AMBITIOUS, PURPOSE-LED GROWTH

Planet, people, profit.

Climate Neutral Company
2020 by South Pole

CZARNIKOW GROUP LIMITED
ANNUAL REPORT AND ACCOUNTS 2021

For the year ended 31 December 2021

AMBITIOUS, PURPOSE-LED GROWTH

Our purpose is to exert a positive economic and sustainable influence in our food, beverage and energy supply chains.

This informs our decision-making and guides all our actions relating to the planet, people and profit.

We are entering a new and exciting phase, driven by an ambitious five-year growth plan. We aim to double our product portfolio and our employee numbers, while expanding into new locations around the world and restructuring our financial platform. This will transform our business, creating opportunities for new and existing stakeholders alike.

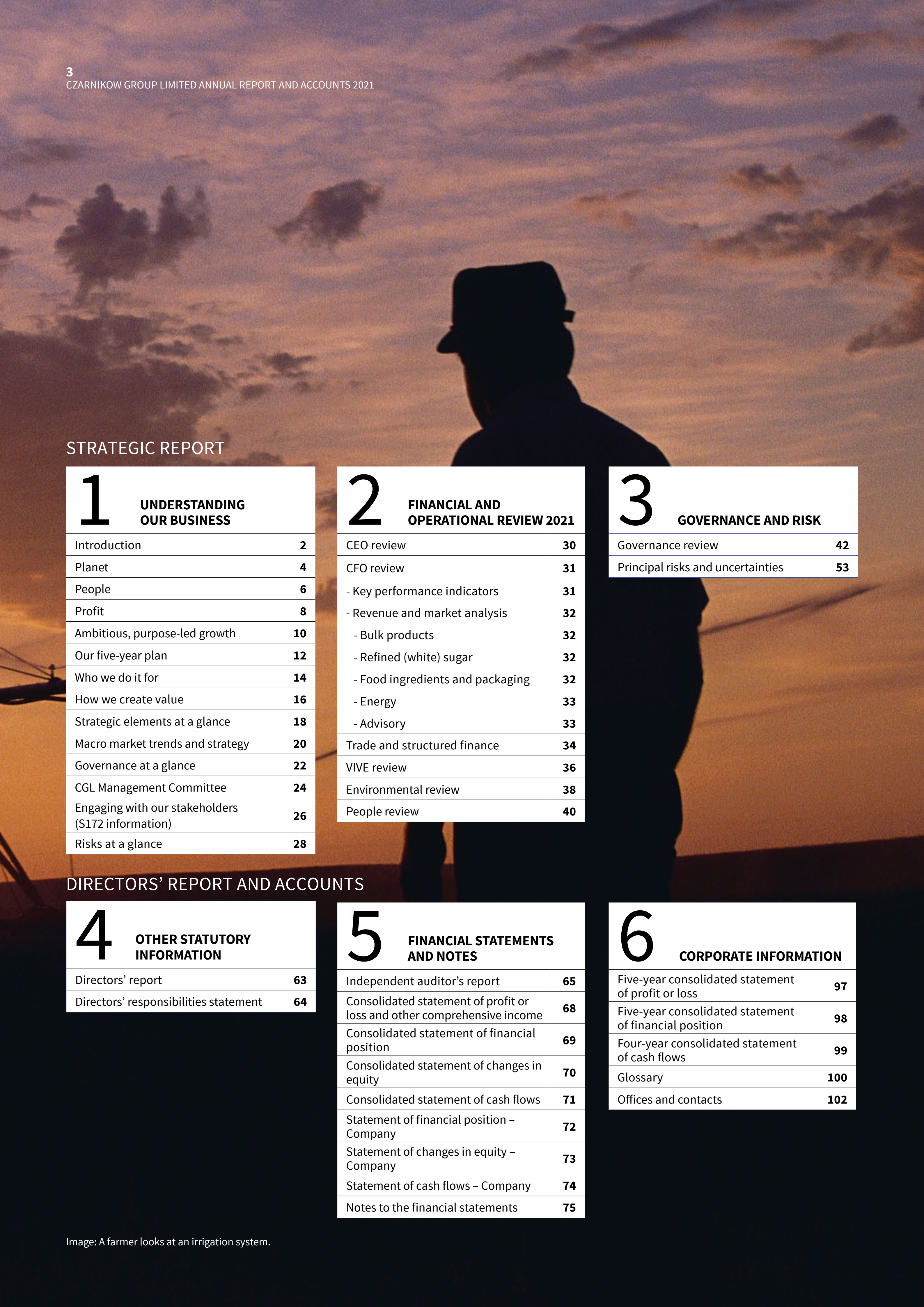
Our purpose, together with our values and culture, will keep us grounded during this time, giving us the confidence to think for the long term and to invest in the right people, partners, knowhow, technology and innovation.

WE ARE A GLOBAL SUPPLY CHAIN MANAGEMENT COMPANY, OFFERING A RANGE OF VALUE-ADDED SERVICES

Financing solutions	Sustainability programme: VIVE	Logistics and stock management
Market analysis and advisory	Price risk management	Freight management
Corporate finance solutions	Commodities trading	Czapp, our online market portal
Product sourcing (food ingredients, energy and packaging)		

This Annual Report and Accounts comprises our full statutory Directors' report and consolidated financial statements for the year ending 31 December 2021 and is available to download from our website www.czarnikow.com. Our Strategic report comprises P2 to P62 and is signed off by our Directors on P62. Our Directors' report is on P63. We provide governance information on a voluntary basis, using the Wates Principles as a framework, on P22 to P23 and P42 to P52. Throughout this report, we refer to the company 'Czarnikow Group Limited' as 'CZ' following a brand refresh in September 2021.

Cover image: Incense collection in Vietnam, where CZ has its most recently opened office.



STRATEGIC REPORT

DIRECTORS' REPORT AND ACCOUNTS

Image: A farmer looks at an irrigation system.

PLANET

Faced with increasing pressure to reduce environmental impacts and address the long-term threat of climate change, we will work with clients to find more effective, sustainable solutions along our supply chains.

We use our unique position in global food, beverage and energy supply chains to drive positive change by reducing emissions and waste. We are demonstrating our commitment by investing in renewable energy, expanding our sustainable product range and working even closer with clients to help preserve our planet.

Relevant UN Sustainable Development Goals

INVESTING IN RENEWABLE ENERGY

We have been investing in renewable energy since 2019, deepening our expertise through new employee appointments and broadening our offer, which now includes biomass derived from sugar and food production, electricity generated from solar and steam, and ethanol. This investment delivered our first renewable energy trades in 2021. Most activity is in Brazil, and we aim to expand into Asia and Africa.

Our sustainability programme, VIVE, supports our growth in this sector, and we currently have 306kWh of VIVE-verified electricity available to power end-to-end, sustainable supply chains.

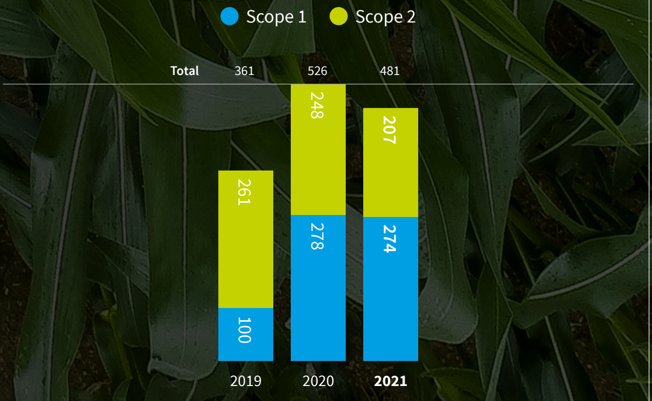
+ P36

Image: Worker in a corn field.

SCOPE 1 AND 2 EMISSIONS, CO_2e

-8.5%

Year-on-year reduction in Scope 1 (direct) and Scope 2 (indirect) emissions.



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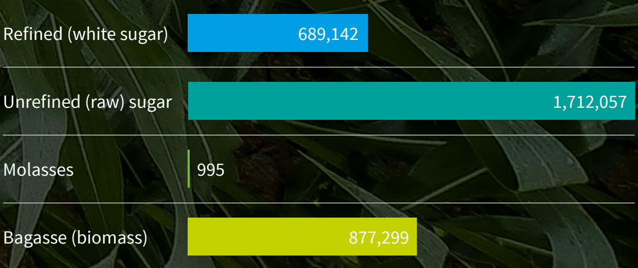
VIVE-VERIFIED PRODUCTS, MT

> 3,250,000

Our volumes of VIVE-verified products are expanding, supporting our growth in sustainable products beyond sugar.



+ P36

PEOPLE

We will further develop our employees, recruit people with the right cultural fit and promote the outstanding opportunities CZ offers to gain global experience across our diverse, inclusive and progressive business.

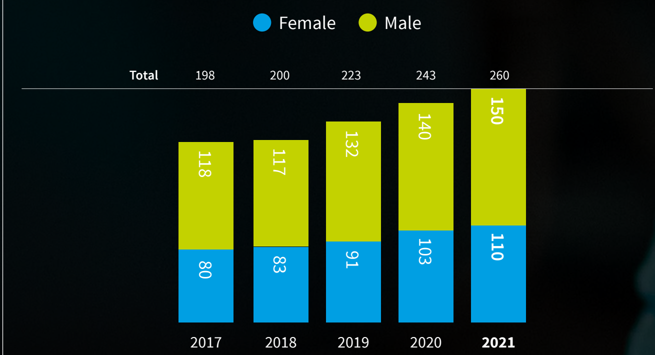
As we plan for our next ambitious growth phase, we are mindful of the importance of investing in our people and culture for the long term. We remain confident of giving our employees exciting career opportunities around the Group, alongside recruiting specific external expertise where necessary to help us learn. Our challenge is to maintain and enhance our unique culture and values as we grow at pace.

Relevant UN Sustainable Development Goals

EMPLOYEE GROWTH BY GENDER, NUMBER

42%
42% in 2020

42% of CZ employees are female. We aim to maintain or better this as we grow.



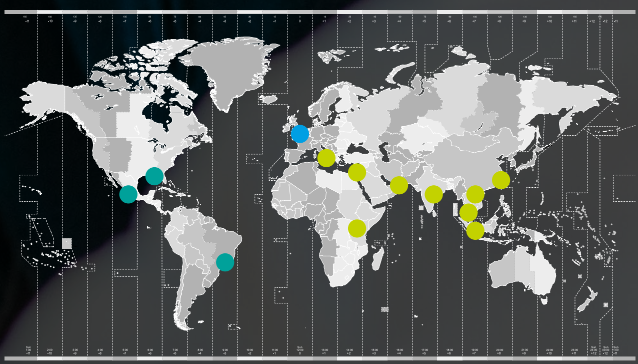
+ P40

Image: Alex Dyer, Compliance Intern (left) and Tom Burrows, Product Controller (right), in our London office.

WORKING ACROSS DIFFERENT TIME ZONES

9

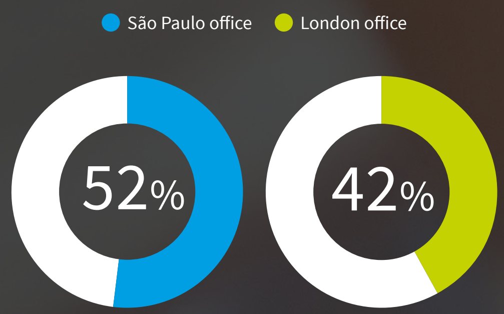
Our multinational, culturally diverse teams work together across nine time zones, supporting local and global clients.



+ P40

RETURNING INTERNS, 2015-2021, %

The high proportion of interns who return to work for us full-time is an indicator of the strength of our culture.

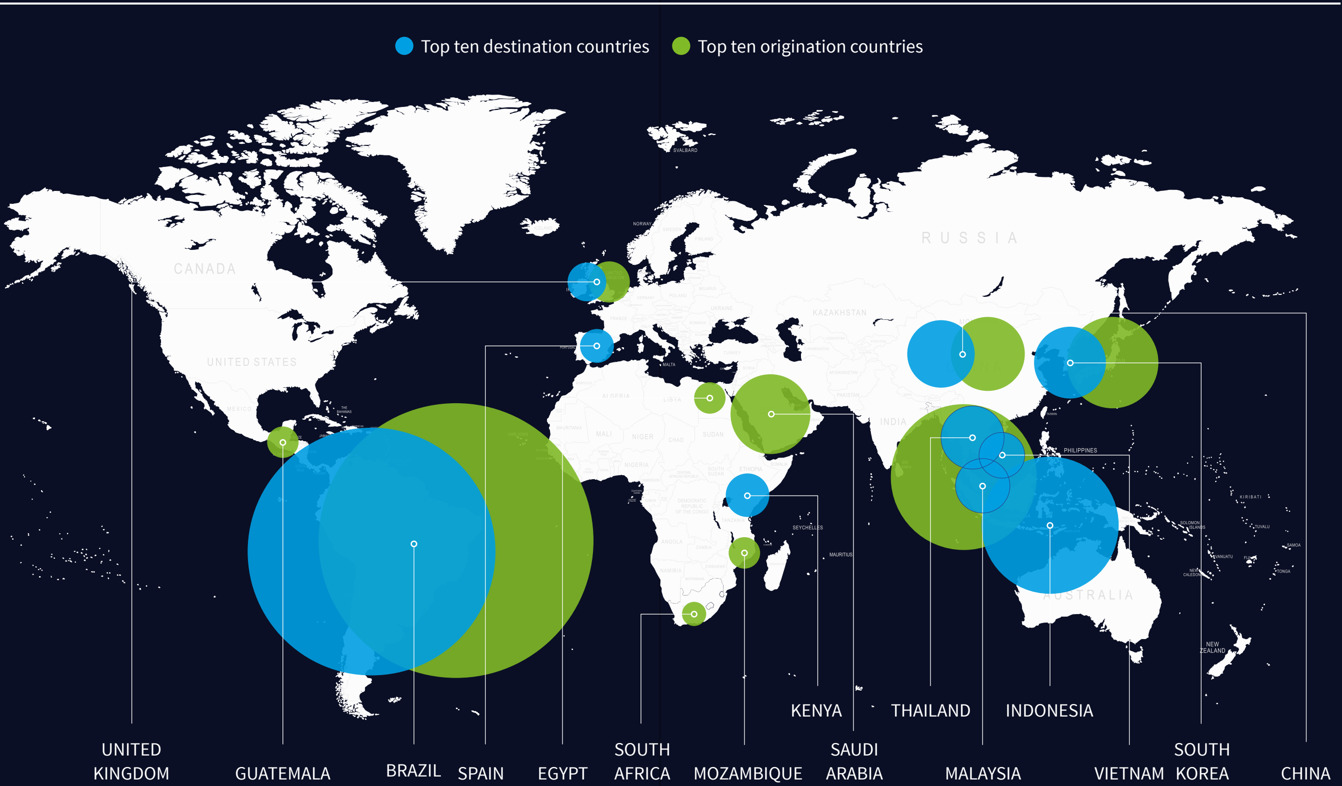


+ P40

PROFIT

With a strong track record of profitable growth, we have a solid financial platform from which to grow. We will work hard to secure a portfolio of funders who share our ambitions for our next phase of growth.

Major physical trading locations



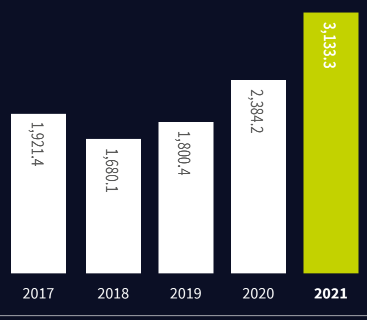
Relevant UN Sustainable Development Goals

P31

TURNOVER, US$M

3,133.3

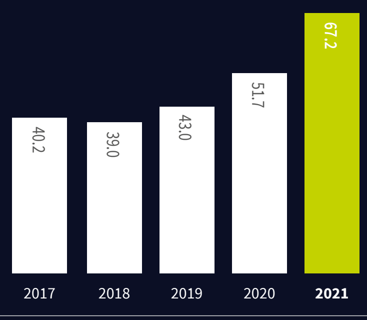
+31.4% on 2020



GROSS PROFIT, US$M

67.2

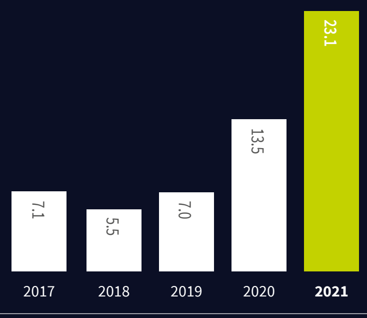
+30.0% on 2020



PROFIT BEFORE TAX, US$M

23.1

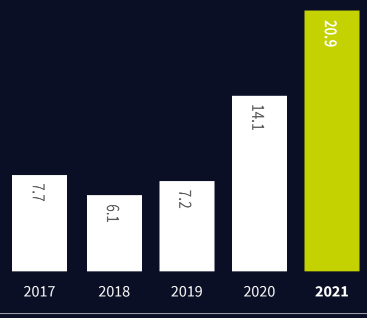
+71.1% on 2020



RETURN ON EQUITY, %

20.9

+6.8PPT on 2020



BORROWING BASE LAUNCHED TO SUPPORT GROWTH

In July 2021, we launched our first syndicated borrowing base facility, which opened at US$50 million and closed, oversubscribed, at US$80 million.

We set up the facility with long-standing partner banks Rabobank and Natixis, and early participants included Société Générale, ING, GarantiBank and Banco do Brasil.

The launch of this facility heralds a new phase for our funding capabilities, and will support our future growth.

AMBITIOUS, PURPOSE-LED GROWTH

We keep vital food and energy supply chains moving, helping to feed people around the world, support employment in local communities and improve supply chain practices. We are sometimes asked why we handle certain products that, to others, can seem controversial. We explain that we need to be actively engaged in these supply chains to effect positive change – and we take responsibility for doing that.

We operate in complex, demanding markets. Currently, we manage 14 key product categories and provide a full range of supply chain services that includes holding inventory, managing logistics, providing risk and price management, and arranging specialised financing. But it is no longer enough to do all these things effectively and efficiently; we need to do them sustainably as well – and this is reflected in our purpose.

To influence supply chains for the better we need to know them inside out. Sustainable sugar was the obvious place to start. We have been building our knowhow and expertise in sugar for over 160 years. But the step change we have made in the past five years, accelerated by the launch of our sustainability programme VIVE, has transformed us from sugar movers into sugar supply chain influencers. We seek improvements by interrogating supply chain practices from the farmers' and growers' fields all the way to the factory gates of multinational companies (MNCs). And, as MNCs continue to face increasing consumer pressure to demonstrate sustainable, ethical and environmental progress, we have been there for them. In 2017 we made our first VIVE-verified sustainable sugar trade; and in 2020 we instigated the first global shipment of end-to-end VIVE-verified sustainable sugar, which meets audited ethical and environmental best practice standards.

> 3.2m MT

In 2021, we traded over 2.4 million metric tonnes of VIVE-verified sugar, and at year end over 3.2 million metric tonnes of product was available, including bagasse and molasses.

We apply the same curiosity and acquired knowledge to other supply chains. Through our active work in the plastics supply chain, for example, we have built up the expertise to venture into recycled plastics, by preparing our first trade of rPET to a major beverage company (which took place in Q1 2022) and, through this, reducing the need for virgin plastic.

We are keen to accelerate rPET trade and we support national and international efforts to reduce single-use plastics at the point of consumption to combat waste and pollution. But we are not yet prepared to stop shipping plastics altogether.

To abandon this supply chain overnight would create immediate, negative social impacts, depriving millions of people of safely packaged food, increasing food prices, jeopardising thousands of jobs and destabilising vital supply chains. Our global reach means we experience first-hand people in industries and geographies who are socially and economically reliant on processes that in the industrialised world are increasingly considered problematic. Our approach is to encourage our supply chain partners to continuously improve over time and we engage with them to find workable solutions. These factors are not easy to balance, but they are critical to our decision-making.

Image: James Brittain (left), Director, Analysis and Advisory with Robin Cave (right), CEO, in our London office.

We strive to understand where we can make the most positive impact and authentic progress. This is a complex exercise in today's sustainability arena. Take carbon reduction. In some industries, 'carbon offsetting' is now used as a sophisticated business tool – sometimes rather disingenuously – to present products to consumers as carbon-neutral. It is also the case that, as a solutions-focused company with few tangible assets and just 260 global employees, measuring carbon emissions beyond Scope 1 (direct) and Scope 2 (indirect) is resource-draining, and reducing them is even more challenging. We fully accept the need to keep tabs on our progress, but we also believe there are more useful ways for us to contribute to the 'net zero' effort.

We believe we can create sustainable value more effectively by assisting our much larger, better known clients to reach their own ambitious decarbonisation targets.

We therefore investigate ways to reduce the need for offsetting by advising clients, from an evidence-based perspective, on supply chain decisions that are better for the planet in terms of carbon. We do this through increasing their number of sourcing and processing options, and advising on which ones best suit their sustainability aims.

We are committed to continuous improvement. Incremental positive change is at the heart of our sustainability programme, VIVE, and we ourselves are signed up to VIVE as a key supply chain participant. The visibility we have over extensive sections of our supply chains is a key differentiator, and we are committed to using our experience, knowledge and energy to identify changes that result in the best and most planet-friendly longer-term outcomes.

We have ambitious plans to scale our business over the next five years. Expect to see us operating in more countries and expanding further our portfolio of products, some of which will undoubtedly be considered sensitive. We evaluate each with the greatest caution, research and open-mindedness, as is our responsibility. Our anticipated transformation is client-led – testament to the trust our clients place in us and the integrity of our people. Will we lose the faith of some stakeholders along the way for moving into potentially sensitive areas? Possibly – and of course we will respect the choices of those who prefer, or are obliged, to place their talents, business or financing elsewhere in the short term. Equally, we welcome those who share our sustainable vision to join us.

In our line of business we cannot be risk-averse. In fact, as we note in our risk appetite statement, we actively seek to develop innovative products and services in markets that exhibit volatile and complex characteristics. We do this with open eyes, knowing that our values, culture, specialist knowledge and networks will help mitigate risks. We also do it in the full realisation that we need to be in our supply chains to influence them positively, and this is our pledge. There is a reason why we do not take things at face value – and we aim to prove why this is. Welcome to our new phase of growth.

Robin Cave, CEO

+ P30

UNDERSTANDING OUR BUSINESS

OUR FIVE-YEAR PLAN

2021
CZ TODAY

Equity

US$106m

LOCATIONS

Presence in 16 countries

11 regional offices with presence in another 5 countries, serving clients in over 100 countries.

How we will deliver

- Investment in 'feet on the ground': offices and agents
- Sharing best CZ global practices
- Improved systems and data to support geographic expansion.

PRODUCTS AND SERVICES

Supply chain influencer

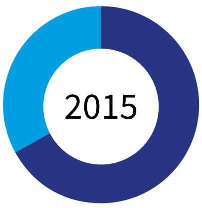
Product and supply chain services expansion in recent years has changed market perception of our business.

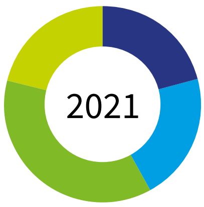
How we will deliver

- Use product expansion to date as proof of knowledge/skills
- Build on client relationships to increase supported product lines/volumes
- Influence active supply chains to increase the number of VIVE-verified products.

KEY PRODUCT CATEGORY EXPANSION[1]

Sugar · Energy · Food Ingredients · Packaging





Relevance to corporate goals

Relevance to corporate goals

Equity

Set to double, as a result of expansion

2026
CZ AIMS

What you can expect

Further geographical expansion

As we expand our product range and global client base.

What you can expect

New products and services

Bolstered by additional expertise to broaden our role as a global supply chain influencer.

+ Corporate goals, P18

1 Pie charts give indication of product category expansion (not actual volumes).

Our ambitious, purpose-led growth plan is set out below. Upon realisation of our 2026 aims, our business will be transformed. The scope of change is significant, wholeheartedly backed by our Board and bolstered by internal and external stakeholders who are excited to work towards our vision.

