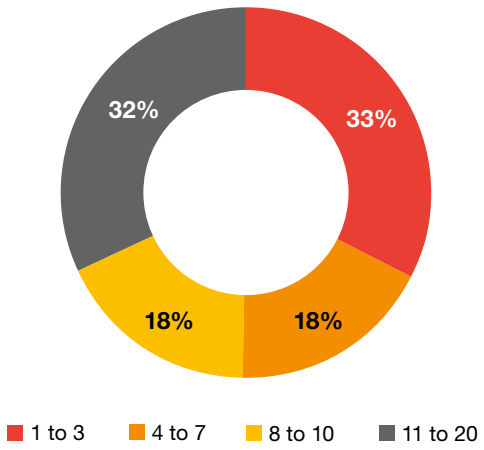
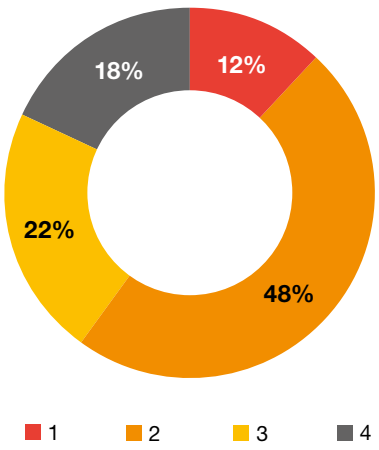
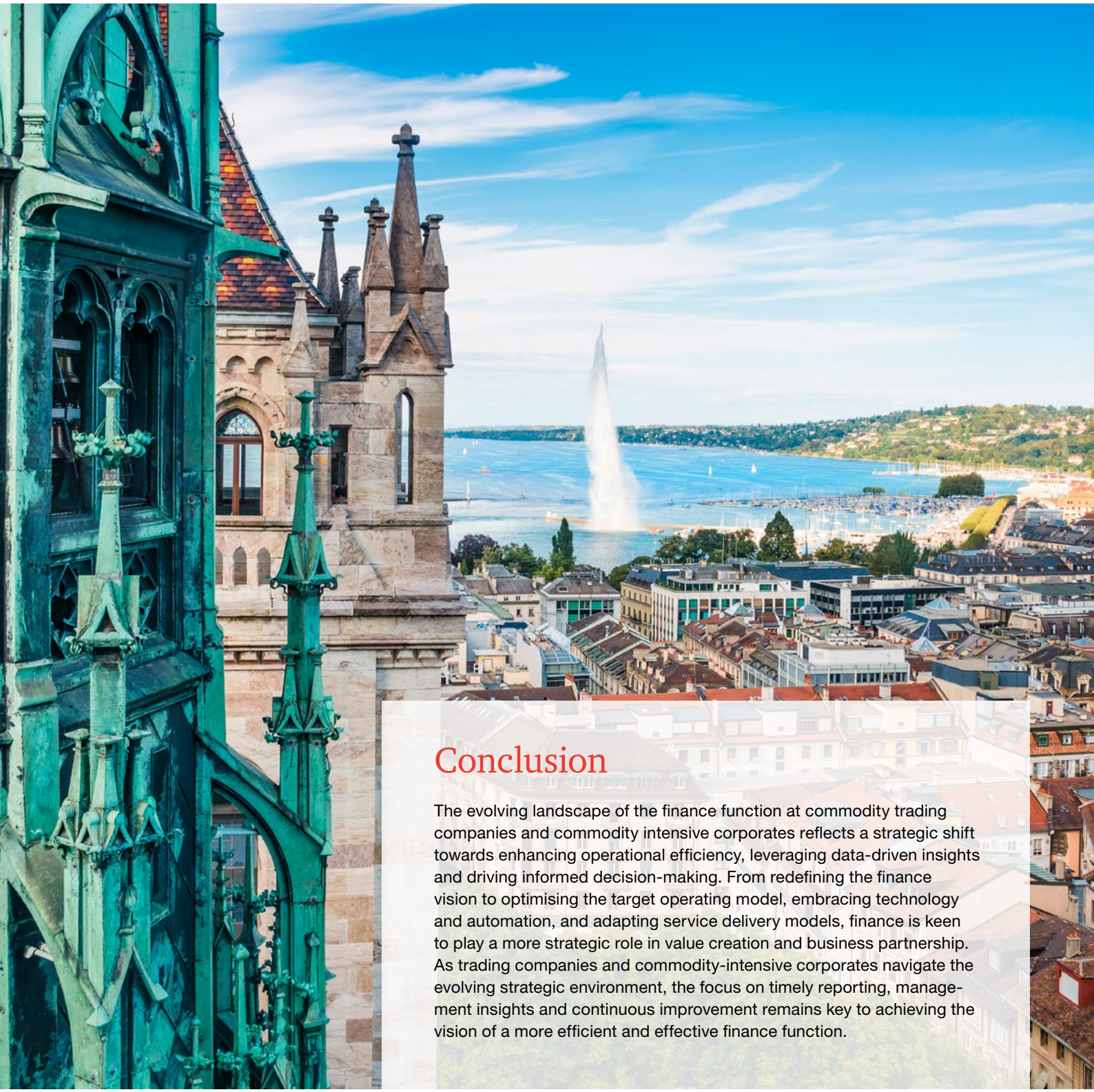