CLIENTS

Strong client portfolio

Key clients include food manufacturers, distributors, and large processing groups (mills, factories and refineries).

How we will deliver

- Increasing product ranges per client
- Value-added services across entire supply chains
- Highly valued sustainability advice and outcomes.

FINANCIAL PARTNERS

Innovative approach to funding

Range of global banking, trade finance and structured finance partners, providing US$1bn of funding lines across geographies.

How we will deliver

- Continue to manage and expand flexible funding arrangements
- Open/transparent engagement with existing and new partners
- Expansion of syndicated facilities
- Localisation of funding lines/partners

EMPLOYEES

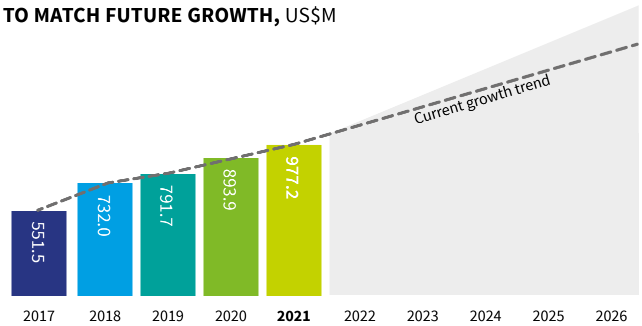
260 people

Committed and engaged employees operating in culturally-rich, dynamic working environment.

How we will deliver

- Focused training and development
- Protection of CZ culture
- Employer of choice, underpinned by positive working environment and best-in-class retention.

FACILITIES TO MATCH FUTURE GROWTH, US$M



Skills for the future

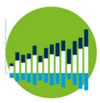
- Local/cultural understanding
- Product expertise
- IT/data knowhow
- ESG knowledge

Relevance to corporate goals

REINFORCING THE CZ BRAND

PROVIDING UNMATCHABLE CLIENT SATISFACTION

Relevance to corporate goals



DELIVERING ON ROCE EXPECTATIONS

Relevance to corporate goals

REINFORCING THE CZ BRAND

CREATING AN EXCITING PLACE TO WORK

What you can expect

New business development

With focus on multinational companies (MNCs), based on trust and proven track record.

What you can expect

Increase in funding lines

To match our ambitious growth plans and reflecting our geographical base.

What you can expect

Doubling of CZ employees

With more focus to support anticipated global expansion outside the UK.

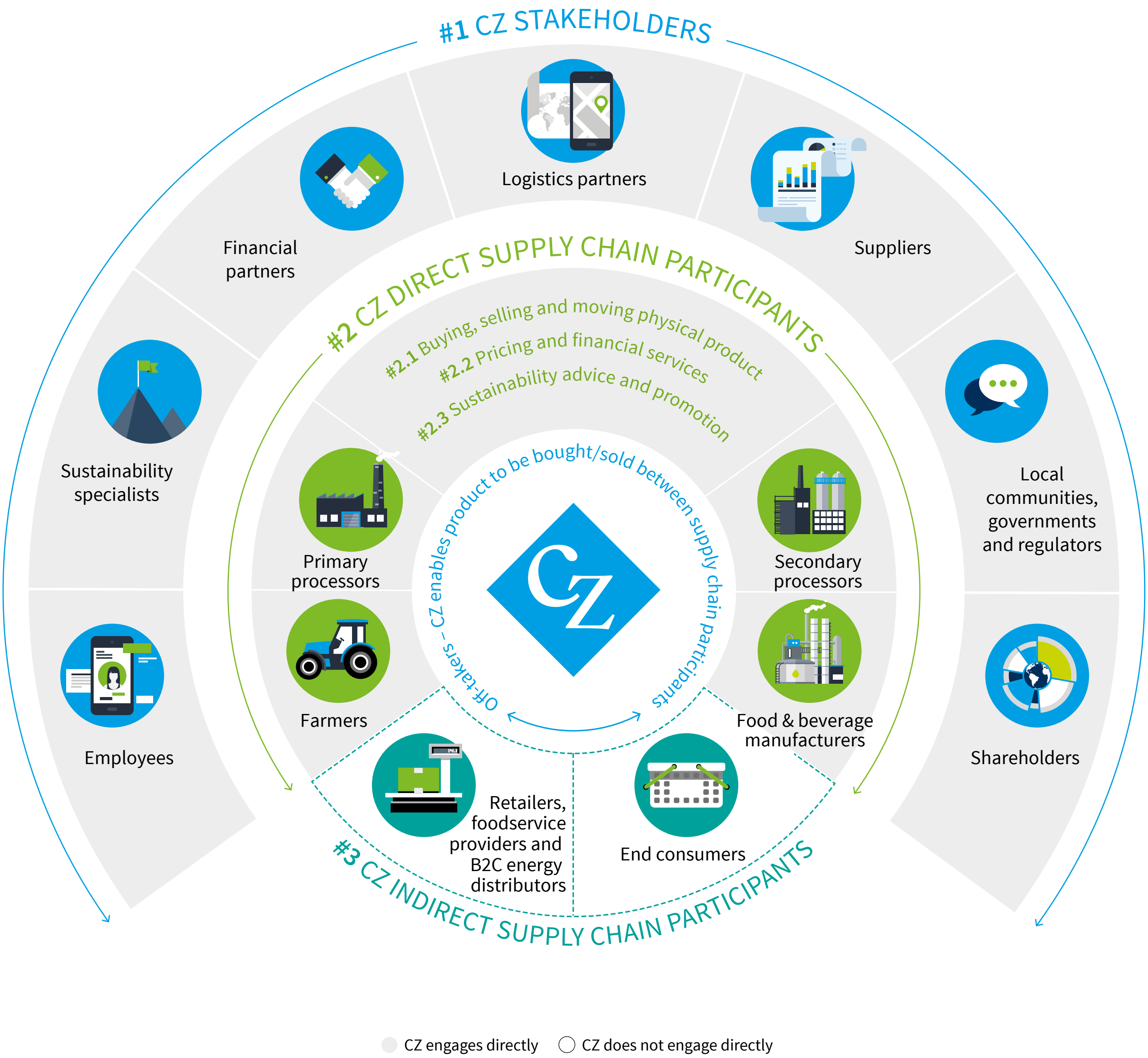
UNDERSTANDING OUR BUSINESS

WHO WE DO IT FOR

We are highly active in a targeted part of our food, beverage, packaging and energy supply chains.

We work primarily with farmers/growers, primary and secondary processors, and food and beverage manufacturers, many of whom are multinational companies (MNCs) and household names. Through our extensive work with MNCs we are acutely aware of trends driving consumer habits and distribution strategies, and these inform our strategic thinking (see P18).

To CZ, it does not matter where participants sit in our supply chain. This is because ours is not a linear business – product can be traded or moved between supply chain participants multiple times, and we actively facilitate this 'off-taking' service. (For the record, at CZ we define 'suppliers' as people who provide services, not products).



+ P26

OUR GLOBAL VANTAGE POINT

We operate from a unique position, interacting with stakeholders in core food, beverage, packaging and energy supply chains. With this comes the responsibility of using our influence to improve sustainable practices across all our operations.

#1 CZ STAKEHOLDERS

We engage directly with a range of stakeholders, who sit outside our supply chains, but who are instrumental in supporting our services:

Employees
The people directly employed in our offices, and trusted freelancers and agents

Sustainability specialists
Sustainability analysts and benchmarking companies

Financial partners
Corporate brokers, banks, funds, green finance providers and sector-specific investors

Logistics partners
Shipping/trucking companies, forwarding agents and warehouse partners

Suppliers
Providers of professional services to the business such as auditors, legal counsel and IT companies

Local communities, governments and regulators
Including our charity partners and relevant governing bodies

Shareholders
Associated British Foods and Macquarie Group Limited, who own 85% of our parent company, CCL.

#2 DIRECT CZ SUPPLY CHAIN PARTICIPANTS

We engage directly with clients at each stage of our supply chains. These are complex networks and include clients whose integrated operations span multiple supply chain stages:

>250 farmers/ growers

Including > 200 sugar beet farmers engaged via our Czapp pricing tool, sugar cane farmers worldwide, and producers of fruit, dairy, cassava, soy and corn. A further group of farmers are influenced by VIVE.

170 primary and secondary processors

Primary processors include sugar beet and sugar cane mills, fruit processors/canners and dairies, who process products for direct sale or onward processing. Secondary processors include sugar refineries and green energy refineries.

>300 food and beverage manufacturers

Including national and multinational food and beverage companies.

#3 INDIRECT CZ SUPPLY CHAIN PARTICIPANTS

Although we do not ourselves sell or market to either the people who eat, drink and consume the products we handle, or the retailers, foodservice or energy providers who supply finished products, we nevertheless keep a close eye on them, as these stakeholders have a significant upstream influence on supply chain activity. These groups include:

B2C retailers, foodservice providers and energy distributors

Participants who sell and market end-products directly via stores, restaurants or online, or a mixture of these channels.

End consumers[1]

People who consume finished food and beverage products, and use energy.

1 Not to be confused with 'industrial consumers' or 'industrial end consumers' (common terminology in our industry which applies to supply chain participants who make the finished product).

Image: Recycled plastic was first traded by CZ in 2021.

UNDERSTANDING OUR BUSINESS

HOW WE CREATE VALUE

Our business model. Our three key activities create long-term economic value for our stakeholders and, increasingly, bring positive benefits to people and the planet.

1

BUYING, SELLING AND MOVING PHYSICAL PRODUCT

What we do

We buy, sell and move physical food, packaging and energy products along a focused part of our supply chains, business-to-business, on behalf of our clients. We also stock, carry and repackage physical product and provide warehousing solutions, logistical support and vendor-managed inventory.

We can take title to goods and agree to sell future production on our clients' behalf (known as 'off-taking') and develop bespoke supply and distribution strategies.

Resources and relationships

Our physical trading business is transaction-rich and asset-light, as we do not own any production assets. We do invest occasionally in 'synthetic' assets (e.g. silos, warehouses) where these strengthen business relationships and opportunities. Our reputation for delivering excellent client service, through our expert employees, increases our ability to secure complex, high-value deals.

CZ employee involvement

Trade and Structured Finance teams, Trading teams, Logistics team, Freight team, Operations team, Risk team.

HOLISTIC VALUE CREATION As we seek to provide more added-value services and sustainable products, we increasingly create value for the planet and people, alongside profit.

1

BUYING, SELLING AND MOVING PHYSICAL PRODUCT

Our business philosophy is to create overall value by optimising each transaction for all parties involved, in return for a small margin on high volumes.

6.8m MT
Total tonnage in 2021

2

PRICING AND FINANCIAL SERVICES

Our pricing and financial services keep the supply chain moving smoothly and effectively by funding the movement of goods.

We create further value by managing market volatility. We are remunerated transparently, based on services provided and levels of risk.

US$883.8m
Available facilities at year end

3

SUSTAINABILITY ADVICE AND PROMOTION

Through VIVE, we create holistic value by raising traceability, quality, ethical and environmental standards to meet increasing demand for sustainable products.

VIVE income comes from subscriptions, consultancy fees and profit linked to product sales.

80+
Members of Buyers Supporting VIVE

+ P31

2

PRICING AND FINANCIAL SERVICES

What we do

We offer a range of pricing and financial services, including:

- **Financing solutions and price risk management.** We use derivatives to manage price risk exposure, including related consultancy and execution, and we arrange financing structures and solutions to extend payment terms.
- **Corporate finance and market analysis.** We use corporate finance solutions to create value for our clients, and market analysis to make internal and external business decisions that benefit both us and our clients.
- **Czapp, CZ's market portal.** We deliver bespoke market information analysis, pricing and trading data via Czapp, our client-facing online portal.
- **Green financing.** We are increasingly active in helping clients secure green funding and advising on applications for specific sustainable projects via our VIVE programme.

Resources and relationships

Our people have exceptional experience and market knowledge and use this to develop internal and external relationships. Our strong position within the financial community and our investment in IT enable us to deliver added-value, solutions-led services.

CZ employee involvement

Trade and Structured Finance teams, Corporate Finance team, Derivatives team, Analysis team, Czapp team, Risk team, VIVE team.

3

SUSTAINABILITY ADVICE AND PROMOTION

What we do

VIVE is a jointly-owned, voluntary sustainability programme that measures, monitors and benchmarks its participants' progress against global sustainability standards. The programme is built on four pillars: governance, people, environment and traceability.

VIVE is a multi-commodity offering, and is relevant to participants at each stage of the supply chain. Through the 'Buyers Supporting VIVE' network we help industrial buyers meet their sustainable sourcing requirements and influence change in their supply chains.

Resources and relationships

The VIVE team combines CZ's commercial global supply chain expertise with Intellync's third-party verification experience. The ability to develop and maintain strong relationships across the supply chain is key – from farmers to multinational industrials and green finance providers.

CZ employee involvement

VIVE team, Trading team, Trade and Structured Finance teams, Marketing and Communications team.

Our **SPECIALIST TEAMS AND RESOURCES** provide a range of added-value financial, pricing and risk management services, including market analysis, corporate finance solutions and sustainability advice.

THE CIRCULAR ECONOMY OF CANE

Co-generation is where a sugar mill generates both sugar and biomass from sugar cane crushing, and then uses the biomass and steam energy produced to power its operations while selling any excess energy to the national grid. Our Corporate Finance team has built up expertise in this area – and particularly in Brazil, where the team assists mills looking to develop ways to increase renewable energy yields through the sugar production process.

IMPROVING ESG PRACTICES

The VIVE programme commits to delivering measurable results to improve its participants' impacts on the planet, people and profit. Environmental initiatives to date include installing renewable energy generation and waste management systems, while social and governance improvements include enhanced human rights monitoring, better processes to document labour and health and safety practices, and more stringent risk assessments and mitigation.

+ P31

UNDERSTANDING OUR BUSINESS

STRATEGIC ELEMENTS AT A GLANCE

Our ‘broaden and deepen’ strategy remains unchanged. It is simple, well understood around the Group and sense-checked regularly by the Board. It is communicated alongside other strategic elements, which guide our behaviour, values and ethos, to make sure we follow it in the right way for our business and stakeholders.

PURPOSE

To exert a positive economic and sustainable influence in our food, beverage and energy supply chains.

Our reason to exist – why we do what we do, for both financial and non-financial reasons.

VISION

Our unique network and cutting-edge services will ensure that we are a world-leading supply chain, pricing and financing services company.

Sets out an inspiring picture of CZ’s future. We use it to motivate and focus us towards what we are trying to achieve.

MISSION

To deliver effective supply chain pricing and financing services for all our clients.

Defines the business we conduct on a day-to-day basis. We use it to help maintain focus on our core business activities.

OUR CORE STRENGTHS

- CLIENT SERVICE
- SUPPLY CHAIN
- SUSTAINABILITY
- RISK MANAGEMENT
- TECHNOLOGY
- FINANCE

The areas in which we need world-leading expertise in order to be successful. We use them to identify what key aspects of our work we must invest in and develop.

OUR VALUES

- BUILDING STRONG RELATIONSHIPS
- EMBRACING CHANGE
- INVESTING IN OUR TEAM
- ACTING RESPONSIBLY AND WITH INTEGRITY

Represent the culture which underpins our success as an organisation. We use our values to support and drive all our business activities.

OUR CORPORATE GOALS

- REINFORCING THE CZ BRAND
- DELIVERING ON ROCE
- CREATING AN EXCITING PLACE TO WORK
- PROVIDING UNMATCHABLE CLIENT SATISFACTION

Set out what we want to achieve at an organisational level. We track progress towards our goals to understand if we are being successful or not.

To make our **WORKING ENVIRONMENT AS INCLUSIVE AS POSSIBLE** we have increased opportunities for employees to be part of the debate.

INCLUSIVE COMMUNICATION

We encourage challenge and debate to foster more diverse thinking, and have adapted our management styles to promote this.

In 2021, we set up new internal boards (with rotating chairships) to make it easier for employees to speak up; and all employees are welcome to present at our ‘All hands’ meetings (see below). We also ran open online sessions during our annual Strategy Week, with time set aside for Q&As with senior management, which were attended by employees from all global offices.

STRATEGY

Broaden into new markets

- Increase the scale of our network by expanding the number of markets in which we operate
- Develop a more intricate network by expanding the number of clients with whom we work in these markets.

Deepen existing relationships

- Anchor our network against market fluctuations by offering sophisticated services which embed CZ in our clients’ operations
- Increase value creation by offering multiple services and products to existing clients.

The high-level approach we will use to be successful, and which guides our business decisions and actions.

Our Management Committee **REVIEWS THE RELEVANCE AND EFFECTIVENESS** of our strategic plan each year and communicates the results across the Group, and externally, using a variety of channels.

CEO MEETINGS

Regular small group sessions with our CEO to encourage idea generation and open discussion.

ROADSHOWS, PRESENTATIONS AND REPORTING

Annual and ad hoc meetings with existing and new financial partners; detailed annual reporting made public.

‘ALL HANDS’ MEETINGS

Monthly meetings run by topic with a Q&A follow-up, enabling employees to challenge and debate Group strategy and decision-making.

STRATEGY WEEK

Annual event held both in person and online; also recorded for others to watch at their convenience.

INDUCTIONS AND TRAINING

In-house learning platform, used to deliver regular compliance training and skills development, and to monitor our onboarding programme.

CZ INTRANET

Relaunched in 2021 and shares news from around the Company and its people, including blogs, photos, competitions and key files.

+ P43

UNDERSTANDING OUR BUSINESS

MACRO MARKET TRENDS AND STRATEGY

Combining local and global knowledge. The success of our strategy is dependent on a detailed understanding of changing local and global market dynamics.

Key factors that influence our thinking across our food, beverage and energy supply chains:

SUPPLY CHAIN DISRUPTION

Key topics

- Liquidity and financing
- Physical delivery
- Climate-change-related impacts.

In more detail

- Continued disruption from COVID-19-related container shortages
- Rising prices because of pressure on container market
- Structural changes in commodity financing
- Concerns for future food security
- Opportunities to rethink logistics (e.g. return to breakbulk).

SUSTAINABILITY

Key topics

- Increased consumer awareness of environmental, social and governance (ESG) issues along the supply chain
- Sharpened focus on carbon footprint and waste reduction (including single-use plastic)
- Demand for accountability.

In more detail

- Lowering ESG supply chain impacts is becoming a commercial consideration
- Increased rigour in carbon assessments, with Scope 3 (downstream emissions from our supply chains) as 'latest frontier'
- Pressure on corporates to prove accountability and show action planning
- Opportunities for companies with stronger ESG credentials to win business.

IMPACT AND POTENTIAL OF TECHNOLOGY

Key topics

- Technological advances in global trading
- Demand for instant information
- Transparency.

In more detail

- Supply chain disruption has advanced digital tools (bills of lading, vendor-managed inventory etc)
- Less reliance on manual processes
- Transparency as a standard requirement
- Opportunities for businesses that can integrate technology ahead of competitors.

CONSUMER HEALTH AND WELLBEING

Key topics

- Global health and obesity
- Safety and wellbeing
- Taxation, reformulation and government policy (e.g. food and packaging).

In more detail

- COVID-19 has increased concern for physical and mental safety
- Health, environmental and social concerns are influencing consumption, impacting food and beverage markets (e.g. low-sugar, reduced-meat and low-calorie options)
- Ongoing regulatory pressure to reformulate products to counter rising global obesity
- Opportunities to broaden product ranges (e.g. 'alternative' and sustainable options).

PROGRESS AGAINST OUR STRATEGY IN 2021

We **BROADENED INTO NEW MARKETS**, reaching new client groups and building long-lasting relationships, by demonstrating our experience and expertise.

GROWING GLOBAL FOOTPRINT

- Opened office in Vietnam in summer 2021, giving us presence in four key countries in East Asia
- Agents provide on-the-ground knowledge and experience of local markets, and act on CZ's behalf to win new business.

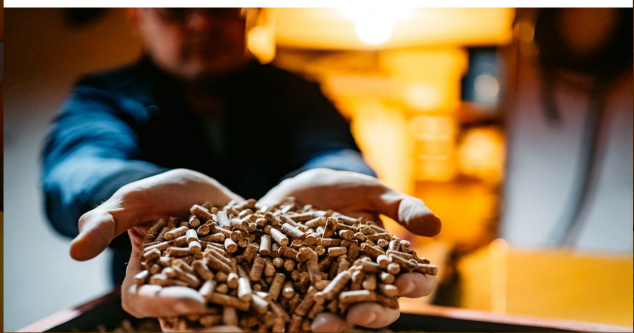
ADDITIONAL ENERGY SOURCES

- In late 2021, we worked on our first solar power project
- Solar rapidly expanding in Brazil, and used by large and small consumers alike.

We **DEEPENED EXISTING RELATIONS** with clients, embedding multiple products and services into their supply chains and working more closely to find solutions with individual teams.

EXPANDING OUR OFFERING

- Since 2020, three new product lines added to our portfolio
- Redeveloped logistics arrangements (now adopted longer-term) to facilitate sourcing and delivery of multiple products during COVID-19 supply chain crisis.



FURTHER APPLICATION OF CZAPP

- Rolled out CZ sugar beet pricing platform, in partnership with the National Farmers' Union Mutual Insurance Society Limited, doubling the number of participating farmers since the pilot in 2020
- 46% increase in Czapp subscribers in 2021.

Image: Oranges form part of CZ's fruit offering.

UNDERSTANDING OUR BUSINESS

GOVERNANCE AT A GLANCE

Governance secures growth. Our strong governance structures have been fundamental to achieving our growth to date and will underpin our future plans.

GOVERNANCE ARRANGEMENTS

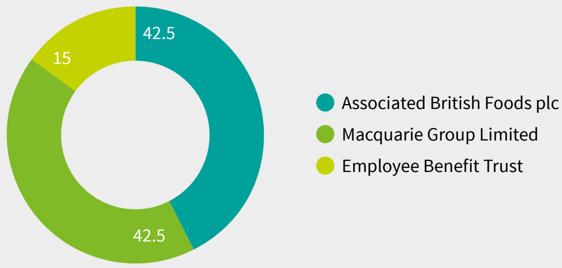
Activities described in this Annual Report, and in our Governance review on P42 to P52, relate primarily to Czarnikow Group Limited (CGL), which is 100% owned by C. Czarnikow Limited (CCL). CCL's shareholding structure is explained in the pie chart opposite.

OVERVIEW OF BOARDS AND COMMITTEES

The CCL and CGL Boards are both supported by formal committees as summarised below. Associated roles, responsibilities and meeting frequency are provided on P46.

C. CZARNIKOW LIMITED (CCL) Holding company	CZARNIKOW GROUP LIMITED (CGL) Principal operating company
> Risk Committee	> Operational Risk Committee
> Remuneration Committee	> Credit Committee
> Audit Committee	> Trading Committee

C. CZARNIKOW LIMITED (CCL) SHAREHOLDER STRUCTURE, %

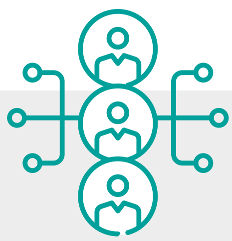


C. CZARNIKOW LIMITED SHAREHOLDER STRUCTURE

- **Associated British Foods plc** is a diversified international food, ingredients and retail group operating in 53 countries, and a FTSE 100 company listed on the London Stock Exchange.
- **Macquarie Group Limited** is a diversified financial group providing clients with asset management and finance, banking, advisory, and risk and capital solutions across debt, equity and commodities, and is listed on the Australian Stock Exchange.
- **Employee Benefit Trust** is jointly owned by CZ's Management Committee.

REMUNERATION INFORMATION

Remuneration information is provided on P81 and P82 and we voluntarily share information on our gender pay gap on P47.



EFFECTIVE BOARD COMPOSITION CCL and CGL have three common Directors, which allows for efficient flows of information between parent and operating companies and promotes mutual understanding.