Figure 21: Time to complete annual audited group financials (in months)



The evolving landscape of the finance function at commodity trading companies and commodity intensive corporates reflects a strategic shift towards enhancing operational efficiency, leveraging data-driven insights and driving informed decision-making.



Conclusion

The evolving landscape of the finance function at commodity trading companies and commodity intensive corporates reflects a strategic shift towards enhancing operational efficiency, leveraging data-driven insights and driving informed decision-making. From redefining the finance vision to optimising the target operating model, embracing technology and automation, and adapting service delivery models, finance is keen to play a more strategic role in value creation and business partnership. As trading companies and commodity-intensive corporates navigate the evolving strategic environment, the focus on timely reporting, management insights and continuous improvement remains key to achieving the vision of a more efficient and effective finance function.

4

The evolution of technology used across functions

GenAI adoption, data compliance and strategic insights

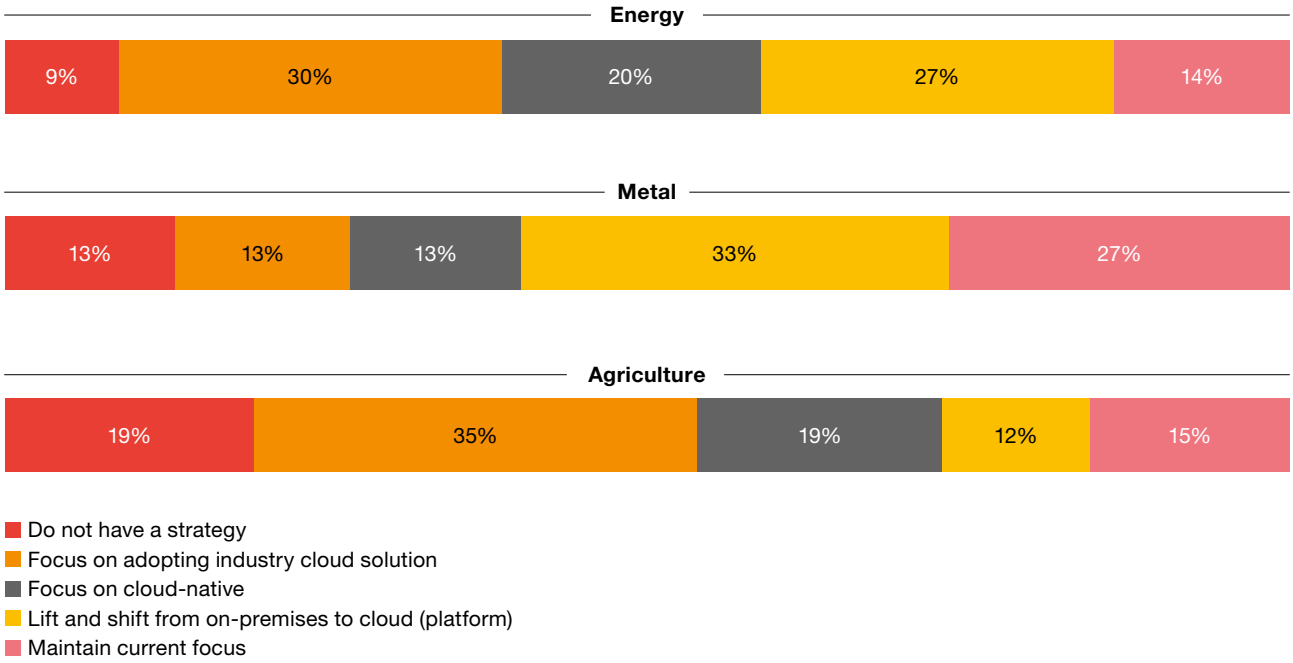
As highlighted in the first section of this report, the commodities industry increasingly faces scrutiny regarding transparency and the need for robust operational effectiveness. Companies are transitioning from on-premises applications to cloud-based solutions. Additionally, the growing adoption of AI tools and process automation set-ups will help companies obtain faster and more reliable data, enabling more efficient reporting and more rapid decision-making.

Cloud adoption strategy

Commodity traders and commodity-intensive corporates are focusing on adopting industry cloud solutions because these providers offer enhanced data security. Early adopters include companies involved in energy and agricultural products; those in metals and minerals, by contrast, tend to concentrate on their existing systems, usually on-premises.

Companies are seeking to improve their processes to enable more efficient decision-making and strengthen their data sets. Technology is evolving and guaranteeing better data security and more agile processes.

Figure 22: Cloud technology adoption strategy, per segment



Only a few companies have implemented GenAI use cases so far

The survey points to significant interest in GenAI tools, which have demonstrated clear use cases when it comes to optimising workflows and even performing tasks on behalf of humans. While traders and corporates see these use cases primarily in operations and back-office activities, they also recognise potential applications in the front office. When it comes to AI, it's important to consider the difference between physical and derivatives trading. Thanks to its inherent level of standardisation, derivatives trading is more likely to lend itself to AI. The situation on the physical trading markets varies: while some, such as gas and electricity, are fairly streamlined and could have AI use cases, others, such as metals and agricultural trading, are more subjective, involving many moving parts and human intervention, and are thus likely to remain difficult to crack for AI applications.

Early adopters of GenAI tools have successfully implemented them in both the front and middle offices. These tools will revolutionise work and collaboration, improving compliance by automatically checking data sets and alerting users when decisions have to be made.

Our survey has identified concrete examples where AI has been incorporated into the day-to-day activity of companies.

- Market intelligence and price forecasting: AI-driven models can support traders and corporates with price forecasts by analysing market trends, supply disruptions and macroeconomic factors.
- Algorithmic and automated trading: AI-powered trading strategies could enhance efficiency by executing trades automatically based on market conditions and risk exposure, for instance by adjusting energy hedges in response to intraday price volatility or capturing arbitrage opportunities across futures exchanges. This is, of course, dependent on market liquidity and maturity.
- AI for credit and counterparty risk assessment: AI-driven risk models are used to assess financial stability, payment behaviour and transaction history to mitigate default risk, for example by evaluating coffee exporters' financial health before issuing contracts.

Most companies are already deploying tools to enhance their processes, aiming to reduce the burden of data management and foster increased business partnering across all functions – including risk and finance.

On the way to a high level of maturity in process automation and data analytics

The trend towards adopting GenAI tools is mirrored across various sectors, but the pace of deployment varies. The survey yields some important insights:

- Energy traders (gas and oil) seem to be more willing than those in other sectors (the agricultural, metal and minerals businesses) to integrate Gen AI in their front office functions. But this push needs to be backed up by greater maturity in terms of process automation and data analytics. Energy traders are on top of the adoption wave thanks to a very liquid market, with a lot of data available to all the players and more standardised contracts and pricing mechanisms. The increasing use of unified data models and AI tools is therefore key in this commodity class.
- Metals and agricultural traders are lagging behind owing to more fragmented, less liquid and more negotiation-heavy markets.