CCL BOARD	THREE COMMON DIRECTORS	CGL MANAGEMENT COMMITTEE
Matthew Booth (Macquarie Group Limited)	**Robin Cave** (CZ)	**James Brittain** (CZ)
Richard Morrison (Associated British Foods plc)	**Julian Randles** (CZ)	**Tiago Medeiros** (CZ)
Daniel West (Associated British Foods plc)	**William Rook** (CZ)	**Adam Leetham** (CZ)
Paul Weston (Macquarie Group Limited)		**Nicholas Wainwright** (CZ)
		Jonathan Williams (CZ)

+ More information on CCL Board Directors P44, CGL Management Committee biographies P25.

THE WATES PRINCIPLES

For the fourth year we have produced a voluntary Governance review (P42 to P52), using the Wates Principles and guidance (the ‘Principles’) as a practical and meaningful framework for explaining our governance approach, information and actions. We are guided by the framework’s spirit and summarise key points and areas for further consideration below.

1 PURPOSE AND LEADERSHIP

THE NORTH STAR

“An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.”

- Purpose used to unite and explain business (recognised in external reporting award)
- High regard for purpose, values and unique culture (considered competitive differentiator)
- Reinforcement of purpose/culture/values is paramount as business moves into next high-growth phase.

2 BOARD COMPOSITION

CHARACTERISTICS OF GOVERNANCE

“Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.”

- No changes to CCL Board or CGL Management Committee members during period under review
- Board structures considered appropriate for size of Group to facilitate effective decision-making and communication
- Longer-term opportunity to improve Board diversity profile to match Group’s make-up and to foster independent challenge.

3 DIRECTOR RESPONSIBILITIES

CHARACTERISTICS OF GOVERNANCE

“The board and individual directors should have a clear understanding of their accountability and responsibilities. The board’s policies and procedures should support effective decision-making and independent challenge.”

- Responsibilities of Board and supporting committees formally articulated and regularly reviewed
- Overview of Board and committee meeting protocols published
- Permission required and granted in 2021 to trade solar energy and new food ingredients, as outside scope of existing Articles of Association.

4 OPPORTUNITY AND RISK

SPECIFIC MATTERS

“A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.”

- Strength of risk management and protocols are key to preserving value in high-risk/-reward environment
- Effective Board oversight through integrated risk management framework linking CGL’s Operational Risk Committee and CCL’s Risk Committee
- Board’s deep understanding of business risks/opportunities incorporated into high-growth five-year plan to create future value.

5 REMUNERATION

SPECIFIC MATTERS

“A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.”

- Remuneration structured to link rewards to corporate and individual performance and designed to promote the long-term success of the Company
- Documented protocols for setting remuneration
- Comparative remuneration metrics (and gender pay gap data) provided on voluntary basis; scope for further disclosure.

6 STAKEHOLDERS

SPECIFIC MATTERS

“Directors should foster effective stakeholder relationships aligned to the company’s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.”

- ‘Building strong relationships’ is a CZ value, demonstrating importance placed on stakeholder engagement
- Clear channels of stakeholder communication from operations to Board level; focus on further improving opportunities for employee engagement
- ESG concerns and opinions relating to our stakeholders increasingly considered in decision-making.

+ Governance review P42, Integrated risk management P54, Principal risks and uncertainties from P55, S172 information P26 and P27.

Image: Food quality checks in operation.

UNDERSTANDING OUR BUSINESS

CGL MANAGEMENT COMMITTEE

Key to Board and Committee members:

- CCL Board member
- Operational Risk Committee
- Credit Committee
- Trading Committee

ROBIN CAVE

CEO

Location	London
Joined CZ	2009
Committee/Board memberships	

JULIAN RANDLES

CFO

Location	London
Joined CZ	2012
Committee/Board memberships	

JAMES BRITTAIN

Director, Analysis and Advisory

Location	London
Joined CZ	1996
Committee membership	

ADAM LEETHAM

Director, Head of Raw Sugar Trading

Location	London
Joined CZ	1995
Committee membership	

WILLIAM ROOK

Director, Head of Refined Sugar, Ingredients and VIVE

Location	London
Joined CZ	1989
Committee/Board memberships	

TIAGO MEDEIROS

Director, Head of Brazil, Energy Board Chairman

Location	São Paulo, Brazil
Joined CZ	1998
Committee membership	

NICHOLAS WAINWRIGHT

Director, Head of Asia

Location	Singapore
Joined CZ	2000
Committee membership	

JONATHAN WILLIAMS

Director, Head of Americas and Europe

Location	London
Joined CZ	1986
Committee membership	

ROBIN CAVE

CEO

Key responsibilities: Overseeing the Group's performance and growth, Robin communicates CZ's strategy and vision and champions operational efficiency improvements. He is also responsible for CZ's adherence to strong corporate governance principles and for policy compliance.

Current focus: Robin targets investment in our core strengths, reinforcing our values and entrepreneurial culture, and is leading IT projects that create market-leading value for CZ's clients.

JULIAN RANDLES

CFO

Key responsibilities: Julian manages the Group's financial performance and ensures effective controllership to deliver ROCE expectations. Other responsibilities include developing and maintaining internal control systems and guiding the optimal allocation of Group resources.

Current focus: Julian supports the optimisation of successful operational processes, including risk. He oversees prudent, effective investment in employees and facilities and is developing organisation-wide proprietary IT systems. He is working to grow the Group's financing capabilities.

JAMES BRITTAIN

Director, Analysis and Advisory

Key responsibilities: James leads the development and management of client advisory services and the Analysis team which supports delivery of these services. He is also responsible for providing analytical support across the Group.

Current focus: James is enhancing our analysis and advisory product offering and delivery, and growing lead generation through Czapp. He also oversees market analysis projects that support CZ's broadening product sourcing business.

ADAM LEETHAM, DIRECTOR

Director, Head of Raw Sugar Trading

Key responsibilities: In managing and growing our global bulk agricultural product trading, Adam optimises revenue from principal purchases and sales. His close relationships with key partners enhance cooperation and help clients manage risk. Outside CZ, Council Member for the Sugar Association of London.

Current focus: Adam is exploring opportunities to broaden CZ's offering through core value chain services, and leads the Group's bulk product offering.

WILLIAM ROOK

Director, Head of Refined Sugar, Ingredients and VIVE

Key responsibilities: Will coordinates CZ's services for the global food and beverage sector and manages key accounts, while growing revenue from the Group's product sourcing business. He is also responsible for managing and promoting our sustainable supply programme, VIVE.

Current focus: Will strengthens and improves long-term supply and off-take agreements with producers and is expanding VIVE's range of products and services.

TIAGO MEDEIROS

Director, Head of Brazil, Energy Board Chairman

Key responsibilities: Tiago manages our operations in Brazil, exploring food and energy growth opportunities in the Brazilian and MERCOSUL markets. He supports delivery and development of the Group's trading, supply chain management, corporate finance, and advisory services.

Current focus: Tiago is expanding CZ's local market share in raw sugar origination and creating specialised services for associated energy markets. He supports initiatives to grow the corporate finance division and provide tailored structured finance solutions for our clients.

NICHOLAS WAINWRIGHT

Director, Head of Asia

Key responsibilities: Nicholas oversees value chain activities across Asia for sugar, food ingredients and packaging. He is responsible for implementing CZ's strategy and ensuring operational efficiency in the region, and manages and deepens regional client relationships.

Current focus: Nicholas is developing CZ's local corporate finance offering and expanding our value chain business into China. He builds client coverage using CZ Analysis marketing tools and promotes VIVE across Asia.

JONATHAN WILLIAMS

Director, Head of Americas and Europe

Key responsibilities: Jonathan executes our raw and refined sugar strategy within EU preferential trade structures and the Americas (excluding Brazil).

Current focus: Jonathan is leading projects that implement and enhance CZ's strategy for Europe, while delivering our five-year plan for raw and white sugar in the Americas (excluding Brazil). He is also working to deliver our ethanol cross-border and price risk management strategy.

UNDERSTANDING OUR BUSINESS

ENGAGING WITH OUR STAKEHOLDERS

S172 SUMMARY TABLE: STAKEHOLDER EXPECTATIONS AND HOW BOARD/MANAGEMENT IS KEPT INFORMED

	HOW BOARD/MANAGEMENT COMMITTEE IS KEPT INFORMED	STAKEHOLDER EXPECTATIONS
EMPLOYEES	> Regular HR update with CEO and CFO > Review of monthly employee KPIs > CEO attends regular group discussions.	> Fair, progressive pay/benefits, reflecting purpose and culture > Improved training and career development opportunities > Ongoing investment in 'hybrid' working, health and wellbeing > Supportive, diverse, ethical and inclusive employee network > A company that cares about sustainability.
CLIENTS	> Key client-facing committees (e.g. Trading Committee and VIVE Steering Committee) chaired by CEO > Updated on growing portfolio of products, markets and clients by product committees.	> Bespoke, value-added knowledge-sharing > Optimal price, logistics, financing and procurement solutions > Overall supply chain risk mitigation and reduction in negative impacts, including relating to environmental, social and governance (ESG) issues.
FINANCIAL PARTNERS	> CGL's Management Committee reviews banking lines and facilities regularly > CEO chairs Trading Committee meetings.	> Transparent, reliable and timely information; meeting agreed targets > Financial platform to support growth plans and opportunities > ESG reporting.
LOGISTICS PARTNERS	> CFO attends Operational Risk Committee > IT systems allow open access to shipping and logistics activities > Individual issues/updates raised by Trading Committee.	> Close communication to optimise movement of goods > Safe, timely, sustainable and accurate transit and storage of goods > Long-term cooperation to improve operational working practices > Knowledge-sharing to promote best-in-class processes.
SHAREHOLDERS	> Three members of CGL Board are members of CCL Board.	> Return on capital employed (ROCE) improvements > Transparent, reliable and timely information > Meeting other agreed targets and sharing long-term aspirations.
SUPPLIERS	> Best practice in working with suppliers is shared through Trading Committee and annual Strategy Week.	> Open dialogue to improve added-value services > Fair and prompt payment terms (P32).
SUSTAINABILITY SPECIALISTS	> VIVE Steering Committee meetings chaired by CEO > Annual audit performance reported via VIVE Steering Committee.	> Continuous improvement leading to greater choice of sustainable supply chains/products > Robust and evolving supply chain verification and benchmarking > Reducing environmental impact through VIVE programme.
LOCAL COMMUNITIES, GOVERNMENTS AND REGULATORS	> Regulatory updates and training via Compliance and Risk teams > Charity and community engagement shared via intranet and at 'All hands' meetings.	> Local economic development and responsible operations > Goodwill through local job creation/charity support > Timely tax returns/payments in local jurisdictions.

+ More detailed analysis available in Governance review, P42.

KEY DECISIONS ENHANCED THROUGH STAKEHOLDER ENGAGEMENT IN 2021

At CZ, our 'transparency as standard' ethos encourages debate with both internal and external stakeholders, and we strive to use their contributions and feedback across the Group to meet and exceed expectations. With stakeholders located around the globe, we do and must continue to work hard to communicate effectively. The key decisions taken and described below were enhanced through discussion at CCL Board and CGL Management Committee meetings, and via engagement with teams around our business.

EMPLOYEE DECISIONS

NEW BOARD STRUCTURES

Directors agreed to create new internal product, geography and client Boards, and these were introduced in March 2021. Each Board has a rotating chairship to allow the sharing of opportunities and responsibilities, and reports to the CGL Management Committee.

Risks: Potential lack of continuity; more reporting lines and administration.

Opportunities: Employee skills development; greater accountability and focus; better cross-fertilisation of ideas.

Decision: On balance, management adopted the new Board structures given the perceived benefits. The structures were purposefully designed to be 'light' and specific, to reduce unwanted bureaucracy.

Key stakeholders impacted: Employees

CLIENT DECISIONS

BREAKBULK

Faced with severe supply chain disruptions and rising prices, we investigated moving packaging for a major client on bulk ships, instead of in containers as would traditionally be the case.

Risks: Reduction in our ability to hedge price across portfolio; need to optimise bulk ship volumes ourselves.

Opportunities: Overcoming major logistical hurdles to reinvigorate backlogged supply chain; deepening of relationship with key client; identification of further applications with strong potential for other products.

Decision: This was a major decision, given the associated increased risk profiles, but was agreed by the Directors as 'on strategy'. We used our strong networks and relationships to bring further tonnage onto the ship and our successful efforts were formally acknowledged by our client.

Key stakeholders impacted: Clients, logistics partners, employees.

SUPPLY CHAIN DECISIONS

MOVING INTO NEW PRODUCT AREAS

In 2021, permission was sought from the CCL Board to trade and handle new products (grains and solar energy) that lay outside the boundaries of our Articles of Association.

Risks: Significant move outside historic areas of product expertise in sugar and sugar-related products. Exposure to much larger commodity players in the market.

Opportunities: Client-backed decision to move into grains, which allows us to build up client product portfolio and open up other avenues of growth. Proof of local expertise and capability in solar in one region gives us the opportunity to replicate our learnings elsewhere in the Group.

Decision: The Directors approved the decision to trade in areas outside of current legal boundaries. Associated risks were deemed to have been mitigated by working with reputable clients (for grains) and market testing in one region (for solar). Anticipated growth opportunities in both areas outweighed the perceived risks.

Key stakeholders impacted: Shareholders, clients, employees.

S172 INFORMATION

More insight into stakeholder engagement can be found in our Governance review on P42 to P52, including our S172 statement which is incorporated into this Strategic report by reference.

Image: Jasmine Huang (left) and Lily Chen (right) in our China office.

UNDERSTANDING OUR BUSINESS

RISKS AT A GLANCE

Our approach to risk. Good risk management promotes innovation and growth by creating an environment where experimentation can take place within rigorous, defined boundaries, and provides a space where all employees can freely identify, communicate, monitor and report material risks to create and protect value.

RISK TOLERANCE AND OPPORTUNITIES

We have strict risk tolerance limits in place and do not allow actions that would harm the Group; nor will we tolerate behaviour which fails to meet our standards of best practice. By understanding our risk tolerance, we are best placed to identify and evaluate growth opportunities.

RISK ASSESSMENT

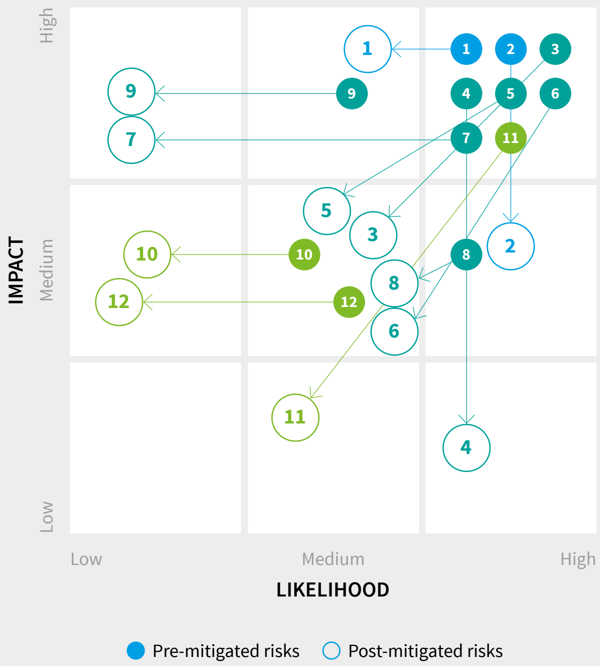
We use the risk 'heat map' opposite to help assess our 12 principal risks against both their potential impact on our ability to achieve our target budget and operate our business model, and their likelihood of crystallising. We plot our pre-mitigated ('gross') and post-mitigated ('net') risks, to demonstrate how our mitigation strategy will soften any impacts to bring them in line with our risk appetite. We also disclose our 'emerging risks'. These are important enough to be monitored, but not material enough to be currently considered principal risks. An overview of our principal risks can be found in the table on P29, with a detailed analysis for each on P55 to P62.

RISK MANAGEMENT CULTURE

Our risk management culture guides how we operate – individually and collectively. It is reinforced through top-down leadership, enabled through our risk management framework, and complemented by training and awareness programmes. Our risk management framework is presented in more detail on P54. This framework provides formal channels for communicating risks to the Czarnikow Group Limited's (CGL) Management Committee and C. Czarnikow Limited's (CCL) Board to inform decision-making. In addition, we have an 'open door' policy and arrangements for employees and contractors to raise concerns about possible wrongdoing or oversight.

+ P53

Our **RISK HEAT MAP** shows how we view our risks post mitigation.



RISK APPETITE

Our line of business does not reward the risk-averse. As outlined by our CEO Robin on P10 to P11, we actively seek to develop innovative services across a range of products in volatile and complex markets, and we encourage this approach through our culture of entrepreneurship.

However, the more we expand the more important risk mitigation becomes. We stay protected through our diverse global network, our specialist knowledge, and our systems and processes.

OUR RISK APPETITE IN PRACTICE

ZERO/ VERY LOW	Zero/very low appetite for: exposure to regulatory risks that would lead to legal action; liquidity risks that would lead to default; operational risks that would lead to employee or public harm.
LOW	Low appetite for risk exposure that would damage values and culture, or ability to recruit and retain high-calibre people.
BALANCED	In pursuit of objectives, willing to accept in some circumstances risks that could result in potential reputational and political exposure (e.g. in terms of products handled and geographies).
HIGH	Willing to consider limited number of bolder, more complex trades/deals in anticipation of higher financial returns.
VERY HIGH	Open to selected, mitigated-only, higher-risk trades in pursuit of very high-return opportunities.

RISKS AT A GLANCE 2021

	PRINCIPAL RISK	YEAR-ON-YEAR CHANGE	COMMENTARY	
GROUP 1: HIGH LIKELIHOOD/MEDIUM IMPACT AND MEDIUM LIKELIHOOD/HIGH IMPACT				
1	LIQUIDITY RISK	→	Although stable year on year, this risk remains a key focus as we expand our financial capabilities; it is mitigated through our syndicated borrowing base, our strong, diverse relationships, and our innovative funding approach.	+ P56
2	SHIPMENT RISK	→	Despite some stabilisation following the highly disruptive fallout from COVID-19, and our proven ability to find alternative shipping solutions for clients outside the container market, this remains a principal risk.	+ P56
GROUP 2: HIGH LIKELIHOOD/LOW IMPACT, MEDIUM LIKELIHOOD/MEDIUM IMPACT AND LOW LIKELIHOOD/HIGH IMPACT				
3	REPUTATIONAL RISK	↑	Increased due to Group's expansion into new product areas and geographies, eliciting increased scrutiny.	+ P57
4	CREDIT RISK	→	Increased focus by Risk team on aligning credit insurance limits with internal trading limits and keeping counterparty portfolio up to date.	+ P57
5	CURRENCY RISK	→	Despite some volatility in the pound sterling and Brazilian real against the US dollar, overall risk remained stable.	+ P58
6	PRICE RISK	↑	Increased due to expansion of our product portfolio and establishment of individual lines, which dilutes our ability to hedge price through grouped volumes.	+ P59
7	REGULATORY RISK	→	Ongoing review of all compliance processes, policies and training activities, and preparation for forthcoming changes.	+ P59
8	EMPLOYEE HEALTH AND WELLBEING RISK	↓	Decreased throughout 2021 due to implementation of working from home and fewer lockdowns, although remains high on our agenda.	+ P60
9	SYSTEMS RISK	→	Decreased following Group's migration to the cloud and further development and rollout of IT systems. However, an element has increased owing to high ratio of employees working remotely.	+ P60
GROUP 3: LOW LIKELIHOOD/MEDIUM IMPACT AND MEDIUM LIKELIHOOD/LOW IMPACT				
10	INTEREST RATE RISK	→	Our Trade and Structured Finance teams review interest rates daily and we have mitigation tools available, such as hedging.	+ P61
11	POLITICAL RISK	→	During the year under review this risk was stable; since the year end this has increased following the invasion of Ukraine, but remains immaterial.	+ P61
12	KEY EMPLOYEE RISK	→	In a challenging environment we remain focused on creating an exciting and rewarding place to work.	+ P61

EMERGING RISKS (NOT PLOTTED)		
INSURANCE RISK	In 2021 we focused on product quality issues and monitored storage and transportation conditions to mitigate our exposure to increased insurance costs.	+ P62
CLIMATE CHANGE RISK	Our immediate exposure to the impact of climate change, as a service provider, is low; however, we are studying related risks and opportunities in our supply chains that would create knock-on effects in our own business.	+ P62

↑ Risk to business increased year on year ↓ Risk to business decreased year on year → Risk to business did not change year on year

+ P53

FINANCIAL AND OPERATIONAL REVIEW 2021

CEO REVIEW

As we embark upon our five-year plan that will take our operations to the next level, we will stick firmly to our purpose to lead us through the turbulent times ahead.

DEMONSTRATING STRATEGIC SUCCESS

Our consistent track record of profitable growth has been achieved by sticking to the solid, practical strategy that lies at the heart of our business: 'broadening and deepening' (P18). Our results in 2021 reflect satisfying progress against our plans, with all product lines and geographies performing well. We broadened into new markets with our expanded ingredients and energy offerings, which also brought new client relationships. We deepened our approach by engaging with core partners cross-commodity and along full supply chains, and by providing more added-value services. None of this would have been achievable without the support of our core stakeholders: clients, banks and funders, and our employees. As we move forward, we must retain the flexibility that allows us to stay ahead of industry-wide trends, to anticipate our clients' challenges and to future-proof our success.

2021 WAS THE YEAR OF COP26, a landmark event that will profoundly shape the future of the food and energy sectors.

ENVIRONMENTAL PRIORITIES

A greater focus on the protection of our planet by governments, businesses and consumers alike will drive our industries to feed and provide energy to more people while reducing carbon footprints and waste to mitigate the impact of climate change. We recognise our vital role in supporting our clients to meet their various ambitious targets across these key metrics, and that we have a responsibility to influence positive change and identify efficiencies by using our deep knowledge of global supply chains.

UN CLIMATE CHANGE CONFERENCE UK 2021

P38

CREATIVE WORKFORCE AND CULTURE

Prolonged supply chain disruption in the wake of COVID-19 challenged us to think differently. It also demonstrated the value of having skilled, agile people who can solve problems creatively, especially under pressure. This was seen most readily in our move into breakbulk, as outlined on P27, a project which increased value for our clients despite demanding operational conditions. I am extremely proud of the CZ culture, which empowers our teams to take their experience in sugar and apply it to our newer product lines. The world is reliant on technology and our ongoing investment in systems and automation is critical to our future success as we scale our business. However, the power of people to think laterally in a culture that fosters an open, curious approach has proved to be invaluable, and will remain so.

CONNECTING WITH OUR GROWING NETWORK

Technology does, however, change parameters. Internally, we continued to invest significantly in our 'Spine' project, which will facilitate our ability to streamline and share data across full supply chains, improving operational visibility and efficiencies across the Group. Externally, the way we connect to clients is also moving from a linear dialogue to multi-faceted, complex interactions, with the opportunity to engage in new, convenient and tailored ways. Through Czapp (our client-facing portal and app) we can provide in-depth market analysis to specialists at their desks, or 'live' sugar beet prices to UK farmers working remotely – both at the touch of a button. In 2022, we will expand the Czapp platform further to include a new positions function (which will allow users to see progress on their active trades) and to communicate in multiple languages.

LOOKING AHEAD

Our strong performance in 2021 – and indeed over several years – is due to a range of factors: hard work, creative spirit, considered investment and supportive stakeholders, alongside sticking to our strategic path unwaveringly. As we venture into what we envisage to be five years of rapid growth we must not lose sight of what has made us successful to date. We need more of the same; creative people, valuable client partnerships, open banking and funding relationships, skilful investment in systems and technology, and a respect for the planet and its finite resources. Despite the invasion of Ukraine and its political and operational ramifications for the industry, we have started 2022 with ambition and positivity, embarking upon our five-year plan that will take our operations to the next level, and influence positive long-term change in our global food and energy supply chains.

Robin Cave, CEO

FINANCIAL AND OPERATIONAL REVIEW 2021

CFO REVIEW

As we build on five years of strong revenue and profit performance, we are ready for our next phase of growth. This will be achieved through the focused delivery of our strategy, alongside new and long-standing funding relationships.