Nevertheless, as the benefits of GenAI and robotic process automation (RPA) become more evident across the entire industry, the soft and metals sectors will gradually catch up, leveraging these tools to enhance efficiency, decision-making and overall operational agility.

Depending on the risk and finance vision as described in the previous section, the maturity of data analytics follows the same trajectory as process automation. Most companies are already deploying tools to enhance their processes, aiming to reduce the burden of data management and foster increased business partnering across all functions – including risk and finance. These advancements not only streamline workflows but also improve the strategic capabilities of these functions. The integration of advanced data analytics tools facilitates real-time insights and data-driven decisions, enabling companies to navigate complexities with greater agility and precision. For instance, as mentioned in the previous section on finance, this development is helping the finance function accelerate its monthly closing times.

5

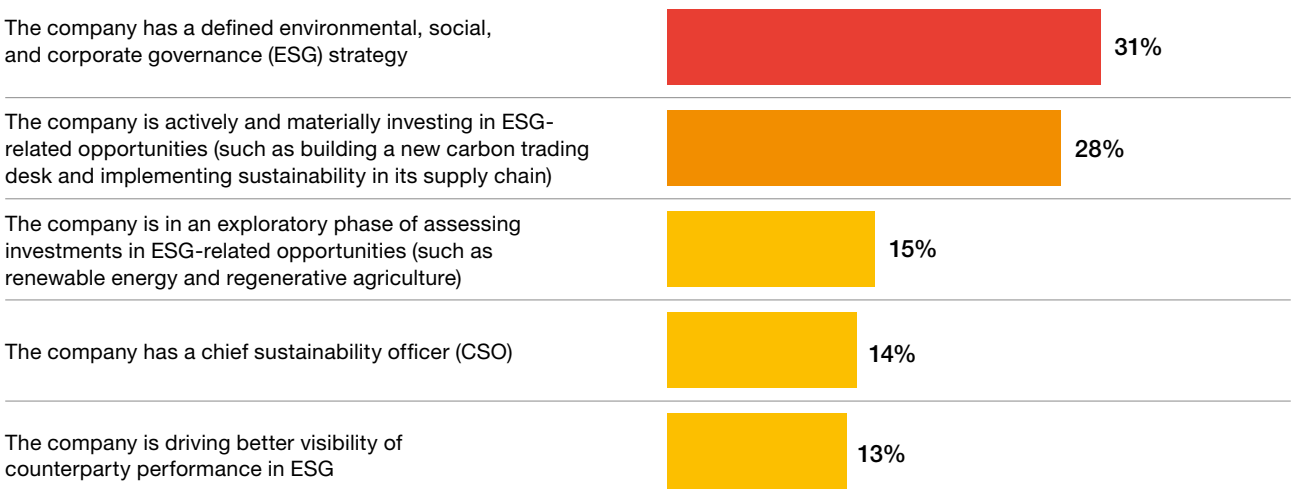
Evolution of sustainable business and ESG

For most companies, the evolution towards more sustainable business is a journey that creates challenges but also significant opportunities. The respondents to the survey indicate a similar two-sided mindset. The findings also show the leadership that this industry provides with its pivotal role between upstream and downstream supply chains.

Sustainable business strategy and governance

One-third of all respondents say that they have defined an ESG strategy for their company. This shows the degree to which awareness of sustainability is developing. The survey findings also suggest that companies expect to see further developments: all respondents ranked sustainability and ESG among their top priorities, and energy and climate change is named as the most important external influencing factor. This has prompted some to prepare non-financial disclosures, while others see it as an opportunity to establish business influence. While in general there is broad support for tackling the ESG challenges and the value and necessity of doing so is understood, there is a degree of frustration with the effort involved in reporting requirements that are seen as not adding value and standing in the way of improvements and the creation of business value. The Omnibus proposal with the EU Parliament is an opportunity to make non-financial reporting simpler and use the pause in application to continue preparing for non-financial reporting. Most importantly, companies are considering how to operationalise sustainability and move from strategy to action. This trend is also underscored by a level of uncertainty currently prevailing in the sustainability reporting field as the consolidation of regulations is considered.

Figure 23: Status of respondents' ESG operating model



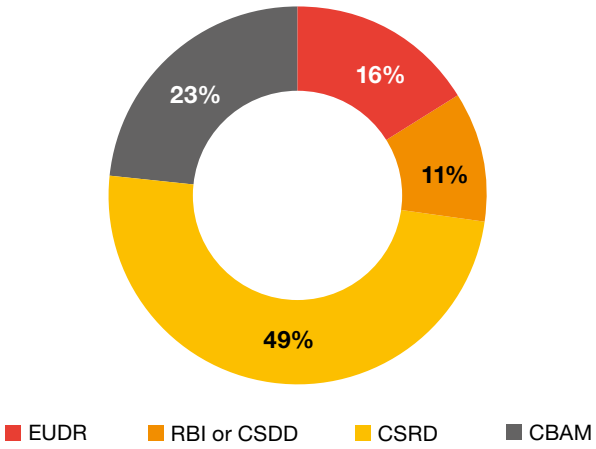
Companies with a strategy already in place say they are now concentrating on the opportunities arising. Over one in five respondents reports that their company is actively pursuing investments such as carbon desks, and 15% are prospecting new opportunities. Considering that 46% of respondents say their company is pursuing an expansion strategy, further developments can be expected when it comes to sustainable business practices. Sustainability is an evolving opportunity, and trading companies and commodity-intensive corporates are getting ready for it.

The Omnibus proposal with the EU Parliament is an opportunity to make non-financial reporting simpler and use the pause in application to continue preparing for non-financial reporting.

Non-financial reporting and disclosures

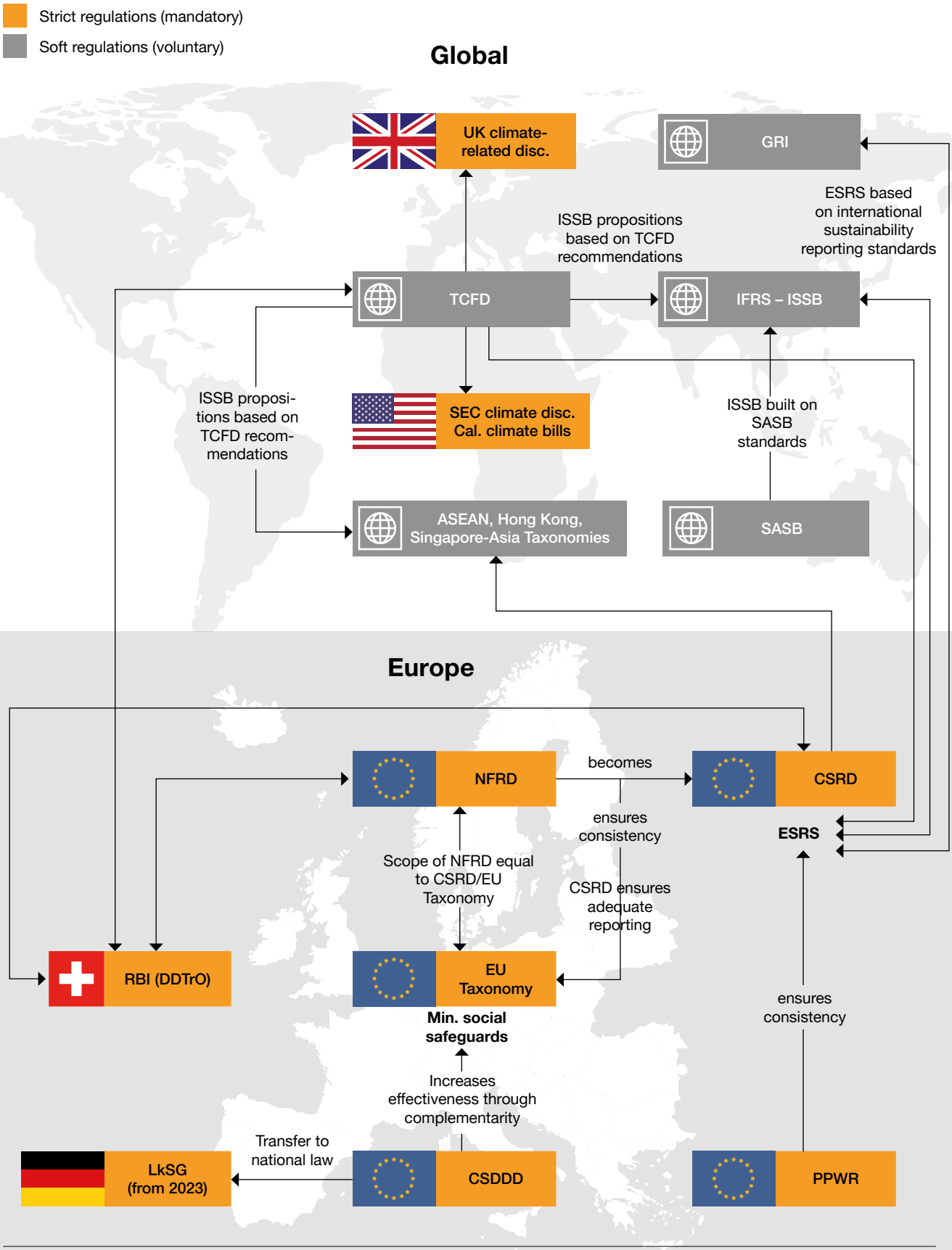
Non-financial reporting concerns all businesses, including trading companies and commodity-intensive corporates. Half of respondents indicate that their concerns are related to preparations for the EU Corporate Sustainability Reporting Directive (CSRD). Companies are required to disclose non-financial information on aspects of their environmental, social and governance (ESG) performance that are deemed important from the perspective of the impacts and risks for their financial performance. Disclosing performance in relation to material sustainability topics is a requirement that will remain. The scope of the regulation will continue to apply to many EU-listed companies as of financial year 2025 and for non-EU-based companies (and therefore Swiss-based ones) as of Financial Year 2027 or 2028. Given that the scope of the regulation is expected to expand to small(er) and mid-size enterprises, companies with less than USD 1 billion in revenues are giving the matter the same attention.