PERFORMANCE OVERVIEW

In 2021, Czarnikow Group Limited ('CZ' or 'the Group') generated US$67.2 million gross profit (2020: US$51.7 million) on a turnover of US$3,133.3 million (2020: US$2,384.2 million), giving a pre-tax profit of US$23.1 million (2020: US$13.5 million). This was a very strong performance, particularly given the continued global supply chain disruption following the COVID-19 crisis.

Our steady growth in turnover and profit is a direct result of management's disciplined focus on investing in and implementing our 'broaden and deepen' strategy for several years, which has fundamentally shifted our business from a traditional sugar trade house to a multi-product solutions company, spanning entire supply chains. Our plan now is to build on this successful growth and further transform our business over the next five years. To match this growth, we will need to build appropriate funding models.

BORROWING BASE

In July 2021, we launched our first syndicated, committed borrowing base facility, which opened at US$50 million and closed, oversubscribed, at US$80 million. The facility was arranged by our long-standing partner banks Rabobank U.A. and Natixis, with participants including Société Générale, Paris, Zurich branch, ING Bank N.V., GarantiBank International N.V. and Banco do Brasil S.A., London branch. Our financing capabilities will need to increase, commensurate with the targets set out in our five-year plan, and our borrowing base facility is one tool we can use to achieve this. Buoyed by its success to date we aim to expand this facility to include new funders and product lines.

ONGOING SUPPLY CHAIN DISRUPTION

Two years on from the initial impact of COVID-19 we continue to experience disruption across our global supply chains, driven by rising prices in the container market, which remained volatile with widespread shortages and unavailability. We manage turbulence as we always do: by sticking firmly to our business model, leveraging our experience and looking for solutions to help our clients. For example, in 2021 we successfully moved product destined for containers onto a bulk platform, creating a new logistics route and reducing backlog. From a financial perspective, supply chain impacts on our business were immaterial. Nonetheless, we remain vigilant in monitoring and analysing the impact of ongoing market uncertainty for our clients and our own business planning.

OVERHEADS AND INVESTMENT

Overheads rose from US$39.3 million to US$40.2 million. This increase reflects our commitment to investing in long-term growth opportunities, although always executed in a controlled and considered manner. Travel and entertainment costs remained low again owing to lockdowns in many countries, but we spent more on overheads in technology to support our hybrid working model. We will maintain our investment

KEY PERFORMANCE INDICATORS

In assessing the performance of the Group, the Directors look to a number of different measures, both financial and non-financial, a selection of which are detailed below.

	2017	2018	2019	2020	**2021**
Net revenue growth	(5.61)%	(3.17)%	10.19%	20.41%	**29.93%**
Return on equity (ROE)[1]	8.28%	6.09%	7.23%	14.08%	**20.94%**
Adjusted return on capital employed (ROCE)[2]	16.56%	12.19%	14.85%	15.57%	**28.32%**
Jaws ratio[3]	(4.91)%	(5.88)%	4.52%	(0.10 %)	**27.70%**
Number of contractual physical trading counterparties in the period	576	617	652	655	**887**
Available financial facilities[4]	US$551.5m	US$732.0m	US$791.7m	US$893.9m	**US$977.2m**

1 ROE is calculated by dividing net income by equity.
2 Adjusted ROCE is calculated by dividing operating profit (before variable costs) by capital employed (net assets plus non-current deferred tax liabilities).
3 Demonstrates the extent to which income growth rate exceeds expense growth rate. Changes to how we account for our profit share scheme under IFRS 2 resulted in administrative costs increasing at a much lower rate than gross profit, hence we report a significantly higher jaws ratio this year.
4 These figures include consolidated Group bank facilities and broker facilities combined.

in IT infrastructure and software. We continue to realise the benefits of our focus on this area, with excellence in IT recognised both internally and externally as a key driver of efficiency and competitive advantage.

In 2021 our headcount grew by 7% and we employed 260 people at year end (2020: 239 people). Employee numbers have grown for five years in a row, and we expect this trend to accelerate, anticipating a doubling of headcount by 2026 to support our ambitious five-year growth plans. These plans will also necessitate expansion into new products and geographies but we will continue to strictly prioritise our investment expenditure, focusing it on areas that have the most attractive business potential. For example, in 2021 we opened a new office in Vietnam to seize growing opportunities in the region. To date, through selected investments, we have established a valuable presence in local marketplaces and have physical offices, entities and on-the-ground representation in 16 countries. The evaluation and pursuit of similar opportunities will be a critical part of our growth plans.

REVENUE AND MARKET ANALYSIS

Bulk products

This revenue line covers bulk-shipped products such as raw (unrefined) sugar, biomass, soy and grains. Unfavourable market conditions at the beginning of the year brought about a slow start in both trading and revenue but, in contrast, the second half of the year saw a return to a traditional trading environment, allowing us to return to budget.

Biomass is a focus development area for us and has led to significant product range extensions – including bagasse in Brazil and palm kernels, rice husks and wood chips in Asia, traded via a back-to-back model.

High raw sugar prices supported by energy market.

With ethanol production tied closely to raw sugar throughputs, particularly in Brazil, the strength of the energy market continued to support higher raw sugar prices for more of 2021. Only in November 2021 was the record-breaking 18-month bull market brought to an end.

Refined (white) sugar

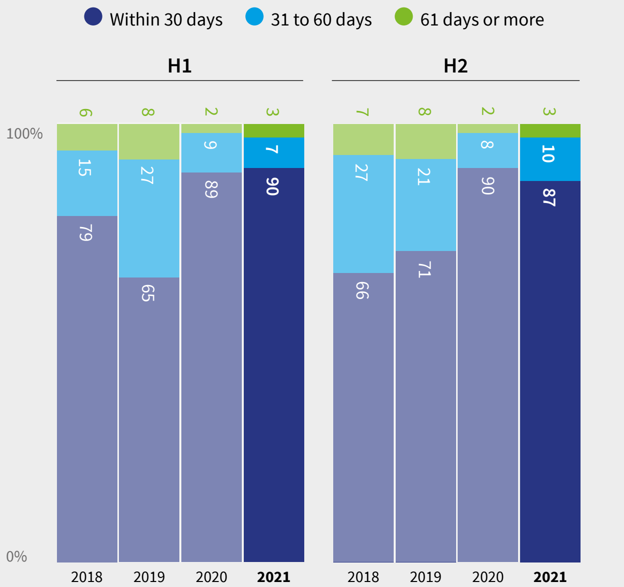
Strong revenue growth in refined sugar resulted from increased tonnages and margins, strengthened by strong relationships with new and existing industrial consumers across a range of geographies. 2021 saw CZ's highest traded volumes in Europe to date and expanded business in Asia, demonstrating appetite and capability.

Food ingredients and packaging

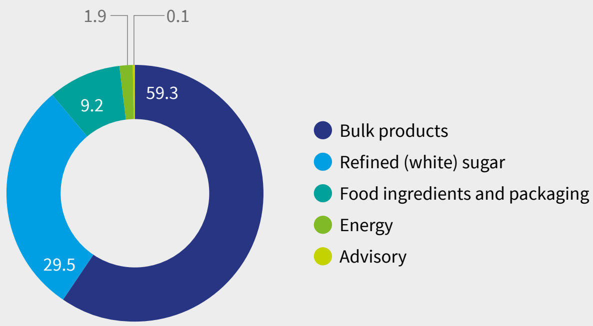
This revenue line increased by 59.1%, with performance steadily increasing throughout the financial year. Volumes were helped by aggregation of product as demand moved from container to breakbulk vessels.

A RESPONSIBLE PAYMENT CULTURE

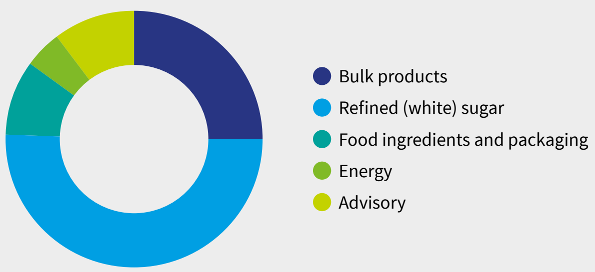
We recognise that we must help keep our vital supply chains running smoothly by paying promptly and fairly. We have no standard payment terms, owing to the nature of our business, which has a wide range of international clients and hence requires tailored payment solutions.



TURNOVER BREAKDOWN US$, %



GROSS PROFIT US$, %



Newly introduced products included corn grits, maize, sesame seeds, gum arabic and flavourings, which were sourced for and delivered to existing and new clients alike. The year's expansion supports our ambitions to grow further over the next five years and was particularly encouraging as whilst other areas of our business continued to be impacted by volatility in the container market (see below) we were able to offer aggregation and volume solutions to both existing and new customers.

Chaotic container market

The impact of COVID-19 was still felt, for example with staff shortages closing major ports in China. Previously reported difficulties in moving empty containers to areas of highest demand were not resolved and the ripple effects of the Suez Canal blockage in March 2021 were felt for months. These factors exacerbated delays, shortages and bottlenecks and, coupled with the low availability of containers, drove prices high. We expect ongoing disruption in the container market as a result of the Black Sea becoming off-limits for the foreseeable future. We continue to use our deep knowledge of global trade and our flexibility to mitigate adverse effects and support our clients.

Energy

Our Energy business experienced a very positive first year as an independent revenue stream. The increasing corporate focus on carbon reduction, coupled with pledges made at COP26, is raising awareness of, and the urgency for moving towards, long-term green energy solutions. Many of our clients in the food, beverage and financial sectors have already made ambitious public decarbonisation commitments and are investing heavily in this area. We are working with them closely to propose sustainable solutions as we move deeper into the renewable energy space. We see considerable opportunities and aim to expand our Energy forward book in 2022, as we grow and globalise this revenue stream.

Energy prices

In recent years, high energy prices have tended to trigger investment in green energy projects, and we benefited directly from this phenomenon in 2021. As we expand over the next five years, we hope to continue to take advantage of this trend.

Advisory

Our Advisory revenue stream comprises corporate finance and analysis services. Debt restructuring and mergers and acquisitions activity in Brazil and Thailand led to a good performance from our Corporate Finance team, and our Analysis team continued to build revenue through Czapp, our client-facing market portal.

BUSINESS FOCUS AND OUTLOOK

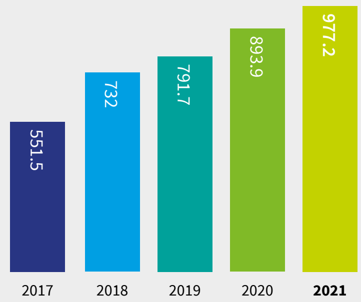
Building on our solid performance in 2021, which included the successful launch of our borrowing base facility, we are aiming for further revenue growth in 2022. This will be delivered through our existing product lines and services, with anticipated additional income from new product lines, our widening range of energy products and further development of our small but fast-growing volumes of flavourings. We will keep a close eye on how the invasion of Ukraine, one of the world's largest commodity exporters, impacts the world market.

Looking longer term, as our CEO Robin mentions on P10 to P11, we are also now embarking upon our ambitious five-year growth plan. We are set to substantially increase our business investment to boost tonnages, broaden our geographic reach and deepen our client relationships over the next five years, transforming the scale of CZ's business as a dynamic, multi-commodity solutions provider.

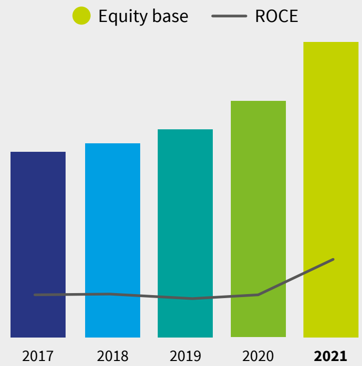
To underpin our investment for growth, we will need to reconfigure our financing capabilities, both by working with existing partners and by investigating new opportunities for collaboration, innovation and growth. Our plans are exciting and stretching and we look forward to securing the best partners to provide a strong financial platform as we transform the scale of our business.

Julian Randles, CFO

TOTAL AVAILABLE FACILITIES (INCLUDING BROKER LINES), US$M



EQUITY BASE, US$M AND **ROCE,** %



FINANCIAL AND OPERATIONAL REVIEW 2021

TRADE AND STRUCTURED FINANCE

We are at an exciting stage of financing our ongoing growth, having proved our ability to adapt our business model, services and financing solutions to deliver consistent performance in uncertain times.

2021 OVERVIEW

The past year has provided two main challenges for our trade and structured finance department. The first has been CZ's own ingredients and packaging expansion into products with which our financiers were less familiar. This has been exacerbated by the second: the unpredictable global trading and freight environment, which has led to increased aggregation and movement of goods in breakbulk, and client-led demand for our destination ex-warehouse offering. We adapted to meet these challenges while still maintaining and increasing traditional product flows. This sets us in good stead for the conditions which look set to prevail in 2022.

BORROWING BASE FACILITY

We launched our first syndicated borrowing base facility in July 2021. Initially conceived to finance sugar transactions, the current facility has been extremely well received as we have demonstrated that we have the appetite, aptitude and experience to handle a large, committed finance structure. In 2022 we will work to streamline administration, and to widen the facility's scope to include additional geographies, commodities beyond our traditional sugar flows, and sustainable (VIVE-verified) products.

IT DEVELOPMENT

Continued investment in IT systems has accelerated processes and improved visibility for both our finance stakeholders and internal finance teams' activities across the business. Planned investment in technology in 2022 will bring another strategic step change, with a particular focus on extending the digitalisation of our stock management, further strengthening our supply chain management offering as we introduce more VMI (vendor-managed inventory) solutions globally.

+ P31

EXPANDING PRODUCT FINANCING

We have worked with our long-standing banking partners to extend or restructure facilities to cover products that they have not previously financed, for example an increased receivable line with ABN AMRO from US$65 million to US$125 million. Most prominent in 2021 was PET, where our annual volume tripled as a result of our breakbulk offering to overcome high container prices and uncertain container availability. Our Finance team had to respond quickly to meet increased client demand in the second half of 2021; this trend has continued in 2022.

As the volumes for our new food ingredients such as dairy, grains and fruit increase, we are also discussing financing structures to support this growth.

GEOGRAPHICAL EXPANSION

Through our network of offices we have increased our engagement with regional banks to match our geographical expansion. For example, our Thailand office has established new funding relationships for a range of products such as PET resin and cassava; and in Bahrain we have expanded our ingredients range through VMI financing. In the future, we will capitalise on our proven track record in replicating our VMI capabilities across our full product offering, which are set to expand into other countries in 2022.

PLANET, PEOPLE AND PROFIT

As a business, we support the immediate need for more sustainable actions across our supply chains and are actively engaged in improving and verifying supply chain practices through our sustainable supply chain programme, VIVE (see P36). Our partner banks OCBC and Rabobank, for example, continue to provide green financing linked to VIVE-verified products and, as VIVE expands its multi-commodity offering, we expect green funding to cover a growing range of products and geographies. Driving green financing expansion remains a key focus for us in 2022.

We also recognise the need for longer-term commercial investment to make sustainable actions more impactful, scalable and commercial and, as our CEO Robin explains on P10 to P11, we can only bring about change by influencing from within. Currently, our banking partners all have different requirements, expectations and funding restrictions on products, as well as volume thresholds. We are always open and transparent in explaining our rationale for facilitating trade in complex products such as PET, grains and, potentially, fertiliser, with many existing partners supporting our longer-term approach. Where there are divergences, we seek to adapt our relationships with financing stakeholders.

SUSTAINABLE INVESTMENT INFLUENCING CHANGE

In 2022, we will work to connect our banking partners' requirements for sustainable investment with the supply chain initiatives that are needed to bring about long-term change. We aim to be part of the solution as the financing community further defines and accelerates its strategic environmental, social and governance (ESG) direction over the next five years.

CONSOLIDATED GROUP FACILITIES FOR THE YEAR ENDED 31 DECEMBER 2021, US$ MILLION

Funder			CGL	Subsidiaries	Funds	Borrowing base	Non-recourse receivable lines	Total US$M
ABN AMRO		*	–	–	–	–	125.0	**125.0**
ABSA	(a)	*	13.0	3.0	–	–	–	**16.0**
Alternative lending		*	–	–	54.5	–	–	**54.5**
Banco do Brasil	(b)	*^	26.5	22.0	–	5.0	–	**53.5**
Barclays Bank		*#	13.0	–	–	–	–	**13.0**
BMG		^	–	2.7	–	–	–	**2.7**
Bradesco		^	–	7.5	–	–	–	**7.5**
British Arab Commercial Bank		*	22.5	–	–	–	–	**22.5**
BV (Votorantim)		^	–	6.2	–	–	–	**6.2**
C6 Bank		^	–	1.8	–	–	–	**1.8**
CCB (BicBanco)		^	–	16.0	–	–	–	**16.0**
Credit Europe Bank N.V.		*#	38.0	–	–	–	–	**38.0**
Daycoval		^	–	5.8	–	–	–	**5.8**
GarantiBank		*^#	51.0	–	–	10.0	–	**61.0**
HSBC		*	50.0	20.9	–	–	15.0	**85.9**
Industrial		^	–	18.0	–	–	–	**18.0**
ING		^	–	–	–	20.0	–	**20.0**
Itau		^	–	12.5	–	–	–	**12.5**
Natixis		*^	45.0	–	–	15.0	–	**60.0**
OCBC		*	50.0	–	–	–	–	**50.0**
Pine		^	–	5.5	–	–	–	**5.5**
Rabobank	(c)	*^#	30.0	50.0	–	15.0	33.9	**128.9**
Santander		*^	10.0	10.0	–	–	–	**20.0**
Sicoob Cocred		^	–	4.5	–	–	–	**4.5**
Société Générale	(d)	*^	40.0	–	–	15.0	–	**55.0**
Total		–	389.0	186.4	54.5	80.0	173.9	**883.8**

(a) ABSA multi-option facility for US$3 million to facilitate working capital requirements in Kenya.
(b) Czarnikow Group Limited and Czarnikow Brazil Ltda co-utilise a swing line on demand.
(c) Czarnikow Brazil Ltda, C.Czarnikow Sugar (East Africa) Ltd and Czarnikow (Singapore) Limited are co-borrowers with limits capped at US$20 million, US$15 million and US$20 million respectively carved out from the US$80 million facility.
(d) C. Czarnikow Sugar Inc., C.Czarnikow Sugar (Mexico), S.A de C.V. and Czarnikow Italia Srl are co-borrowers of the US$40 million facility.

Key:
* Transactionally secured ^ Transactionally unsecured # Clean line/margin

SUMMARY AND OUTLOOK

In 2021, our total available financial facilities (excluding broker lines) increased from US$816.9 million to US$883.8 million. As we move further into 2022, we will continue to focus on:

> evolving our borrowing base facility
> developing funding opportunities for a wider range of products
> strengthening our collaboration with alternative funding and financing initiatives that are sustainable and bring about positive change.

In the longer term, we will focus on positively influencing the financing of sustainable food, beverage and energy supply chains and enacting our five-year plan. Changes to facilities and credit lines in 2021 are summarised on P31.

BROKER LINES 2021

Futures funding lines	US$M
OTC	41.4
ETD	44.0
TPA	8.0
Total	93.4

OTC = Over-the-counter
ETC = Exchange-traded
TPA = Tri-partite agreement

FINANCIAL AND OPERATIONAL REVIEW 2021

VIVE REVIEW

Multi-commodity, sustainable supply chains. VIVE is a voluntary sustainability programme, jointly owned by CZ and Intellync, with a vision to create fully sustainable, end-to-end supply chains through continuous improvement.

VIVE TODAY

Now in its seventh year of operation, VIVE has broadened from a sugar-only to a multi-commodity offering, having expanded into fruit and energy supply chains in 2021, adding to its expertise in dairy and packaging.

Our continued investment in and development of VIVE strategically aligns with our purpose: to exert a positive economic and sustainable influence in our food, beverage and energy supply chains.

Through VIVE, we have helped to improve environmental, social and governance (ESG) practices and processes along our supply chains, including: waste, noise and greenhouse gas (GHG) reductions; water-saving plans; stronger labour standards and tighter contracts; greater health and safety awareness and performance; and more systematic approaches to risk management and governance.

LANDMARK ACHIEVEMENTS

2021 was a vital year in VIVE's development with achievements including:

> VIVE moved into the energy and fruit sectors for the first time, working with long-standing participant Santa Terezinha in Brazil and Sayona Fruits in Tanzania respectively. These developments apply VIVE's trusted verification process in new product areas, adapting it to mitigate specific supply chain sustainability risks

> The first domestic trade of VIVE-verified sugar was completed with Kaset Thai International Sugar Corporation PLC, the largest sugar mill in the world, supplying FrieslandCampina (Thailand) PLC, a member of the Buyers Supporting VIVE platform

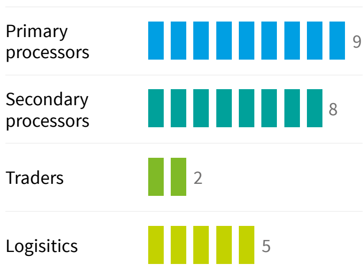
> VIVE's modules were benchmarked against the United Nations Sustainable Development Goals to support a standardised approach on sustainability best practice across various industries

> Logistics company Bolloré joined VIVE to further its commitment to sustainable development operations in East Africa.

Our **VIVE PROGRAMME** continues to grow through more products, tonnage and participants.

For more information about VIVE, please see our full brochure

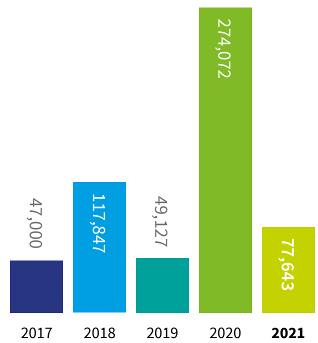
VIVE PARTICIPANT BY TYPE, 2021



24

VIVE participants based across 14 countries globally (16 in 2020)

VIVE-VERIFIED SUGAR, MT



>565k MT

Total volume of VIVE-verified sugar sold in last five years

CONNECTING AND IMPROVING GLOBAL SUPPLY CHAINS

BUYERS SUPPORTING VIVE (BSV)

81
BSV members in 2021

BSV is a platform open to companies that are committed to sourcing sustainable ingredients, and has been developed to assist buyers in pro-actively engaging their supply chains to enhance their sustainability journey.

Current members include some of the world's most recognised brands.

Image: Grapes being loaded for sale.

FINANCIAL AND OPERATIONAL REVIEW 2021

ENVIRONMENTAL REVIEW

Our core values instil a responsible work culture across all three dimensions of planet, people and profit.

UNDERSTANDING AND REDUCING OUR IMPACT

We reached carbon-neutral status in 2020, following in-depth analysis of our greenhouse gas (GHG) emissions in 2019 and selecting appropriate offsets for our Scope 1 (direct) and Scope 2 (indirect) emissions. As a principle, we do not rely on offsetting alone and continue to look for ways to reduce our actual emissions and to work with clients and partners to help them meet their commitments. Our VIVE programme (see P36) provides sustainable solutions within our supply chains, and this must be accompanied by responsible handling of our own environmental impact, particularly as we grow over the next five years.

Scopes 1 and 2

Our Scope 1 emissions include the consumption of natural gas, refrigerant and transport fuel. Our Scope 2 emissions include the purchase of electricity, both for the ‘direct’ business operations of CZ (whether in its owned global offices, or employees’ homes) and related business travel. We have worked to lower our Scope 1 and Scope 3 GHG emissions by reducing business travel, and by expanding ‘paperless’ documentation storage across the Group. In our refurbished London HQ, we have installed low-energy lighting, eliminated non-plastic cups, and we recycle 100% of our office waste.

Scope 3

We strive to better understand our Scope 3 emissions (covering our full downstream supply chain activity). One consequence of COVID-19 is that it has accelerated conversations with our clients and financing partners along our supply chains about the need to reduce carbon emissions more quickly to meet their own net-zero pledges and to mitigate mutual supply chain risks. On P34, for example, we explain how we are factoring in more environmental considerations when determining trade and structured financing. CZ aims to act as a supportive, solutions-focused partner to our clients, helping them make non-carbon-intensive decisions that will shore up all our futures.

MITIGATING ENVIRONMENTAL RISKS

Many of our supply chain participants are in areas of the world very likely to be adversely affected by environmental risks in the short term (e.g. drought, crop failure, supply chain disruption). We actively work with supply chain participants to reduce environmental impacts through our sustainability programme, VIVE. In 2021 VIVE worked to strengthen its shipping module to include both bulk and container ships, and developed its expertise in renewable energy supply chains.

At CZ, we continue to build our understanding of how climate change will impact our business long term and more commentary can be found on P10. Our main ways to mitigate risks associated with climate change are through close client relationships, operational flexibility and maintaining an asset-light model.

ENVIRONMENTAL DISCLOSURES

As a large UK organisation we disclose mandatory ESOS (Energy Savings Opportunity Scheme) data and Streamlined Emissions Carbon Reporting (SECR) information, and we share material transport emissions data with one of our main shareholders. We are not yet required to provide information relating to the Task Force on Climate-Related Financial Disclosures (TCFD). However, we continue to review the development of TCFD reporting for our industry and our supply chain stakeholders at large and analyse potential implications for our operations.

PERFORMANCE 2021

Our electricity and gas consumption and GHG emissions for 2021 are set out in the table on P39. In 2021, our actual Scope 1 and Scope 2 emissions decreased by around 1% and 16% respectively, and emissions from downstream transport and distribution of shipments (part of our Scope 3 disclosure) reduced by around 2%.

We have chosen the number of employees as a relevant intensity ratio determinant given that, as a Group, our largest asset is our people. Our intensity ratio (CO_2e tonnes per employees) in 2021 decreased from 925 to 833.

We continue to learn from our analysis and methodology, while remaining committed to reducing both absolute and relative emissions.

SECR METHODOLOGY AND ASSUMPTIONS

2021 was our second year of SECR information disclosure, and we provide details on the methodology used below. The GHG accounting and reporting procedure of CZ’s inventory is based on the World Business Council for Sustainable Development’s Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Revised Edition (the ‘GHG protocol’) and the complementary Corporate Value Chain (Scope 3) Accounting and Reporting Standard – the most widely used international accounting tools to quantify and manage GHG emissions.

UK GREENHOUSE GAS EMISSIONS AND ENERGY USE FOR THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2021

	2019	2020	2021
Energy consumption (gas and electricity) used to calculate emissions (kWh)	745,455	1,241,659	**1,212,347**
Energy consumption breakdown:			
- Gas (kWh)	163,249	662,895	662,895
- Electricity (kWh)	582,206	578,764	549,452
- Transport fuel (litres)	8,150	8,750	13,550
Scope 1 emissions in metric tonnes CO_2e			
Natural gas consumption	29	122	121
Refrigerants	53	137	123
Transport fuel	19	19	30
Total Scope 1	100	278	274
Scope 2 emissions in metric tonnes CO_2e (market-based)			
Purchased electricity	261	248	207
Total Scope 2	261	248	207
Scope 3 emissions in metric tonnes CO_2e			
Business travel in employee-owned vehicles	NA	NA	NA
Downstream transport and distribution of shipments	155,073	221,435	216,788
Total gross emissions in metric tonnes CO_2e	**155,434**	**221,961**	**217,347**
Total number of employees	251	240	260
Intensity ratio (tonnes of CO_2e per employee)	619	925	833

CZ has collected primary data from its global sites for the consumption of natural gas (space heating) and fuels or mobile and stationary combustion (in kWh or litres). The life-cycle emissions have been calculated (wheel-to-wheel) in tCO_2e through applying appropriate emissions factors.

Similarly, electricity consumption figures have been collected from each of CZ's sites and the associated emissions calculated based on 'the Greenhouse Gas Protocol: GHG Protocol – Scope 2 Guidance'. As a result of CZ having global sites, local emissions factor datasets have been applied where appropriate to ensure accuracy and relevance. Emissions estimates from purchased electricity have been reported in Scope 2, and the well-to-tank and transmission and distribution emissions in Scope 3. All emissions estimates have been calculated and reported using the location- and market-based methods. At the time of writing, CZ is still in the process of completing its Scope 3 inventory to account for emissions from its food ingredients, packaging and energy trading activities, with the inventory boundary set at the point at which physical product is received at clients' premises ('gate').

Estimates were used for the following:

Scope 1

> Refrigerants data from the Guangzhou office was applied to all other global offices as an assumption, as equivalent data was unavailable elsewhere.

2020 data was used in the following cases, due to unavailability of 2021 data:

> Mobile combustion (petrol use) in Nairobi

> Stationary combustion (heating data) in London

> Electricity consumption in Miami, São Paulo, Nairobi and Mexico City.

Scope 3

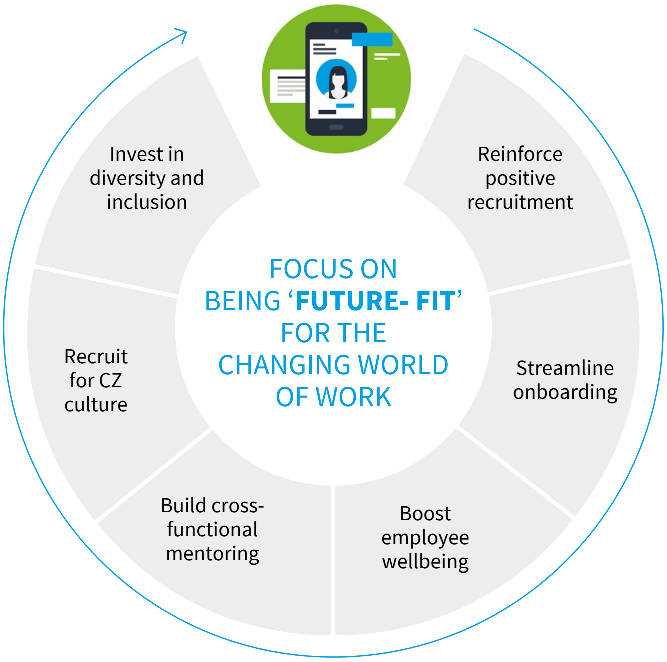
> Transport data labelled as 'not applicable' was assumed to be container shipping

> A 100km travel distance was assumed if transport was by truck or rail and the origin and destination country were the same.

FINANCIAL AND OPERATIONAL REVIEW 2021

PEOPLE REVIEW

Our challenge lies in augmenting our culture.



ATTRACTING TALENT WITH THE RIGHT CULTURAL FIT

To realise our ambitious five-year plan, we need to attract people with the right cultural fit. Our corporate goal of 'Creating an exciting place to work' is still highly relevant, but societal expectations are changing. We need to be more vocal about the work we do to make our supply chains more sustainable and our commitment to nurturing a diverse and inclusive workplace.

Our focus on competency-based interviewing, including how people embrace change and entrepreneurship, and can demonstrate flexibility and resilience in an ever-changing environment, will be central to finding and keeping the right people as we grow. We have a track record of attracting 'self-starters' and people who thrive on change into our dynamic, entrepreneurial environment. Experience shows we benefit from recruiting for 'cultural fit' first, and then developing skillsets, rather than the other way round. In 2021 we invested over US$100k in training. Training hours per employee returned to 2019 levels at ten hours/employee as we transitioned from online to hybrid working arrangements.

We continue to place great value on our internships and returning graduates. Between 2015-2021, we recruited 42% of the graduates who interned with us in the London office and 52% in the São Paulo office into permanent positions. We pride ourselves on giving employees early career moves around the Group and it is rewarding to see people who had their very first work experience with us being promoted and moving between global offices.

During the pandemic, our employees proved how agile and committed they are. However, given the speed at which opportunities are materialising we require a constant pool of talent that can be upskilled in the CZ way, and we recognise the need to strengthen workforce planning and training. As we grow at pace, our challenge lies in augmenting our culture.

STRENGTHENING ENGAGEMENT

We appreciated the value of enhanced employee communications during the pandemic and have been determined to keep this going. Sharon, our Head of Human Resources, meets with every new joiner in their first week, as well as after one month and three months; and Robin, our CEO, also welcomes every new joiner personally. During onboarding (and beyond), we impress upon employees that the door is open at any time to speak with immediate managers or HR team members. Our global business and team heads report employee feedback each month, and Sharon meets with our CEO Robin and CFO Julian every two weeks. This frequency allows us to manage emerging concerns quickly and identify any pressing or longer-term actions to fill skill gaps.

During the pandemic, online meetings made it easier for teams to communicate globally and the business benefited as a result.

As we moved to hybrid working arrangements, we strengthened our mentoring scheme, introducing internal mentorship pairings as an additional employee communications route. In 2021, 43% of all London employees were assigned a mentor.

We also aim to keep health and wellbeing high on the agenda, building on the progress we made during lockdowns. We continued to share mental health tips during 2021, and wellbeing was a focus during our Learning at Work Week. In 2022, we will renew our emphasis on physical wellbeing, setting Group challenges to improve cross-Company engagement and linking these to charity fundraising initiatives.

DIVERSITY, INCLUSION AND DIGNITY

We understand the importance of having a balanced workforce to improve diversity of thought and decision-making. We are naturally rich in cultural diversity and understanding, with many different nationalities working across nine time zones, but we aim to do more in other areas.

During this year's Learning at Work Week we invited Laura Durrant from Equitura to talk about racial inequality. We received positive feedback from her interactive sessions, which are based on real-life scenarios and which got our employees thinking and talking

+ P6

more openly. We will build on this learning. Our next focus, again with Equitura, is 'dignity at work' – establishing the right balance of informality and professional behaviour, especially as we move from screen-only communications back to office environments. We are committed to investing more HR resource to reinforce our diversity, inclusion and dignity at work programmes.

In our London office, new kitchen and café areas have become important informal meeting points for conversing in native languages and sharing different food and holiday traditions.

Our overall gender split remained stable in 2021, with 42% of our workforce being female (2020: 42.5%). We aim to make it as easy as possible for parents to return to work, and the percentage of female employees who return after maternity leave is a key performance indicator for us in this area. Between 2015 and 2021, the percentage stood at 88% for the London office and 100% for our Singapore, Guangzhou and Dubai offices. Our gender pay gap improved to 26% in 2021 (2020: 27%) and we provide this information on a voluntary basis. By raising awareness and giving all employees the opportunity to upskill, we aim to address imbalances where we can. This includes, for example, inviting both male and female employees to attend Women in Business training which tackles common workplace challenges.

Our ongoing relationship with upReach gives us the opportunity to connect with talented graduates outside our traditional recruitment channels and reinforces our commitment to a working environment that values individuals with a broad range of skills and backgrounds.

Since we started our association with upReach we have hired eight full-time employees through this partnership.

We actively encourage challenge and debate to foster more diverse thinking. We have adapted our management styles to be more inclusive by giving employees greater opportunities to express and hear different viewpoints across the Group. In 2021, we established new internal boards (with rotating chairships) to make it easier for employees to have a voice; and all employees are welcome to present at our virtual monthly 'All hands' meetings.

FUTURE-FIT

Our new HR system, available internally on desktop and as an app, will help us to build a better demographic picture of our employees by gender, age and ethnicity. The system also automates and streamlines some recruitment and onboarding processes and tracks employee 'check-in' meetings, which frees up time for management to focus on more strategic HR planning. More importantly, we will use the database and the statistics generated to track retention rates and to flag any emerging issues earlier.

With employee retention rates remaining stable over the last four years, at between 88% and 90%, we are focusing more on reducing 'regrettable leavers'. We use Glassdoor scores as a proxy measure and will use our new HR system to measure satisfaction more effectively in the future.

94%

In 2021 our overall Glassdoor employee rating was 4.5 (2020: 4.4) with a 94% approval rating for our CEO (2020: 91%).

Our existing employees are our best ambassadors and, through our focus on being 'future-fit' for the changing world of work, our HR priority is to keep them engaged and energised while we find and onboard the additional recruits we will need to deliver our ambitious five-year growth plan.

Having a **DIVERSE AND INCLUSIVE WORKING ENVIRONMENT** that incorporates and harnesses difference is an asset.

DIVERSITY AND INCLUSION STATEMENT

A workforce that better represents the changing and diverse make-up of our stakeholders, cultures and communities gives us:

- a broader understanding of situations, backgrounds and experiences, which strengthens our decision-making
- greater diversity of thought, leading to a larger pool of ideas and innovation
- enhanced ability to recruit and retain talent in a competitive sector.

+ P6

GOVERNANCE AND RISK

GOVERNANCE REVIEW

Transparency as standard. This is our fourth voluntary governance review, using the Wates Principles and guidance (the 'Principles') as a practical framework for sharing our governance approach.

REPORTING CONTEXT

As summarised on P22 to P23, activities described below relate primarily to Czarnikow Group Limited (CGL), which is 100% owned by C. Czarnikow Limited (CCL) and is CCL's principal operating company. CCL's shareholding structure is on P22, CCL Directors are listed on P22 and P44 and CGL's Management Committee biographies can be found on P24 and P25.

PRINCIPLE ONE: PURPOSE AND LEADERSHIP

"An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose."

Purpose

We are united by a common purpose and collective vision that have been developed by CGL's Management Committee and are used to guide and promote the long-term success of the Group. Our purpose is to exert a positive economic and sustainable influence in our food, beverage and energy supply chains. This purpose helps shapes CZ's overall approach – including its business model, operating practices and approach to risk – and the holistic value that the Group generates. A summary of how our strategic elements work together is presented on P18. These elements include our purpose, vision, strategy, mission, corporate goals and values. Our latest strategy, vision and corporate goals were published and communicated in 2018 and our purpose in 2019; they are reviewed by the CGL Management Committee regularly to ensure they remain relevant.

CGL's Management Committee and CCL's Board are responsible for setting the tone from the top and effectively communicating CZ's purpose and strategic direction across the Group and through dialogue with stakeholders. Examples of stakeholder engagement by key stakeholder group can be found on P26, and decisions made which have been influenced by stakeholders' views and inputs on P27.

Values and culture

Our four values are set out below. Our values show us who we are and support and drive our business activities. We view them as competitive differentiators – they engender trust, promote our reputation, help develop long-term stakeholder relationships and value, and demonstrate the importance we place on our employees and our culture.

BUILDING STRONG RELATIONSHIPS

We nurture mutually rewarding and sustainable relationships with our clients, colleagues, and stakeholders.

EMBRACING CHANGE

Challenging convention is key; whether to make existing processes more efficient or to find new ways to benefit clients, partners and the environment.

INVESTING IN OUR TEAM

Our people are CZ's most important asset. By investing in them and creating an environment in which they can excel, they and the business benefits.

ACTING RESPONSIBLY AND WITH INTEGRITY

We treat others as equals and the planet with respect. We have a duty to ensure our activity is not to the detriment of others.

We use our purpose to help **IMPROVE THE UNDERSTANDING OF OUR BUSINESS**.

PWC'S BUILDING PUBLIC TRUST AWARDS 2021

Our 2020 Annual Review was winner of the PwC 2021 'Reporting in Private Business' award. Our document attracted special praise for its clear statement of purpose that was placed at the start, then interwoven throughout the narrative. A panellist commented: **"I came fresh to Czarnikow, and the statement of purpose helped hugely in understanding their business."**

Source: PwC

+ P22

Culture

Our culture is innovative and entrepreneurial, but never at the expense of compliance, nor model corporate behaviour. CGL's Management Committee and CCL's Board take a zero-tolerance approach to misconduct and unethical practices and this is upheld across the range of jurisdictions and local laws that govern us. Our employees (and any contractors) are encouraged in the first instance to raise any concerns about potential wrongdoing with their line managers, knowing that these would be treated in confidence. If for any reason this course of action is not considered appropriate, employees and contractors are able to talk directly to any Board member. All concerns raised through these channels are reviewed by CCL's Risk Committee.

To help balance the freedom necessary to promote entrepreneurial thinking with the strict regulatory boundaries which apply to our industry (our Czarnikow Sugar Futures Limited business, for example, is FCA-regulated), we foster open communication and encourage employees to share best practices around the Group. Our 'open door' policy reflects the importance that CGL's Management Committee places on employee dialogue, and in the People review on P41 we discuss how our employees are actively encouraged to share their views and opinions to promote diversity of thought and better decision-making. Corporate information can be accessed by all employees through the Group's intranet, on which CGL's Compliance team actively posts news, regulatory updates, policies and briefings, followed up with bespoke training relevant to individual employees and departments. Examples of Group policies, strategies and statements (public and internal) are provided in the box to the right.

We monitor compliance against MiFID II, the GDPR, the Modern Slavery Act, and the FCA's Market Abuse Regulation, among others, and have achieved full compliance with the extension to the Senior Managers and Certification Regime. At Board level, all members have to declare any conflicts of interest as they arise at the start of each quarterly meeting. We also uphold our Positive work environment policy, which promotes a harmonious workplace, and we are introducing 'dignity at work' training (see P41) to reinforce our expectations. We use our employee average length of service (2021: 6 years, 2020: 7 years) as a proxy for measuring the health of our culture, and we share unabridged, online views on our working environment through our partnership with Glassdoor (see P41). Other metrics used are listed in our stakeholder engagement table on P50 and in our People review on P41.

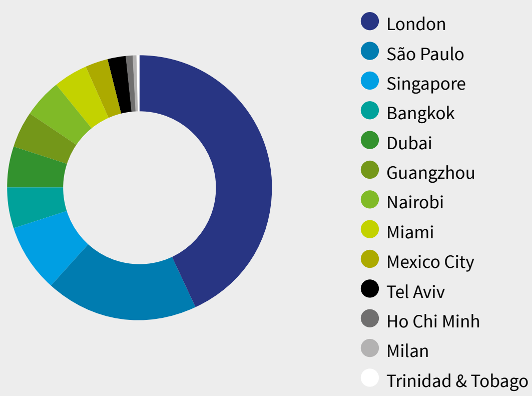
Strategy

Our 'broaden and deepen' strategy and examples of outcomes are presented on P21. In 2021, CGL Management Committee members met to discuss CZ's future growth potential, scope and how to reconfigure revenue streams to better reflect our business development. These plans were communicated and discussed at our annual internal Strategy Week, held in November 2021 – see P19. The Directors then held a wrap-up session which allowed them to consider employee feedback and reactions captured during Strategy Week. The Directors concluded that the development and communication of a new, formal, detailed five-year plan was required to prepare the business for the significant phase of transformative growth ahead and to engage, educate and involve key stakeholders, namely: all employees (to maintain motivation and to attract new talent), financial partners (to obtain optimal funding) and clients (to explain expansion into new product areas and geographies). Engagement plans are being drawn up for communication in 2022. The scale of transformation is discussed by Robin (CEO) and Julian (CFO) elsewhere in this report, with an indication of its scope on P12.

AN INTERNATIONAL AND DIVERSE CULTURE

Our 260 employees are located in CZ offices in 13 countries, and engage with each other 24/7 to manage critical supply chains which stretch across the globe. With an average tenure of six years, an average employee age of 36 years and with 42% of jobs held by women, CZ strives to create an exciting, inclusive working environment with opportunities to experience different global cultures first hand. In 2021, our employee retention rate was 89% and has remained stable over the last four years, at between 88% and 90%. In our People review on P40 to P41 we share more information about how we monitor the health of our 'culture', our employee satisfaction and our plans to improve in both areas during our next high-growth phase.

EMPLOYEE LOCATION 2021, %



EXAMPLES OF GROUP POLICIES, STRATEGIES AND STATEMENTS

Tax strategy	Corporate website
Sustainability strategy	Corporate website
Modern Slavery Act statement	Corporate website
Czarnikow privacy policy	Corporate website
Equal opportunity policy	UK employee handbook
Positive work environment policy	UK employee handbook
Good conduct and whistleblowing policy	UK employee handbook
Health and safety policy	UK employee handbook

PRINCIPLE TWO: BOARD COMPOSITION

"Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company."

Chair

We do not have a formal, permanent Chair for either CGL or CCL. At CCL Board level, the Chair is appointed by CCL's Directors on a rotating basis and may not hold the office of either Managing Director or CEO (see box below). Robin, our CEO, for practical purposes 'chairs' the CGL Management Committee, assuming responsibility for its overall effectiveness, promoting open debate and facilitating constructive discussion. Robin joined CZ in 2009 and has successfully steered the Group in a new direction, including articulating core values and purpose and fostering a significantly more open communication style and a creative culture, while building on CZ's core strengths and business reputation. Robin is now leading the Group through a further transformative period of growth.

Balance and diversity

At CCL level, the Board is currently composed of three CGL Directors and four Nominated Directors (two on behalf of Macquarie Group Limited and two on behalf of Associated British Foods plc) (see table below). CGL is 100% owned by CCL, is CCL's principal operating company and is effectively run by CGL's Management Committee. CGL's Management Committee has an enviable balance of experience and skills which, coupled with an international outlook and our corporate culture, allows for effective decision-making and genuine enthusiasm for the Group's agreed strategic direction.

As a Group we are naturally rich and experienced in multicultural working practices and have a strong pipeline of talent. We recognise, however, that CGL's current Management Committee profile reflects neither the diversity of the world in which we operate, nor our next layer of management or our group of global employees. As CGL does not operate a Board that is subject to regular appointments of independent Directors, we currently have no set targets relating to balance of gender, ethnicity, age or social background at this level. However, across the Group we have a clear understanding of the benefits of nurturing a diverse and inclusive employee base and this is expressed in our diversity and inclusion statement on P41, together with examples of initiatives to promote gender and social inclusion. Our gender analysis can be found in the table on P6 and a summary of our gender pay gap data, provided on a voluntary basis, can be found on P47.

Effectiveness

We are committed to the ongoing professional development of CGL's Management Committee and senior management team. Each week the senior management team is joined by other selected employees to hear presentations from across the Group to keep abreast of latest business developments; in 2021 these were mostly conducted online. Before COVID-19 we regularly invited external speakers, for example from successful start-

SIZE AND STRUCTURE We have eight CGL Management Committee members, three of whom sit on the CCL parent Board. This number is considered practical and appropriate to meet the strategic needs and challenges of the organisation, whilst enabling effective decision-making and facilitating an efficient flow of information between CGL and CCL to ensure that CZ shareholder interests are communicated and considered. Some Board functions are delegated to committees, which consider specific issues on behalf of both CGL's Management Committee and the CCL Board, as set out on P46. We do not have any independent Directors.

C. CZARNIKOW LIMTED (CCL) DIRECTORS

CCL Director	Status	CGL Management Committee member	Date appointed to CCL Board	Position
Matthew Booth	Nominated Director on behalf of Macquarie Group Limited	No	27/11/2018	Senior Managing Director, Macquarie Bank Limited
Robin Cave	Executive Director	Yes	01/07/2009	CEO of CGL
Richard Morrison	Nominated Director on behalf of Associated British Foods plc	No	16/08/2012	Business Performance Director, Associated British Foods plc
Julian Randles	Executive Director	Yes	11/07/2014	CFO of CGL
William Rook	Executive Director	Yes	21/11/2016	Head of Refined Sugar, Ingredients and VIVE, CGL
Daniel West	Nominated Director on behalf of Associated British Foods plc	No	10/05/2013	Strategy & Business Development Director, AB Sugar (part of Associated British Foods plc)
Paul Weston	Nominated Director on behalf of Macquarie Group Limited	No	03/11/2017	Managing Director, Macquarie Bank Limited

Notes about the CCL Board:
> Qualifying Members are registered holders of not less than 7.5% of the shares in issue and each is entitled to appoint two Nominated Directors.
> Directors may appoint one of their number or an additional Director to be Chair on a rotating basis.
> The number of Executive Directors (excluding Nominated Directors) that may be appointed to the Board is a minimum of one and a maximum of three.
> The quorum for a meeting of the Directors is five. For matters of special authorisation, the quorum is at least one Nominated Director representing each Qualifying Member, but never less than two Directors.
> The CCL Board meets at least quarterly.

up businesses to inspire entrepreneurial thinking, and we are considering reinstating these talks.