Figure 24: Most concerning ESG regulations for respondents



Over one in five respondents reports that their company is actively pursuing investments such as carbon desks, and 15% are prospecting new opportunities.

Figure 25: The complex ESG regulatory landscape



TCFD	Task Force on Climate-related Financial Disclosures	PPWR	Packaging and Packaging Waste Regulation
CSRD	Corporate Sustainability Reporting Directive	RBI	Responsible Business Initiative (including non-financial reporting and due diligence obligations)
CSDDD	Corporate Sustainability Due Diligence Directive	ESRS	European Sustanability Reporting Standard

Most of the companies surveyed are now taking action to prepare for non-financial reporting in accordance with the regulation. The starting point is executing a double materiality assessment, a process designed to identify the sustainability topics that are relevant for the company's stakeholders. It involves identifying and assessing the most significant impacts, risks and opportunities. Those selected constitute the scope of the company's non-financial disclosures. For most companies it takes several months to complete the readiness process from doing double materiality with appropriate stakeholder engagement to setting up internal controls and governance and preparing for limited assurance. The great majority (70%) of survey respondents are managing the process under the leadership of group finance, while only a few (8%) draw on the support of service centres. In the near future, service centres will play a more significant role in some of the more transactional parts of non-financial data processing.

Supply chain due diligence and collaboration

Operators in the trading industry are taking steps to understand and act on supply chains to eliminate negative ESG impacts. Agribusiness traders are focused on readiness for the EU Deforestation Regulation (EUDR), which will require due diligence from the plantation to the EU border. Processes and systems are being created or adapted to obtain the necessary due diligence statements to avoid business disruptions and penalties after 31 December 2025. Minerals and metal traders are more concerned with the Carbon Border Adjustment Mechanism (CBAM) and how to address the emissions tracking requirements. Together with the Corporate Sustainability Due Diligence Directive (CSDDD), these regulations require companies to complete a form of due diligence on upstream (and downstream) value chains.