Each member of CGL's Management Committee is a full-time employee of the Group and holds no other directorships, except for three members who sit on the CCL (parent company) Board. Biographies are presented on P24 to 25. Each member is evaluated collaboratively through a feedback system, which monitors performance against overall corporate goals, individual strategic objectives, our values and our expected cultural behaviour. This process informs training and development needs, future remuneration, bonus outcomes and succession planning and is considered appropriate for our size of business.

As per their terms of reference, each CCL committee arranges for periodic reviews of its own performance and, at least annually, reviews its constitution and terms of reference to ensure it is operating at maximum effectiveness. Any changes are recommended to the CCL Board for approval.

GENDER ANALYSIS 2021, NUMBER

	Female		Male	
	Number	%	Number	%
CCL Board	–	0	7	100
CGL Management Committee	–	0	8	100
CGL all employees	110	42	150	58

PRINCIPLE THREE: DIRECTOR RESPONSIBILITIES

"The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge."

Accountability

The objectives and powers of the CCL Board and CGL Management Committee are set out in their Memorandum and New Articles of Association dated 14 March 2012 and 31 July 2012 respectively. These promote effective stewardship by clarifying the relationship between CGL and CCL and by describing detailed Director accountabilities and delegated authorities. Committees supporting CCL and CGL also have formally documented terms of reference.

Committees

The CCL Board and CGL Management Committee both have three supporting committees to help with the consideration of certain matters, although the CCL Board and CGL Management Committee retain responsibility for final decisions. Information about these committees is on P46. In carrying out their duties, all committees have regard to the Group's developed values, strategy and culture. All members can seek any information they require from any employee, consultant or other provider of services (for example, solicitors, tax advisers, management consultants) in order to perform their duties. Members also have access to relevant Company officers and employees for assistance as required. All committees are authorised to obtain, at CCL's or CGL's expense, independent legal or other professional advice on any matter within their terms of reference.

CGL MANAGEMENT COMMITTEE MEETINGS

- Meets at least monthly throughout the year
- Each meeting starts with a review of what was agreed in previous meeting
- Summary of business performance from CEO, CFO and Head of Refined Sugar, Ingredients and VIVE
- Review terms of reference and risk pack
- Shareholder approval required for anything outside trading scope as set out in Articles of Association (e.g. non-sugar-related products or new categories of client).

Integrity of information

CCL's Audit Committee is charged primarily with monitoring and reviewing the integrity of financial information, and is responsible for reviewing the effectiveness of internal financial control, internal controls and internal audit. Our long-term investment in in-house IT systems has substantially improved the quality and relevance of data provided to CGL's Management Committee, and has increased our understanding of how our high-quality data can be used further for the betterment of the organisation.

Through ongoing strategy work, CGL's Management Committee monitors performance indicators used across the Group and challenges their relevance. CGL's KPIs are presented on P31, and other metrics used in relation to stakeholder engagement are set out on P50 to P52. In 2020 'open' internal goals based on objectives and key results ('OKR') methodology were introduced to promote an overarching understanding of individual, team and departmental objectives. These continue to be used and are readily available for all employees to view on our internal IT system.

Information circulation

Information is circulated before and after Board and Committee meetings to ensure Directors can carry out their duties as effectively as possible. For CCL, the notice of meeting, agendas and supporting papers are forwarded to Committee members and invitees at least five working days in advance. Each Chair nominates a Secretary who minutes proceedings and attendees. Draft minutes are circulated promptly to all Committee members and, once approved, to all other CCL Board members unless inappropriate to do so. For CGL, the same protocol is followed except for the notice of meeting, which can be one working day, given the higher meeting frequency. If any CGL committee Chair considers it necessary, an appointed Secretary minutes proceedings and attendance. Draft minutes are circulated promptly to all Committee members and approved minutes may be circulated to CGL Board members and other CGL employees, as the Chair deems appropriate.

+ P46

CCL'S SUPPORTING COMMITTEES, REPORTING TO CCL BOARD

	Risk Committee	Remuneration Committee	Audit Committee
Principal purpose	Responsibility for oversight and advice to the CCL Board on the nature and extent of the significant risks the Company is willing to take in achieving its strategic objectives, and for maintaining sound risk management and internal control systems.	To determine and agree with the CCL Board the framework and broad policy for the remuneration of CGL's employees and Directors. To review the ongoing appropriateness and relevance of the remuneration policy, particularly with reference to regulatory requirements, with high importance given to C. Czarnikow Sugar Futures Limited, a regulated firm under the FCA which is categorised as Tier 3 under the FCA Remuneration Code.	Responsibility for oversight and advice to the CCL Board on the adequacy and effectiveness of its financial reporting, internal controls and management systems, and the external audit.
Chair	Appointed by CCL Board each meeting on a rotating basis between shareholder Directors.	Appointed by CCL Board on a rotating basis each meeting between shareholder Directors. CGL employees are not eligible.	Appointed by CCL Board on a rotating basis each meeting between shareholder Directors.
Membership	One nominated representative of each CCL shareholder. The Audit Committee Chair has the option of attending all meetings. Other people by invitation.	At least three members from CCL Board, excluding all CGL employees and including at least one representative of each CCL shareholder (excluding the Employee Benefit Trust). Other people by invitation.	At least three members, including at least one representative of each CCL shareholder. Other people by invitation.
Delegated authority	Delegates to CGL's Credit Committee the authority to approve all trades up to a set limit, based on the counterparty's Internal Risk Grade, and to CGL's Head of Derivatives all exposure up to agreed value-at-risk limits.	–	–
Meeting frequency	At least quarterly in advance of CCL Board meetings.	At least twice a year.	At least twice a year, before and after the audit process.

CGL'S SUPPORTING COMMITTEES, REPORTING TO CGL MANAGEMENT COMMITTEE AND, FROM TIME TO TIME, CCL BOARD

	Operational Risk Committee	Credit Committee	Trading Committee
Principal purpose	Responsible for monitoring operational risks facing the business over time and providing governance and assessment of the operational risk management policies both in place and required by CGL and its subsidiaries.	Responsible for reviewing, approving and monitoring CGL's credit exposure, credit policies and counterparty compliance status.	Responsible for sharing and monitoring all trading activities, providing initial feedback for new product approvals, and agreeing best practice in all aspects of trading activities undertaken by CGL.
Chair	Hayden March, Head of Risk	Robin Cave, CEO	Robin Cave, CEO
Membership	At least four members made up of CGL's CFO and relevant members of the Accounts, Operations, Trade Finance, Risk and Compliance teams. Other people by invitation.	At least four members, made up of the Directors of CGL's Management Committee. Other people by invitation.	At least four members, made up of CGL's CEO and CFO and senior members of the Trading teams, as well as senior managers from revenue-linked departments. Other people by invitation.
Delegated authority	Recommends policies and actions to the CGL Board, relevant teams, and other committees.	Delegates authority to approve trades on a Tier 1, 2, 3 and price movement risk basis, and according to documented and evidenced criteria.	Recommends policies and actions to CGL Board, relevant teams, and other committees. Can set up working parties (e.g. to examine requirements of a new product) and may delegate powers to them.
Meeting frequency	Fortnightly and as required.	Weekly and as required.	Weekly and ad hoc.

PRINCIPLE FOUR: OPPORTUNITY AND RISK

"A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks."

Opportunities

Through its ongoing strategy work, CGL's Management Committee identifies opportunities for growth, and tasks its divisions every year to develop forward-looking plans. In 2021 a significant growth opportunity was identified and agreed by the Directors, which forms the core of our latest five-year plan and which was presented for employee feedback during our Strategy Week in 2021. This ambitious plan reflects our entrepreneurial culture and the Directors' commitment to preserving and creating long-term value for the Group.

Risk

Both the CCL Board and the CGL Management Committee have supporting committees with clear accountabilities that oversee risks to the business and manage them effectively, including financial, non-financial and reputational risks. An overview of relevant committees and their responsibilities follows.

Responsibilities

Our integrated risk management framework is presented on P54 and provides an overview of responsibilities for managing risk across the Group. It references CCL's Risk Committee and CGL's Operational Risk and Credit Committees. The principal purpose of CCL's Risk Committee is set out in full on P46. It is responsible for advising on the nature and extent of risks CZ is willing to take in achieving its strategic objectives, and for maintaining sound risk management and internal control systems.

CGL's Operational Risk Committee is responsible, amongst other things, for systematically monitoring the scale of operational incidents, overseeing risk mitigation performance and prioritising current and potential risk areas.

CGL's Credit Committee, meanwhile, focuses on credit exposure and counterparty status. Additionally, CCL's Audit Committee is responsible for advising the CCL Board on the adequacy and effectiveness of internal controls and works hand in hand with CCL's Risk Committee to ensure that risk management processes and policies are operating effectively.

The purpose, composition and delegated authorities of committees mentioned above are outlined on P46. The work of CGL's Risk team and Risk Committee is summarised in the Risks at a glance section on P28. Our reporting on principal risks, emerging risks, tolerance levels and opportunities associated with the effective operational management of each principal risk is set out on P53 to P62.

PRINCIPLE FIVE: REMUNERATION

"A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company."

Setting remuneration

CCL's Remuneration Committee, whose principal purpose is outlined in the table on P46, determines and agrees the framework and broad policy for the remuneration of employees of CGL and its subsidiaries. A significant proportion of remuneration is structured to link rewards to corporate and individual performance and is designed to promote the long-term success of the Company. Other duties of the Remuneration Committee as per its terms of reference are available on request. No CGL employee sits on the CCL Remuneration Committee and therefore no CGL employee has any say in setting CGL Directors' pay. At least one representative from each CCL shareholder (excluding the Employee Benefit Trust) must be in attendance at Remuneration Committee meetings. Audited remuneration information for 2021 is set out in the table below.

Objectives of the policy

The objective of CCL's remuneration policy is to attract, retain and motivate executive and senior management of the quality required to run the Company successfully, by: not paying more than is necessary, having regard to the views of shareholders and other stakeholders, operating within the Company's risk appetite, and ensuring alignment to the Company's long-term strategic goals.

For the third year in a row we publish voluntary data on our gender pay gap and pay ratios.

Gender pay analysis

Our latest gender pay data is set out below. Initiatives to close the gap can be found on P41 in our People review.

GENDER PAY GAP 2017-2021, %

2017	2018	2019	2020	**2021**
-36	-27	-31	-27	**-26**

Relative importance of spend on pay

The table on P48 shows how our Directors' year-on-year remuneration compares with other financial expenditure in 2021. As a comparison, the UK inflation rate (Consumer Price Index including owner-occupiers' housing costs) rose by 4.8% in the 12 months to December 2021.[1]

1 Source: www.ons.gov.uk.

CGL REMUNERATION INFORMATION 2021 (AUDITED), US$'000

	2017	2018	2019	2020	**2021**
Staff costs					
Wages and salaries	17,724	19,465	20,846	26,390	**26,916**
Social security costs	1,828	2,278	2,310	2,420	**3,034**
Pension costs	1,205	823	815	911	**1,093**
Total	20,757	22,566	23,971	29,721	**31,043**
Directors' emoluments					
Total emoluments	3,526	2,946	2,305	2,199	**2,871**
Total Company contributions to money purchase pension schemes	10	207	–	–	**–**
Share-based payments	–	–	488	769	**622**
Total	3,733	2,956	2,793	2,968	**3,493**
Highest-paid Director					
Emoluments	596	744	542	440	**692**
Share-based payments	–	–	72	299	**132**
Total	596	744	614	739	**824**

Please refer to note 7 on P81.

2021 COMPARATIVE DATA[1], YEAR-ON-YEAR % CHANGE

	2019 v 2018	2020 v 2019	**2021 v 2020**
UK and overseas taxation payable	+35.6	+53.4	**+45.6**
Expenditure on intangible assets	+35.0	+25.3	**-2.8**
Total staff costs	+6.2	+24.0	**+4.4**
Directors' total emoluments	-5.5	+6.3	**+17.7**
Highest-paid Director (total emoluments)	-17.4	+20.4	**+12.9**

PRINCIPLE SIX: STAKEHOLDERS

"Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions."

External impacts

Through stakeholder engagement and feedback to senior management, CGL decision-makers are better able to understand the social, environmental and economic impacts that CZ has on its stakeholders – and vice versa. On P20 we set out some macro market trends that shape our strategic thinking, and in the table on P26 we list our key stakeholders and provide an overview of issues that affect them.

Stakeholders

In the table on P26 we also outline how we communicate with key stakeholders and how any information and feedback gleaned is channelled to key decision-makers. On P14 we present the stakeholders who are most relevant to our supply chain and day-to-day business operations, distinguishing between those whom we engage with directly and those who have an indirect influence. Through our corporate website, which houses our annual reviews, statutory information and core policies, key (and prospective) stakeholders are able to access a fair, balanced and understandable assessment of CZ's position and prospects. We provide more detailed information about our stakeholder engagement on P50 to P52.

Workforce

With no material physical assets, our employees – and their skills, knowhow, integrity, entrepreneurship and loyalty – are a vital stakeholder group. As we reported last year, during global lockdowns we increased the frequency of communication with employees and changed the format. Many of these initiatives were well received and have been further developed. In 2021 we refurbished our London office, following individual consultation with each London-based employee, and used this feedback to create flexible spaces for hybrid working, now in force. During the period under review, we also considered feedback collected on gender equality following a 'Women in the Workplace' workshop as

1 Average salary differential (excluding CGL Management Committee).

part of Learning at Work Week. In our People review on P40 and in our Strategic elements at a glance on P18 and P19 we share more information on how we are improving employee engagement, including the development of opportunities for employees' opinions to be voiced across the Group.

Section 172 (S172) statement and related information

As required by The Companies (Miscellaneous) Reporting Regulations 2018, we confirm that the Directors have promoted the long-term success of CGL for the benefit of its members as a whole by having regard (amongst others) to the following matters when performing their duty: (a) the likely consequences of any decision in the long term, (b) the interests of the Company's employees, (c) the need to foster the Company's business relationships with suppliers, customers and others, (d) the impact of the Company's operations on the community and the environment, (e) the desirability of the Company maintaining a reputation for high standards of business conduct, and (f) the need to act fairly as between members of the Company.

Our commentary below covers our S172 mandatory reporting requirements.

Likely consequences of any decision in the long term (S172 (a))

Key decisions made during the period under review, which the Directors believe will benefit the Group in the long term, include:

- Creating new internal Boards to share opportunities and responsibilities and to improve employee communications
- Approval to launch borrowing base
- Setting up functioning office in Vietnam (following incorporation in 2020) with two permanent, local members of staff
- Expansion of the Group's product portfolio to include solar energy and other food ingredients
- Use of breakbulk cargoes to provide alternative freight routes and prices for our clients
- Formal adoption of ambitious five-year growth plan incorporating strategic capital allocation requirements.

More insight into some of these decisions is provided on P27 and is incorporated into this statement by reference. These decisions were supported by engagement with key stakeholders, and the Directors took into consideration the longer-term consequences of these decisions. In making the above decisions, the Directors considered the impacts on our stakeholders, the environment and our reputation. They considered financial and non-financial risks and opportunities associated with the above decisions, likely stakeholder 'trade-offs', and evaluated the importance of allocating capital in the above areas over other projects.

Stakeholder engagement, expectations and keeping the Directors informed (including S172 (b), (c), (d, part)) and (f))

In the table on P50 we summarise how we engage with key stakeholders on an operational level, our understanding of key stakeholder issues, and how this information is communicated to the Board to assist in its strategic decision-making.

+ P26

The Company's impact on the environment (S172 d, part)

Through our stakeholder engagement we gain a better understanding of the importance that our key stakeholders place on how we are minimising our impact on the environment and in our local communities. As a service company (with no assets in growing, refining or manufacturing) our direct environmental impact is limited predominantly to the buildings in which we work. Therefore, as is the case for most supply chain service companies, our greatest environmental impacts sit in our value chain and we are currently working to estimate and, potentially, minimise these in collaboration with clients. Increasingly, we are making more holistic decisions which include non-financial implications, taking into consideration views from our banks, clients and supply chain participants, and aim to reduce environmental impacts. Much of this work is carried out through our sustainable supply chain programme, VIVE, and our partnership with climate change solutions company South Pole which helps us collect, analyse and offset our carbon emissions. It is clear that many of our supply chain participants are likely to be adversely affected by climate change and/or environmental risks in the longer term. It is in our mutual interests to mitigate these risks and the CGL Board expects such environmental considerations to become more central to key investment decisions. Further information is available in the Environmental review on P38 and our CEO discusses the importance of decarbonising our supply chain on P10.

Reputation for high standards of business conduct (S172 (e))

We report on our culture, values and expected behaviours on P42 to P43. We confirm that CGL's decision-making takes place within the strict parameters of our mandatory and self-imposed high standards of business conduct.

Acting fairly as between members of the Company (S172 (f))

Three members of the CGL Board sit on the CCL parent board and this set-up facilitates an effective flow of information between CGL and CCL, ensuring that shareholders' interests are communicated and considered in an equitable manner. Quarterly CCL Board meetings are held, and information is provided on a regular, fair and timely basis to CCL shareholders to help them meet their own regulatory and fiduciary reporting requirements.

STAKEHOLDER ENGAGEMENT IN MORE DETAIL

EMPLOYEES

Main engagement methods
- Team and line managers
- ‘Open door’ policy
- Employee intranet
- Appraisals
- Formal and informal strategy updates
- Regular global ‘All hands’ meetings.

Why
- Relates to corporate goals: #3 Creating an exciting place to work
- Core values: Investing in our team and Acting responsibly and with integrity.

How is Board informed/who passes info to the Board?
- Regular HR update with CEO and CFO
- Review of monthly employee KPIs
- CEO attends regular group discussions.

Stakeholder expectations
- Fair, progressive pay/benefits, reflecting purpose and culture
- Improved training and career development opportunities
- Ongoing investment in ‘hybrid’ working, health and wellbeing
- Supportive, diverse, ethical and inclusive employee network
- A company that cares about sustainability.

Metrics used
- Average length of service
- Glassdoor scores
- # interns who return post graduation
- # employees who return post maternity leave
- Annual change in employee numbers
- # interns and graduates recruited
- Overall gender split (also by seniority and office)
- Pay analysis (by gender, pay category, graduate intake)
- Average hours spent on training and development by individual
- Succession/talent pipeline monitoring.

Long-term value creation/tangible benefits
- Creating a more exciting workplace, including benefits and culture
- Improving recruitment, retention and rewards
- Promoting efficiencies and innovation through teamwork, engagement and communication
- Enabling five-year growth plan.

Impact on principal decisions/business outcome
Availability of high-quality new recruits and succession programme is critical to development of five-year growth plan.

Through VIVE we are **IMPROVING ESG STANDARDS** in both bulk and containerised shipping.

SUSTAINABLE SHIPPING IN A PRESSURISED MARKET

2021 saw the launch of a VIVE module designed specifically for container shipping, creating opportunities for sustainable improvement beyond the bulk market. Global leader MSC has joined the programme as the first participant in this new assessment, setting the trend across the industry.

P26

CLIENTS

Main engagement methods
- VIVE, Corporate Finance and Trade and Structured Finance teams
- Daily interaction with processors and industrial consumers on trading floor
- Weekly strategy planning meetings between CZ’s Trading Directors and processors and industrial consumers
- Close working relationship with procurement and quality control teams of industrial consumers.

Why
- Relates to strategy: Broaden into new markets and Deepen existing relationships.

How is Board informed/who passes info to the Board?
- Key client-facing committees (e.g. Trading Committee and VIVE Steering Committee) chaired by CEO
- Updated on growing portfolio of products, markets and clients by product committees.

Stakeholder expectations
- Bespoke, value-added knowledge-sharing
- Optimal price, logistics, financing and procurement solutions
- Overall supply chain risk mitigation and reduced negative impacts, including relating to environmental, social and governance (ESG) issues.

Metrics used
- Number of contractual physical trading counterparties in the period (actual and approved)
- Evaluation of alternative energy sources.

Long-term value creation/tangible benefits
- Deeper understanding of client business to provide more added-value solutions
- Valued services for our clients
- Ensuring a financial platform to support growth plans and opportunities.

Impact on principal decisions/business outcome
Influences expansion into new products and geographies.

FINANCIAL PARTNERS

Main engagement methods

Annual roadshow with current and new partners, alongside ad hoc calls and meetings.

Why

Relates to corporate goals: #2 Delivering on ROCE expectations.

How is Board informed/who passes info to the Board?

- CGL's Management Committee reviews banking lines and facilities regularly
- CEO chairs Trading Committee meetings.

Stakeholder expectations

- Transparent, reliable and timely information; meeting agreed targets
- Financial platform to support growth plans and opportunities
- ESG reporting.

Metrics used

- SECR reporting/greenhouse gas (GHG) emissions
- Return on capital employed (ROCE)
- Return on equity (ROE)
- Counterparties.

Long-term value creation/tangible benefits

Ensuring a financial platform to support growth plans and opportunities.

Impact on principal decisions/business outcome

Timings of launch of borrowing base and future expansion.

LOGISTICS PARTNERS

Main engagement methods

- Daily interaction with container shipping partners
- Frequent communication with trucking, bulk shipping and warehouse partners.

Why

Relates to our mission: To deliver effective supply chain, pricing and financing services for all our clients.

How is Board informed/who passes info to the Board?

- CFO attends Operational Risk Committee
- IT systems allow open access to shipping and logistics activities
- Individual issues/updates raised by Trading Committee.

Stakeholder expectations

- Close communication to optimise movement of goods
- Safe, timely, sustainable and accurate transit and storage of goods
- Long-term cooperation to improve operational working practices
- Knowledge-sharing to promote best-in-class processes.

Metrics used

GHG ratings of vessels.

Long-term value creation/tangible benefits

- Ensuring the safe and timely delivery of goods
- Protecting goods from loss and damage during transit and storage
- Transporting goods in an efficient and sustainable manner
- Optimising transportation/shipping routes to maximise cargo efficiencies and reduce fuel usage.

Impact on principal decisions/business outcome

Impacts partnerships in new geographies.

SHAREHOLDERS

Main engagement methods

Quarterly C. Czarnikow Limited (CLL) (parent company) Board meetings.

Why

Relates to corporate goals: #2 Delivering on ROCE expectations.

How is Board informed/who passes info to the Board?

Three members of the CGL Board are members of the CCL Board.

Stakeholder expectations

- ROCE improvements
- Transparent, reliable and timely information
- Meeting other agreed targets and sharing long-term aspirations.

Metrics used

- ROCE
- ROE
- Net revenue growth
- SECR reporting/GHG emissions.

Long-term value creation/tangible benefits

Shared understanding of and support for long-term aspirations.

Impact on principal decisions/business outcome

Shareholder engagement and approval vital to delivery of ambitious, purpose-led growth.

+ P26

SUPPLIERS

Main engagement methods

Via various teams, e.g. Accounts, Marketing and IT.

Why

Core value: Building stronger relationships.

How is Board informed/who passes info to the Board?

Best practice in working with suppliers is shared through Trading Committee and annual Strategy Week.

Stakeholder expectations

> Open dialogue to improve added-value services
> Fair and prompt payment terms (P32).

Metrics used

Prompt payment statistics.

Long-term value creation/tangible benefits

> Shared understanding of long-term plans
> Greater efficiencies through engagement and collaboration.

Impact on principal decision/business outcome

Impacts choice of future partners.

SUSTAINABILITY SPECIALISTS

Main engagement methods

VIVE team.

Why

Relates to our purpose: To exert a positive economic and sustainable influence in our food, beverage and energy supply chains.

How is Board informed/who passes info to the Board?

> VIVE Steering Committee meetings chaired by CEO
> Annual audit performance reported via VIVE Steering Committee.

Stakeholder expectations

> Continuous improvement leading to greater choice of sustainable supply chains/products
> Robust and evolving supply chain verification and benchmarking
> Reducing environmental impact through VIVE programme.

Metrics used

> Increase in VIVE participants
> Increase in members of Buyers Supporting VIVE platform
> Tonnage of VIVE-verified product.

Long-term value creation/tangible benefits

> Creating the most beneficial and comprehensive umbrella benchmarking programme for the supply chain
> Improved supply chain governance and processes.

Impact on principal decision/business outcome

Expansion of VIVE programmes into new product areas.

LOCAL COMMUNITIES, GOVERNMENTS AND REGULATORS

Main engagement methods

> Country teams
> Direct employee engagement in charity/volunteering initiatives.

Why

Core values: Building strong relationships and Acting responsibly and with integrity.

How is Board informed/who passes info to the Board?

> Regulatory updates and training via Compliance and Risk teams
> Charity and community engagement shared via intranet and at 'All hands' meetings.

Stakeholder expectations

> Local economic development and responsible operations
> Goodwill through local job creation/charity support
> Timely tax returns/payments in local jurisdictions.

Metrics used

> Tax paid
> Charity/fundraising payments

Long-term value creation/tangible benefits

> Local economic development; responsible operations
> Timely tax returns payments in local jurisdictions
> Goodwill through local job creation/charity support and improved engagement
> Engaged employees through increased sense of purpose.

Impact on principal decision/business outcome

> Reinforces our reputation for integrity and transparency
> Improves ability to set up in new geographies.

GOVERNANCE AND RISK

PRINCIPAL RISKS AND UNCERTAINTIES

RISK DEVELOPMENTS IN 2021

In Q3 2020 we appointed a new Head of Risk, Hayden March – an internal promotion. After a full year in role Hayden provides an update of what he and his team have focused on since he assumed leadership of the department.

"I have worked for CZ for over 11 years and came into the role with a detailed understanding of our operations from an accounting and credit control angle, and latterly risk monitoring, having moved from our Product Control function. My priority was to review our core processes and look at potential efficiency gains, focusing on credit control and counterparty analysis. We soon found ways to bring more structure to the many processes we follow and dovetail them into other CZ reporting cycles to make data work more efficiently. I have also appointed a Data Analyst to ensure that our data is structured and presented in the most productive way.

As a team we have increased and expanded our communication, for example by setting up weekly calls with overseas offices and holding more regular counterparty and client debt statement reviews. We have also spent considerable time reviewing policies to check they are still fit for purpose. I feel I have brought some accounting discipline and fresh eyes to this vital part of the business. However, I am always keen to reinforce our anticipatory and proactive problem-solving culture – yes, we absolutely need to have and respect watertight controls, processes and procedures, but these should not stop us from looking for opportunities to find new solutions.

Through increased engagement and improved understanding we are now using insurance as a more strategic tool, which has helped our geographical expansion.

And our recent 'deep dive' into late payment analysis, which included challenging our own counterparty analysis, has given us better oversight of contract owners within our team, which should reduce our receivables and improve working capital.

Finally, we have been working hard with the IT department to roll out the 'Spine' project in the Risk department, which will give us increased supply chain visibility and improve the speed and quality of our data analysis as we take on risk in new product areas. As we embark upon our five-year growth plan, we are confident that we have sound risk processes and policies in place, underpinned by top-class data and analysis systems. These will support and add value to the business during our transformative growth period."

Image: Hayden March, Head of Risk.

RISK MANAGEMENT Through our integrated risk management framework, illustrated below, there are formal channels for communicating risks to the Czarnikow Group Limited (CGL) Management Committee and C. Czarnikow Limited (CCL) Board, to inform Board decision-making. Our framework seeks to limit adverse effects on the Group's financial and non-financial performance. Group policies and limits are set and reviewed regularly by CCL (which has delegated responsibility for managing the Group's principal risks to its Risk Committee), by the CEO of CGL, and by CGL. In addition, managers operate an 'open door' policy and we have arrangements for employees and contractors to raise concerns confidentially about possible wrongdoing.

SETTING THE TONE FROM THE TOP

CCL BOARD — THREE COMMON DIRECTORS — CGL MANAGEMENT COMMITTEE

SUPPORTED BY

SUPPORTED BY

RISK COMMITTEE

Meetings	Quarterly
Chair	Rotating

Responsible for

- Oversight and advice on the nature and extent of risks the Company is willing to take in achieving its strategic objectives
- Maintaining sound risk management and internal control systems.

CREDIT COMMITTEE

Meetings	Weekly
Chair	CEO

Responsible for

- Reviewing, approving and monitoring credit exposure and compliance status of counterparties
- Reviewing, approving and monitoring credit policies.

OPERATIONAL RISK COMMITTEE

Meetings	Fortnightly
Chair	Head of Risk

Responsible for

- Monitoring operational risks facing the business
- Providing governance and assessment of operational risk management policies
- Recommending policies and actions to the CGL Board.

LEGAL AND COMPLIANCE TEAM

Responsible for

- Defining and implementing compliance policies
- Delivering Company-wide training and updates
- Reviewing counterparties and transactions
- Coordinating external legal advice.

DELEGATES TO

Trades up to limit

Exposure up to value-at-risk limit

SUPPORTED BY

INDIVIDUAL AND COLLECTIVE RESPONSIBILITY

DERIVATIVES TEAM

Responsible for

Active management of derivative financial instruments.

RISK TEAM

Members	4

Responsible for

- Supporting the business in understanding and managing risks
- Collating and evaluating risk data and information
- Cooperating with Treasury team to monitor and manage cash payments
- Working with Insurance team to source and implement appropriate cover.

260 EMPLOYEES

Integral to our risk management culture

UNDERPINNED BY

CORPORATE VALUES | TRAINING | RISK APPETITE | CLEAR RISK TOLERANCE LEVELS

RISK OVERVIEW

On P28 and P29 we provide an overview of our approach to risk, including commentary on our risk appetite and tolerance. We also provide a summary of principal risks, plotted on our risk heat map, with commentary about key changes to risk year on year. In the section below, we provide a detailed analysis of each of our 12 principal risks and two emerging risks.

RISK PROFILE CHANGES

During the year under review, risks to our business increased in the following areas:

> **Reputational risk** (owing to our expanding product portfolio and business in new geographies)
> **Price risk** (owing to our expanding product portfolio and new markets).

During the year, risks to our business decreased in the following area:

> **Employee and wellbeing risk** (owing to adoption of hybrid working and reduced lockdowns).

EMERGING RISKS

In addition to our 12 principal risks we disclose two emerging risks: Insurance risk and climate change risk. Commentary on these can be found on P62. These risks are important enough to be monitored closely, and to be viewed as factors which affect our whole business, but are not considered principal risks in their own right.

Ongoing impact of COVID-19

Even though we report above that risks to our business associated with Shipping and Employee health and wellbeing remained stable or reduced in 2021, both risks still sit firmly on our watchlist. The aftershocks of COVID-19 continued to exacerbate supply chain disruption and container shortages, and employee mental health, wellbeing and working conditions were impacted by further lockdowns in many countries. In both instances we took actions to mitigate these risks, as detailed in the narrative below.

Ukraine invasion

Since year end and at the time of writing, the invasion of Ukraine has already impacted the currency markets, the availability of certain goods (e.g. grains) and logistics. There is an increasing likelihood that it will reshape geopolitical boundaries. We report regularly via Czapp on the impacts to our markets to keep our clients and business informed as best we can.

PRINCIPAL RISK REPORTING The Group considers these principal risks, and their mitigation, to be of primary relevance to CZ's business activities. In the following pages, for each principal risk, we indicate the most likely impact each would have on our ability to achieve our corporate goals, our tolerance level, any business opportunities that our risk management elicits, the likely speed of the risk materialising and year-on-year changes.

OUR CORPORATE GOALS

1 REINFORCING THE CZ BRAND

2 DELIVERING ON ROCE

3 CREATING AN EXCITING PLACE TO WORK

4 PROVIDING UNMATCHABLE CLIENT SATISFACTION

1

HIGH LIKELIHOOD/MEDIUM IMPACT AND MEDIUM LIKELIHOOD/HIGH IMPACT

1 Liquidity risk
2 Shipment risk

2

HIGH LIKELIHOOD/LOW IMPACT, MEDIUM LIKELIHOOD / MEDIUM IMPACT AND LOW LIKELIHOOD/HIGH IMPACT

3 Reputational risk
4 Credit risk
5 Currency risk
6 Price risk
7 Regulatory risk
8 Employee health and wellbeing risk
9 Systems risk

3

MEDIUM LIKELIHOOD/ LOW IMPACT AND LOW LIKELIHOOD/MEDIUM IMPACT

10 Interest rate risk
11 Political risk
12 Key employee risk

PRINCIPAL RISKS IN MORE DETAIL

1. LIQUIDITY RISK

Year-on-year change

Relevance to achieving corporate goals

Key responsibility
The Risk, Treasury and Derivatives teams have joint responsibility for managing CZ's liquidity risk. Clear delineation of responsibilities and strong communication channels facilitate this process.

What this risk means to us

Liquidity (or cash flow) risk is when the Group is exposed to requests to meet its payment obligations as they fall due, including margin calls on derivative financial instruments used to mitigate price risk.

Mitigation strategy

We produce daily reports to model and forecast liquidity requirements based on value-at-risk and cash flow at risk measurements. A risk mitigation 'ladder' is also in place to manage liquidity risks. The Group maintains transactional finance secured on underlying business, with maturity dependent on the tenor of the physical transaction, and has developed long-term relationships with a diverse selection of funding partners to secure reliable funding sources not reliant on any one party. In addition, the Group monitors the probable cash flow requirement of the derivative financial instruments used to mitigate price risk and will switch to alternative derivative financial instruments if necessary. Our borrowing base facility and structured financing approach form part of a strategy to widen our portfolio of available financing options to manage future requirements.

Recent developments

As we expand our financing capabilities, we must pay close attention to risks associated with liquidity in order to grow responsibly. We have mitigated our exposure through the launch of our borrowing base facility (see P9), which is built on strong, diverse banking relationships and an increasingly innovative approach to non-banking partnerships. As this develops further in 2022 it will provide an additional tool to manage liquidity risk.

Risk tolerance and opportunities

MEDIUM – It is essential that CZ is able to meet funding requirements inherent in volatile commodities markets and manage risk accordingly; therefore we cannot take high risks in this area. Through our new borrowing base facility, we are providing financing opportunities that strengthen future liquidity.

Speed of risk materialising

SLOW to FAST – Variation margin is updated on a daily basis, and therefore sudden movements in our major traded markets can quickly impact our liquidity risk profile. Our excellent relationships with banking and funding partners mean that – at the macro level – we can plan more strategically to manage any longer-term structural changes to financing.

2. SHIPMENT RISK

Year-on-year change

Relevance to achieving corporate goals

Key responsibility Julian Randles, CFO

What this risk means to us

The risk of costs being incurred in the course of delivering physical products to clients (e.g. relating to shipment windows or demurrage) and/or relating to changes in freight costs, service levels and potential environmental impacts.

Mitigation strategy

Our relationships, knowledge, operational flexibility and efficiency, together with insurance, reduce the impact of this risk. Continued investment in our operational IT systems has led to improved safeguards and controls over operational processes, and our work with VIVE is extending to the sustainable verification of bulk and containerised shipping services, which will improve sustainability and best practices. The development of freight hedging tools has also strengthened our ability to mitigate price risk in this sector and has given rise to other opportunities.

Recent developments

The impact of the COVID-19 pandemic on container availability has been significant, leading to bottlenecks, rising prices and low supply (see P31 to P32). This situation is still not resolved but we have a deeper understanding of how to mitigate this risk, including alternative logistics solutions. To ensure safe, timely and cost-efficient movement of goods we have also developed more transparent oversight of our supply chain positions through our IT system, Suite.

Risk tolerance and opportunities

MEDIUM – Outside risks beyond our control, we are prepared to take on increased risks associated with the shipment of perishable products into new territories as an opportunity for business growth. We have advanced systems and processes in place to deal with these challenges and have created a strong operational team with expertise in managing global shipments. Our investment in this area via VIVE is seen as long-term opportunity to mitigate non-financial shipment risks.

Speed of risk materialising

MEDIUM – The nature and speed of our physical shipments mean that issues can sometimes take weeks to fully materialise.

3. REPUTATIONAL RISK

Year-on-year change	
Relevance to achieving corporate goals	
Key responsibility	Robin Cave, CEO

What this risk means to us

A threat or danger to our good name or standing, for example as a direct result of our actions or the products we trade, as an indirect result of employee actions, or tangentially through associated parties such as joint venture partners or suppliers.

Mitigation strategy

Our commitment to best practice in corporate governance is a core part of our mitigation strategy, alongside robust counterparty due diligence (see Credit risk) and employee training (see Regulatory risk). Our sustainable supply programme, VIVE, also ensures that we are enhancing our reputation by encouraging best practices throughout the supply chain. As we expand our product portfolio and supply chain partners, we have adopted a more proactive approach to engaging with the media, including a growing social media presence and website blog, to influence and take a leadership role in key supply chain topics.

Recent developments

Our broadening product portfolio alters some of our funding relationships as we collaborate with new banking departments and face changing product requirements. While presenting a positive growth opportunity, product diversification can bring with it a wider breadth of risk, including concerns around plastic packaging, animal welfare and ethical and environmental impacts along the supply chain. We continue to closely evaluate reputational risks versus commercial opportunities in our expansion planning and to work closely with the VIVE team to support our work with third-party verification. Our view is that to influence best practice we need to be integrated within the supply chains in question.

Risk tolerance and opportunities

LOW–MEDIUM – As a company light in physical assets, our people and reputation power our business. It is of utmost importance that we have correct processes in place to mitigate any risk that might undermine these valuable resources. As we expand our product portfolio and raise our public profile, we see opportunities to lead the debate and are confident of our processes and of the strength of our people and their integrity in our approach. However, in the short term we are prepared to operate in supply chains seen by some as higher-risk, in order to influence them positively in the longer term (one example would be trading PET with a view to moving into rPET).

Speed of risk materialising

FAST – Reputational risks can emerge quickly via the media, but can be managed and mitigated just as fast.

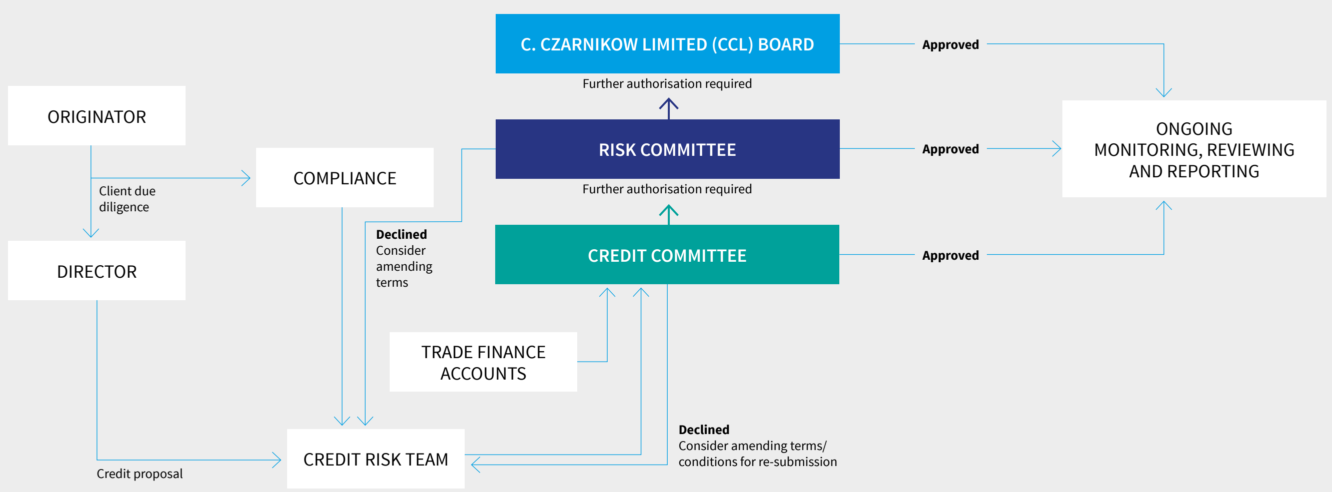
4. CREDIT RISK

Year-on-year change	
Relevance to achieving corporate goals	
Key responsibility Credit Risk team and Credit Committee (see graphic below)	

What this risk means to us

Credit risk arises from the risk of our counterparties failing to meet their contractual obligations in relation to the payment terms we offer them.

CREDIT COMMITTEE



Mitigation strategy

Our dedicated Credit Risk team and Credit Committee are responsible for reviewing, approving and monitoring all credit exposure, as well as the credit policies of Czarnikow Group Limited (CGL), including credit insurance. The Credit Committee meets every week and works alongside the Risk team to assess risks using a multi-layered approach to make sure CZ is well placed to face credit risk challenges as they arise.

Throughout the credit cycle, from business origination to repayment, risks are rigorously identified, assessed and presented.

The credit assessment stage, including the information-gathering process, is critical to the proper functioning of this cycle. During this stage, the Risk team determines and quantifies the exact nature, timescale and amount of credit risk exposure which has been proposed: the precise terms and conditions of the transaction; credit support; shipping and insurance; funding requirements; and counterparty due diligence. The key risks are then summarised before establishing whether they are acceptable in the context of our criteria: type, tenor and amount of proposed exposure; risk mitigation; financial standing of the counterparty; and rationale and business strategy. This process requires effective communication within the organisation. The Credit Risk team is also responsible for the ongoing management of exposure, risk profile and security, and for ensuring we receive repayment in full and on the due date.

Recent developments

Our main credit risk relates to non-performance under long-term pricing contracts, and our effective relationship management and contractual structures are key to minimising this risk. During the year we focused on continuous improvement in this area by tightening our credit policies, enhancing credit limit monitoring processes and improving due date protocols. The Risk team has assumed responsibility for the Group's credit insurance policy, which promotes alignment between credit insurance limits and internal trading limits approved by the Credit Committee. The growth in number of trading operations led to a higher volume of credit approvals during the year and we increased our focus on ensuring that our counterparty portfolio is up to date, including deactivating all limits that are no longer in use.

Risk tolerance and opportunities

MEDIUM – As we expand and manage a greater number of more diverse clients, so our credit risk increases. We are comfortable in our ability to minimise this exposure given our strong systems and structures, and our track record of client relationships and counterparty management. We expect our heightened focus on continuous improvement in this area to create further opportunities to maximise process efficiencies and reduce costs.

Speed of risk materialising

SLOW – Failure of counterparties to meet their payment obligations is normally the result of ongoing difficulties impacting the entity and can often be managed over a long timeframe.

Counterparty risk analysis

At year end 2021, we had traded with 165 newly-approved counterparties (2020: 120) from a total of 292 successful submissions (2020: 194). Around 17% (2020: 9%) of counterparties with whom we traded are classed in a risk category of adequate or better. Robust counterparty due diligence carried out by our Credit Committee and Credit Risk team, a renewed focus on continuous improvement in this area, strong relationship management and solid contractual structures mean that we are satisfied that our counterparty risk is mitigated to within agreed risk tolerance levels.

COUNTERPARTY ANALYSIS BY RISK CATEGORY, 2021

Risk category	New counterparties approved (total)	New counterparties with whom we traded
Extremely weak (0-10)	0	0
Vulnerable (11-30)	135	82
Speculative (31-40)	64	28
Uncertain (41-50)	49	27
Adequate (51-60)	31	18
Good (61-70)	13	10
Strong (71-80)	0	0
Very strong (81-90)	0	0
Extremely strong (91-100)	0	0
	292	**165**

Source: CZ

5. CURRENCY RISK

Year-on-year change	
Relevance to achieving corporate goals	
Key responsibility	Julian Randles, CFO

What this risk means to us

As the Group's main functional currency is the US dollar, we are exposed to currency risk in relation to overheads across our regional offices. The Group has additional exposure to currency risk when it facilitates non-US-dollar-denominated trades.

Mitigation strategy

CZ has policies and procedures in place to hedge non-US-dollar exposure via deliverable and non-deliverable forward contracts, to mitigate these risks as much as possible.

Recent developments

In 2021, the pound sterling strengthened against the US dollar, making our London headquarters more expensive; and we expect continued volatility in the pound due to the aftermath of Brexit and uncertainty surrounding the UK's place in the world economy. The Brazilian real also continued to be volatile, though we have mitigated this risk by spreading currency risk across a number of markets. Due to this strategy we do not consider our risk profile to have risen in this area. The Group continues to utilise currency hedging to manage our exposure for both non-US-denominated trading and, where necessary, overheads across our regional offices.

Risk tolerance and opportunities

LOW – As explained above, where relevant we will always hedge our exposure to currency risk relating to our trading activities and, where necessary, our overheads. Our successful work to reduce risks relating to a major sugar-trading currency such as the Brazilian real gives us the opportunity to deepen strategic partnerships in this region.

Speed of risk materialising

FAST – Currency markets are highly liquid and therefore can experience volatile, fast-moving trading conditions.

6. PRICE RISK

Year-on-year change	
Relevance to achieving corporate goals	
Key responsibility	CCL's Risk Committee

What this means to us

The Group is exposed to daily fluctuations in the price of underlying commodities through derivative instruments traded on listed exchanges and over-the-counter markets, and related cross-currency pairs.

Mitigation strategy

CCL's Risk Committee oversees and approves the price risk limit of the Group's activity, working within a set of principles established under the price risk management framework and using derivative financial instruments to mitigate as much risk as possible.

Recent developments

By expanding our product portfolio we become exposed to price movements across multiple markets, some of which are totally new for us. For this reason, we consider price risk to have risen in the year under review. As the Group's number of product lines continues to increase, the Risk team is designing and implementing new price risk measurement techniques across all new products, as well as making improvements to the current sugar methodology. Along with growing understanding and experience, this will serve us well in terms of mitigation.

Risk tolerance and opportunities

LOW – We have a low tolerance for price risk and use derivatives to hedge our exposure to the market. Our current focus on price risk measurement techniques will facilitate expansion into new product areas.

Speed of risk materialising

FAST – The major markets in which CZ is active are all freely traded and are therefore potentially subject to sudden price shocks.

7. REGULATORY RISK (INCLUDING FINANCIAL CRIME)

Year-on-year change	
Relevance to achieving corporate goals	
Key responsibility	Robin Cave, CEO

What this risk means to us

The risk of penalties for failing to implement legislative or regulatory requirements, or of being negatively affected by international trade sanctions or malpractice, including financial crime, fraud, theft, bribery or money-laundering, when trading with counterparties.

Mitigation strategy

We operate comprehensive sanctions, anti-bribery and anti-money-laundering policies and procedures, including Group-wide training. Transactions and counterparty agreements are scrutinised to ensure that they are entered into with appropriate parties and within legal and regulatory parameters.

Recent developments

We continued to implement the Senior Managers and Certification Regime (SM&CR) in 2021, certified all relevant employees and provided conduct rules training. We continued our emphasis on reviewing all compliance processes, policies and training activities to mitigate regulatory risks effectively and efficiently. Senior managers sign up to a strong compliance programme, work closely with the Compliance team and receive regular reports. We also continued our preparations for the UK Investment Firms Prudential Regime (IFPR) which came into force from 1 January 2022. C. Czarnikow Sugar Futures Limited falls into the Small and Non-Interconnected (SNI) category.

Risk tolerance and opportunities

ZERO – The global trend towards greater regulation and transparency, and our own values, dictate that we must operate a zero-tolerance policy towards any regulatory risk. Increased costs (both in time and financially) associated with meeting our regulatory obligations are seen as an investment by the business; our reputation is strengthened and our ability to work with larger clients, in particular, is facilitated.

Speed of risk materialising

SLOW – Regulations by their nature are slow to emerge, as they go through a development process and subsequent approval by legislative bodies.

8. EMPLOYEE HEALTH AND WELLBEING RISK

Year-on-year change

Relevance to achieving corporate goals

Key responsibility
Sharon Blore-Rimmer, Head of Human Resources
Robin Cave, CEO

What this means to us

Our people are our largest and most significant asset. The healthier and happier they are, the better they will be able to contribute to the long-term growth and prosperity of the Company. Increasing awareness of the impact of modern lifestyles on mental health is creating greater focus on employee health and wellbeing, and we intend to be at the forefront of this debate with our employees.