Companies see an increasing need to adapt or complement the existing process when it comes to completing and documenting the due diligence requirements. In many situations, this means choosing suitable data solutions that address the traceability of the product and bring a more coordinated approach to the relationship with suppliers (and customers). The interdependence between reporting requirements and supply chain due diligence also creates the opportunity to adopt an effective systemic approach, which can simplify and streamline these processes end to end.

Data, information and systems solutions

The best way to evolve towards sustainable business is to adopt data, information and systems solutions. Respondents provide a vast list of solutions adopted, from emerging vendors to custom-made. Excel remains the most widely used solution, as companies continue to prepare, pilot and test options before choosing more tailored tools. The extent to which respondents have implemented digital solutions for financial reporting (21% say that the implementation technologies are a game changer for them) means there is an opportunity to integrate financial and non-financial reporting. This will go some way to addressing the concerns of the 66% of respondents who say that their ERP systems are "not at all" or only "slightly" effective when it comes to handling non-financial information.

Conclusion

The commodity trading industry is undergoing significant transformation driven by external challenges such as energy transition and climate change, market price volatility and geopolitical uncertainty. This is forcing a strategic shift in the way companies operate and manage risks. The most important internal measures to navigate this complex landscape are enhancing operational efficiency, liquidity management and risk management reporting. Companies should be prioritising the adoption of centralised operating models, advanced technologies, systems integration and unified data models, particularly in commodity trading and risk management (CTRM), to enhance their operational efficiency, gain real-time data insights and make better decisions. They should also be building ESG into their business strategy as well as preparing for non-financial reporting in accordance with upcoming regulations such as the EU Corporate Sustainability Reporting Directive (CSRD).

Looking forward, the industry will continue to evolve. To stay competitive and resilient in the face of ongoing challenges, companies will have to proactively adapt to these trends and implement agile operating models and robust data models in response. Strategic geographic expansion and product diversification will remain a focus, particularly in the energy sector, as companies strive to cater to growing demand for renewable resources. This evolution will be reflected in central functions such as risk and finance as they adopt new operating models and robust data management and move into more of a business partnering role. GenAI and automation tools, which have already demonstrated their value in optimising workflows and enhancing decision-making, especially in commodities, will play a key role in making this vision a reality.

Acknowledgements

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Notes

Graphs displaying rankings of multiple items are based on exponential scoring and receive a weighted score. Note that not all the respondents answered all the questions.

Contacts

Switzerland
Michiel Mannaerts
michiel.mannaerts@pwc.ch

Australia
Shehan Fonseka
shehan.fonseka@au.pwc.com

Belgium
Didier Vandenhaute
didier.vandenhaute@pwc.com

Brazil
Mauricio Moraes
mauricio.moraes@pwc.com

Canada
Greg Oberti
greg.oberti@pwc.com

China
Celine Cen
celine.cen@cn.pwc.com

France
Baptiste Bannier
baptiste.bannier@pwc.com

Germany
Folker Trepte
folker.trepte@pwc.com

Greece
Nikolaos Koutroumpas
nikolaos.koutroumpas@pwc.com

India
Saurabh Batra
saurabh.batra@pwc.com

Italy
Riccardo Bua Odetti
riccardo.bua.odetti@pwc.com

Luxembourg
Philippe Foerster
philippe.foerster@pwc.lu

Netherlands
Tommy Mars
tommy.mars@pwc.com

New Zealand
Tom Lawson
tom.f.lawson@pwc.com

Poland
Przemysław Paprotny
przemyslaw.paprotny@pwc.com

Portugal
Pedro Queiroz Machado
pedro.queiroz.machado@pwc.com

United States
Marty Makulski
marty.makulski@pwc.com

Uzbekistan
Konstantin Suplatov
konstantin.a.suplatov@pwc.com

PwC, Av. Giuseppe Motta 50, 1202 Geneva, +41 58 792 91 00

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