Mitigation strategy

Through our HR team we work to catch any decrease in employee wellbeing early and provide appropriate support. Managers hold regular 'check-in' meetings with their direct reports, and confidential employee meetings are held regularly with the HR team.

Recent developments

This risk to our business increased considerably in 2020, owing to the impacts of COVID-19, and we made significant efforts to support our employees. In 2021, while employees were still impacted by lockdowns in various countries and their effect on mental and physical health, we are now better equipped to mitigate this risk, having embedded many personal and wellbeing check-ins into standard HR practices. As a result, we consider our exposure to this risk to have decreased during the year under review. Our focus in 2022 will be to manage workplace expectations in a hybrid structure, and to reinforce our culture as we implement our significant growth plans.

Risk tolerance and opportunities

LOW – We take any reduction in our employees' physical or mental wellbeing very seriously, and have strategies in place to support our people immediately as well as to raise overall awareness. During the COVID-19 crisis we engaged more often with our employees to mitigate this increasing risk and asked for honest feedback, which we have used to improve ongoing internal communications and plan future hybrid working arrangements (see Key personnel risk).

Speed of risk materialising

SLOW TO MEDIUM – By raising awareness of our employee policies and support, we aim to reduce the speed of this risk materialising through timely engagement and intervention.

9. SYSTEMS RISK

Year-on-year change

Relevance to achieving corporate goals

Key responsibility Stuart Durrant, ICT Manager

What this risk means to us

The risk of failure of core processes and technologies that the business relies on for the smooth functioning of daily activities.

Mitigation strategy

We have a disaster recovery and business continuity plan and back-up systems, which we update and test regularly. We also maintain dual providers of key services such as internet connection, telephone lines and cloud-based tools, and are increasing our investment in cybersecurity. The development of internal systems enables us to have greater control over our key data flows and respond faster to issues.

Recent developments

We continue to migrate a portion of our systems to the cloud, but will retain Suite (our internal system) until we can invest in the necessary security needed to move this online. To mitigate risk and increase remote functionality we released a new remote working environment system which was successfully rolled out to our business in Asia in 2021. The ICT function has matured since we were first called on to move very swiftly to set up a remote working environment, and we now have many more tools in our online environment to mitigate risks further. For this reason we consider this risk to be stable. In 2022 and beyond we are increasing our investment in cybersecurity.

Risk tolerance and opportunities

LOW – We are not prepared to risk the day-to-day functioning of our business. We are, however, open to evaluating new and leading-edge technology to further enhance business processes and are cognisant of both the risks inherent in this approach and the longer-term strategic opportunities. Through the agile and product-driven methods we use to develop software, we have the opportunity to build a system that aligns with our specific business needs and strengthens our competitive advantage.

Speed of risk materialising

FAST – Damage to our systems can have an immediate impact upon our ability to perform and execute business.

10. INTEREST RATE RISK

Year-on-year change	
Relevance to achieving corporate goals	
Key responsibility Jayshree Barnes, Associate Director, Head of Trade Finance	

What this risk means to us

The Group's business relies on the use of numerous funding facilities and is exposed to interest rate risk, which could impact the cost of funding significantly. As our funding facilities are used predominantly to provide payment terms to our clients, we are not directly exposed to this risk. However, we actively monitor interest rates to identify any impact on credit risk exposure or our internal funding requirements. We also communicate any changes or potential impact to our clients.

Recent developments

COVID-19 impacted funding costs in 2020 but since 2021 the outlook has been more promising. Most of our trade financing is based on 180-day payment terms, which makes the likelihood of escalating interest rates within this window low. Our Trade and Structured Finance teams review interest rates daily to ensure Trading teams are using appropriate margins in their contracts, mitigating this risk. If interest rates were to soar to a rate where mitigation strategies were not sufficient, we have other tools available such as hedging. On balance we consider this risk to be stable as we move into 2022.

Risk tolerance and opportunities

LOW – Our business model limits our direct exposure to this risk, but we must be vigilant to manage it on behalf of our clients. Doing so gives us the opportunity to deepen strategic client relationships.

Speed of risk materialising

FAST TO MEDIUM – In benign market conditions, interest rates tend to be stable and move slowly over time, although funding rates can change faster in times of economic turbulence.

11. POLITICAL RISK

Year-on-year change	
Relevance to achieving corporate goals	
Key responsibility	Robin Cave, CEO

What this risk means to us

The risk of instability, which could stem from a change in government, legislative bodies, foreign policymakers, or military takeover.

Mitigation strategy

Due diligence, insurance and local knowledge are employed to ensure that we carefully manage any trading activities in politically volatile locations. We are a global business with a diversified exposure to many countries and bodies, and our operating structure gives us the ability to respond quickly, flexibly and effectively to events in local markets. Both factors help to reduce the potential impact of this risk.

Recent developments

It remains unclear how the world economy will recover from the impacts of COVID-19, with many countries continuing to face difficulties in 2021 and taking political stances to protect national interests. At the time of writing, increased global geopolitical tension has heightened intensely following the Ukraine invasion and we are already seeing some impacts, for example affecting currency markets, product availability and logistics. We continue to monitor the situation carefully and for the year under review, we considered Political risk to be stable year on year, given our global mix of operations, products and clients. We will continue to monitor and evaluate how emerging events might affect us and will mitigate risk through careful consideration of our choice of products and geographical activities.

Risk tolerance and opportunities

HIGH – As a global business, we acknowledge that we will at times be exposed to political risk in varying geographies. Our diverse locations and local knowledge work to our advantage, however, as we are able to adapt quickly to changes in political climate and make decisions on how, and where, to act. As a business we are very rich in international culture and experience and we see this as a strength which will facilitate our planned geographical expansion, by enabling us to understand and respect complex political sensitivities.

Speed of risk materialising

MEDIUM – The speed of impact of political risk can vary significantly, with some issues arising over a number of days and other political situations taking years to unfold.

12. KEY EMPLOYEE RISK

Year-on-year change	
Relevance to achieving corporate goals	
Key responsibility Sharon Blore-Rimmer, Head of Human Resources	

What this risk means to us

Our main assets are the intellectual property generated by our employees. Any loss of key personnel through staff turnover represents a risk to our ability to remain profitable.

Mitigation strategy

We strive to create an exciting place to work, allowing our employees to realise their potential in alignment with our long-term goals. We identify employee strengths and opportunities through regular 'check-in' meetings, offer formal and informal learning, encourage cross-team training, and provide competitive benefits and long-term remuneration. By focusing on 'growing our own talent', we are building up a strong employee pool to ensure smooth succession in the event of personnel moves, supplemented where necessary with strong external candidates who fit our culture.

Recent developments

The Group has established a hybrid working arrangement that allows employees to take more ownership of how much time they spend in the office. This was the result of extensive employee engagement in 2021 and has proved popular. In 2021, our HR team remained focused on driving employee engagement and leading wellbeing initiatives, while the CZ Management Committee provided more opportunities for employees to express their opinions at our annual Strategy Week (see P19). We are living in a challenging economy and there is always some risk of losing key employees. However, as we remain tightly focused on creating an exciting and rewarding place to work, we consider this risk to have remained stable.

Risk tolerance and opportunities

LOW – Within our overall risk profile, the importance of our ongoing IT systems development and implementation means that any loss of personnel in this function carries an increased risk to our business. We therefore remain vigilant to any potential changes. Overall, however, having taken the opportunity to engage with employees more frequently and act on feedback, we are confident of providing an exciting workplace in which all employees can thrive.

Speed of risk materialising

FAST TO MEDIUM – Employees leaving the organisation can have an immediate impact on our operations, but the likely full impact of a key person moving to a competitor may take longer to materialise.

STRATEGIC REPORT 2021

This report from P2 to P62 was reviewed and signed by order of the Board on 17 March 2022.

Robin Cave, CEO

We monitor **EMERGING RISKS** closely to better understand their likely impact on our business.

INSURANCE RISK

Last year, we reported on the emergence of insurance risks relating to an increasing number of claims for caked sugar, which happens when changes in humidity and temperature cause sugar to clump or solidify. In 2021 this stayed on our radar, but we also learned more about quality issues impacting other product deliveries and their related mitigation strategies. We monitored storage and transportation conditions to reduce our exposure to increased insurance costs in this area.

CLIMATE CHANGE RISK

Risks associated with climate change are now firmly on our emerging risk list as we better understand how related impacts will affect our long-term business.

Our immediate business exposure to the impact of climate change is low as we are a service company, owning no physical assets. However, we recognise that other stakeholders along the supply chain are likely to be adversely affected by climate change in the longer term, creating knock-on effects in our own business.

More extreme weather conditions, for example, may lead to crop failures for growers and operational impediments for shippers, hauliers and industrial consumers, potentially impacting price and product availability. Increasing consumer demand for more environmentally friendly end-products is already influencing how our product portfolio evolves and our choice of supply-chain and financing partners.

We are working to address new, increased regulation arriving in 2025 calling for inclusion of this risk in financial statements. We are well positioned to mitigate these risks through our close client partnerships, our global networks, our operational flexibility and the work of our sustainability programme, VIVE (see P36).

OTHER STATUTORY INFORMATION

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of Czarnikow Group Limited (CGL, the 'Company' or the 'Parent Company') submit their Directors' report together with the audited financial statements of the Group for the year ended 31 December 2021.

GENERAL INFORMATION

Czarnikow Group Limited is an international company in the food and beverage sector. The Group buys and sells commodities and goods and advises clients on how best to manage sustainable supply chains, creating long-term value for those who work with and for the Group.The Company is a private limited company, limited by shares, incorporated in England and Wales. The address of its registered office is Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB, United Kingdom.

STRATEGIC REPORT

The Directors present the Strategic report for Czarnikow Group Limited (CGL) and its subsidiaries (together the 'Group') for the year ended 31 December 2021 on P2 to P62 and which is incorporated into this Directors' report by reference. The Directors acknowledge that the purpose of the Strategic report is to inform members of the Company how their Directors have performed their duty under Section 172 of the Companies Act ('S172'). Details on how their Directors fulfilled this duty can be found in the Strategic report on P26 and P27. For ease of reference, other key reporting areas are summarised below:

Reporting area	Report sections and page number(s)	
About CGL/Principal activities	Understanding our business	P2
Key performance indicators and analysis	Financial and operational review 2021	P31
Principal risks	> Risks at a glance > Risk management framework > Principal risks	P29 P54 P55
Market conditions and outlook	> Macro market trends and strategy > Revenue and market analysis	P20 P32
Environmental (SECR) information	Environmental disclosures	P38
Section 172 and related information	> Our stakeholders > S172 information > Governance review	P26 P26 P42

FUTURE DEVELOPMENTS

The Directors have ambitious growth plans for the business over the next five years with aims to double the Group's product portfolio and employees, whilst expanding into new locations around the world and restructuring the Group's financial platform. No material changes are expected to the Group's business activities over this time period.

RESULTS AND DIVIDENDS

The consolidated profit for the year after taxation was US$17,717,000 (2020: US$10,477,000). No dividend was declared during the year (2020: $nil). The Directors have prepared the financial statements on a going concern basis. Refer to note 1 for more information.

DIRECTORS

The Directors who served during the year and subsequent to the year end are shown below:

- R Cave (CEO)
- J G Williams
- W J Rook
- A W I Leetham
- J N C Randles (CFO)

DIRECTORS' INDEMNITIES

From the beginning of the 2021 financial year up to the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors against claims from third parties in respect of certain liabilities arising out of, or in conjunction with, the execution of their powers, duties and responsibilities as Directors of the Company.

CHARITABLE DONATIONS

The Group made charitable donations of US$60,495 (2020: US$33,748) during the year.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

INDEPENDENT AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Nexia Smith & Williamson will therefore continue in office. Nexia Smith & Williamson's registered office is 25 Moorgate, London EC2R 6AY.

This report from P2 to P62 was reviewed and signed by order of the Board on 17 March 2022.

Robin Cave, CEO

OTHER STATUTORY INFORMATION

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Group Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with applicable law and in accordance with UK-adopted international accounting standards.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL STATEMENTS AND NOTES

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Czarnikow Group Limited

OPINION

We have audited the financial statements of Czarnikow Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated statement of profit or loss and other comprehensive income, Consolidated and Company Statement of financial position, Consolidated and Company Statement of changes in equity, Consolidated and Company Statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report and accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and accounts and consolidated financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the Group and Parent Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Group and Parent Company's industry and regulation.

We understand the Group and Parent Company complies with requirements of the framework through:

- Appointing a Money Laundering Reporting Officer and Compliance Officer to oversee the compliance function within the business.
- Performing of Know your Customer ('KYC') and customer due diligence checks.
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change.
- Requiring all employees to read and follow the compliance policies and procedures of the business and attend annual refresher training and also ad-hoc training as requirements change.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.
- Certain executive Directors of the Group being accredited experts under Senior Manager Certification Regime (SMCR) legislation, which requires them to keep their knowledge of relevant laws and regulations up to date.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group and Parent Company's ability to conduct business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group and Parent Company;

- The Companies Act 2006 and UK-adopted international accounting standards in respect of the preparation and presentation of the financial statements;
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

To gain evidence about compliance with the significant laws and regulations above we reviewed the breaches register of the Group's FCA regulated subsidiary, C. Czarnikow Sugar Futures Limited, reviewed board meeting minutes, inspected correspondence with the FCA relating to the year and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

Nexia Smith & Williamson

The procedures carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation; and
- Testing of manual journal entries, selected based on specific risk assessments applied for significant components based on the Parent Company and Group's processes.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/ auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Guy Swarbreck

Senior Statutory Auditor, for and on behalf of	25 Moorgate
Nexia Smith & Williamson	London
Statutory Auditor	EC2R 6AY
Chartered Accountants	17 March 2022

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME, US$'000

for the year ended 31 December 2021	Notes	**2021 $'000**	2020 $'000
Revenue	4	**3,133,250**	2,384,230
Cost of sales		**(3,066,090)**	(2,332,542)
Gross profit		**67,160**	**51,688**
Administrative expenses		**(40,181)**	(39,302)
Operating profit		**26,979**	**12,386**
Finance costs	8	**(16,629)**	(12,384)
Finance income	9	**12,829**	13,539
Profit before taxation		**23,179**	**13,541**
Taxation	10	**(5,462)**	(3,064)
Profit for the year		**17,717**	**10,477**
Other comprehensive income			
Exchange movement on foreign net investment		**(325)**	(406)
Total comprehensive income for the year		**17,392**	**10,071**

The notes on pages 75 to 97 form an integral part of these financial statements.
All of the Group's operations are classed as continuing.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, US$'000

as at 31 December 2021	Notes	2021 $'000	2020 $'000
Non-current assets			
Property, plant and equipment	11	**6,729**	6,242
Intangible assets	13	**4,563**	4,377
Investment in joint venture	15	**902**	902
Deferred tax assets	22	**1,319**	1,409
Total non-current assets		**13,513**	12,930
Current assets			
Inventories	16	**152,173**	116,613
Trade and other receivables	18	**453,949**	299,182
Financial assets held for trading	33	**298,431**	195,712
Current tax assets		**89**	534
Cash and cash equivalents		**12,170**	13,141
Total current assets		**916,812**	625,182
Total assets		**930,325**	638,112
Non-current liabilities			
Trade and other payables	20	**3,561**	4,301
Deferred tax liabilities	22	**1,678**	409
Total non-current liabilities		**5,239**	4,710
Current liabilities			
Trade and other payables	20	**671,057**	412,386
Financial liabilities held for trading	33	**145,333**	133,800
Current tax liabilities		**2,866**	2,599
Total current liabilities		**819,256**	548,785
Total liabilities		**824,495**	553,495
Net assets		**105,830**	84,617
Equity			
Share capital	24	**1,511**	1,511
Share premium account		**6,611**	6,611
Foreign currency translation reserve		**(4,897)**	(4,572)
Retained earnings		**100,357**	81,067
Capital contribution		**2,248**	-
Total equity		**105,830**	84,617

The notes on pages 75 to 97 form an integral part of these financial statements. The financial statements were approved by the Board on 17 March 2022.

R Cave
CEO
Registered number: 2650590

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, US$'000

for the year ended 31 December 2021	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Retained earnings $'000	**Total equity $'000**
1 January 2020	**1,511**	**6,611**	**(4,166)**	**322**	**70,134**	**74,412**
Profit for the year	–	–	–	–	10,477	**10,477**
Other comprehensive income for the year						
Exchange movement on foreign net investment	–	–	(406)	–	–	**(406)**
Total comprehensive income for the year	–	–	(406)	–	10,477	**10,071**
Share based payments	–	–	-	(322)	456	**134**
31 December 2020	1,511	6,611	(4,572)	–	81,067	**84,617**
Profit for the year	–	–	–	–	17,717	**17,717**
Other comprehensive income for the year						
Exchange movement on foreign net investment	–	–	(325)	–	–	**(325)**
Total comprehensive income for the year	–	–	(325)	–	17,717	**17,392**
Share based payments	–	–	–	2,248	1,573	**3,821**
31 December 2021	1,511	6,611	(4,897)	2,248	100,357	**105,830**

The notes on pages 75 to 97 form an integral part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF CASH FLOWS, US$'000

for the year ended 31 December 2021	Notes	**2021 $'000**	2020 $'000
Net cash (used in)/generated from operating activities	25	**(176,657)**	48,169
Investing activities			
Purchase of property, plant and equipment	11	**(1,847)**	(965)
Lease additions	11	**(6413)**	(781)
Development of intangible assets	13	**(2,649)**	(2,725)
Investment in joint venture	15	**(65)**	2
Interest received	9	**12,829**	13,539
Net cash generated from investing activities		**7,627**	9,070
Financing activities			
Proceeds/(costs) from financing arrangements		**185,556**	(45,643)
Principal element of lease payments		**(604)**	(785)
Interest paid	8	**(16,629)**	(12,384)
Net cash generated from/(used in) financing activities		**168,323**	(58,812)
Net decrease in cash and cash equivalents		**(707)**	(1,573)
Cash and cash equivalents at the beginning of the year		**13,141**	14,395
Effects of foreign exchange differences on cash and cash equivalents		**(264)**	319
Cash and cash equivalents at the end of the year		**12,170**	13,141

The notes on pages 75 to 97 form an integral part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

STATEMENT OF FINANCIAL POSITION - COMPANY, US$'000

as at 31 December 2021	Notes	2021 $'000	2020 $'000
Non-current assets			
Property, plant and equipment	12	**3,245**	2,952
Intangible assets	13	**4,563**	4,377
Investment in subsidiaries	14	**11,438**	10,003
Deferred tax assets	23	**569**	619
Total non-current assets		**19,815**	17,951
Current assets			
Inventories	17	**110,450**	84,972
Trade and other receivables	19	**419,479**	273,320
Financial assets held for trading	33	**295,175**	191,716
Cash and cash equivalents		**4,884**	6,207
Total current assets		**829,988**	556,215
Total assets		**849,803**	574,166
Non-current liabilities			
Trade and other payables	21	**1,750**	2,460
Deferred tax liabilities	23	**991**	160
Total non-current liabilities		**2,741**	2,620
Current liabilities			
Trade and other payables	21	**618,913**	374,954
Financial liabilities held for trading	33	**144,710**	129,117
Current tax liabilities		**1,992**	1,589
Total current liabilities		**765,615**	505,660
Total liabilities		**768,356**	508,280
Net assets		**81,447**	65,886
Equity			
Share capital	24	**1,511**	1,511
Share premium account		**6,611**	6,611
Retained earnings		**73,325**	57,764
Capital contribution		**–**	–
Total equity		**81,447**	65,886

The Company's profit after taxation for the year was $15,315,000 (2020: $7,489,000). The company had no other comprehensive income (2020: $nil).
The notes on pages 75 to 97 form an integral part of these financial statements. The financial statements were approved by the Board on 17 March 2022.

R Cave
CEO
Registered number: 2650590

FINANCIAL STATEMENTS AND NOTES

STATEMENT OF CHANGES IN EQUITY - COMPANY, US$’000

for the year ended 31 December 2020	Share capital $,000	Share premium $’000	Capital contribution $’000	Retained earnings $’000	**Total equity $’000**
1 January 2020	**1,511**	**6,611**	**290**	**49,851**	**58,263**
Profit for the year	–	–	–	7,489	**7,489**
Total comprehensive income for the year	–	–	–	7,489	**7,489**
Share based payments	–	–	(290)	424	**134**
31 December 2020	1,511	6,611	–	57,764	**65,886**
Profit for the year	–	–	–	15,315	**15,315**
Total comprehensive income for the year	–	–	–	15,315	**15,315**
Share based payments	–	–	–	246	**246**
31 December 2021	1,511	6,611	–	73,325	**81,447**

The notes on pages 75 to 97 form an integral part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

STATEMENT OF CASH FLOWS – COMPANY, US$'000

for the year ended 31 December 2020	Notes	2021 $'000	2020 $'000
Net cash generated from/(used in) operating activities	25	**(144,663)**	47,545
Investing activities			
Purchase of property, plant and equipment	12	**(1,215)**	(576)
Development of intangible assets	13	**(2,649)**	(2,725)
Additional investment in subsidiaries	14	**(1,435)**	(36)
Interest received		**11,022**	12,502
Net cash generated from investing activities		**5,723**	9,165
Financing activities			
Proceeds/(costs) from financing arrangements		**150,488**	(44,788)
Principal element of lease payments		**(739)**	(560)
Interest paid		**(11,867)**	(8,787)
Net cash (used in)/generated from financing activities		**137,882**	(54,135)
Net (decrease)/increase in cash and cash equivalents		**(869)**	2,575
Cash and cash equivalents at the beginning of the year		**6,207**	3,313
Effects of foreign exchange differences on cash and cash equivalents		**(265)**	319
Cash and cash equivalents at the end of the year		**5,073**	6,207

The notes on pages 75 to 97 form an integral part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND GOING CONCERN

Czarnikow Group Limited ("CGL", the "Company" or the "Parent Company") and its subsidiaries (together the "Group") is an international company in the food and beverage sector. The Group buys and sells commodities and goods and advises clients on how best to manage sustainable supply chains, creating long-term value for those who work with and for the Group.

The Company is a private limited company, limited by shares, incorporated in England and Wales. The address of its registered office is Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB.

The immediate and ultimate parent of the Company is C. Czarnikow Limited ("CCL" or "Parent Company"). Copies of the CCL consolidated financial statements, in which the Company is included, can be obtained from Companies House. In the opinion of the Directors there is no one ultimate controlling party.

The Directors have prepared the financial statements on a going concern basis. In considering the going concern status of the Group, the Directors have reviewed the corporate plan which is an output of the Group's formalised process of budgeting and strategic planning. The corporate plan is evaluated and approved each year by the Board and considers the Group's future projections of profitability, cashflows, capital requirements and resources and key financial ratios over a period of no less than twelve months from the date of approval of these financial statements.

Based on this assessment and taking into account the Group's emerging and principal risks as documented in the Group Strategic report, the Directors are confident that the business will remain a going concern for this period.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in note 3.

The financial statements are prepared on the historical cost basis with the exception of the assets and liabilities discussed in notes 2r and 2s which are stated at their fair value.

The accounting policies have been applied consistently by Group entities.

b. Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries") prepared to 31 December each year. Control is achieved where the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration the existence and effect of potential voting rights that currently are exercisable or convertible.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

c. Changes in accounting policies and disclosures

(a) New and amended standards and interpretations adopted by the Group and Company

No new and amended standards and interpretations have been adopted by the Group and Company in the current year which have had a material impact on the financial statements.

(b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2021 but not currently relevant to the Company

The following new and amended Standards and Interpretations are not currently relevant to the Company; however, they may have a significant impact in future years:

Interest rate benchmark reform: amending hedge accounting requirements of IFRS 9, IAS 39 and IFRS 7.

(c) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2021.

IFRS 17: "Insurance Contracts" Amendment to IAS 1: "Classification of Liabilities as Current or Non-current"

There are no other new or amended standards that are considered to have a material impact on the Company.

d. Exemptions

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from publishing its individual statement of profit or loss and other comprehensive income and related notes.

The Group does not provide segmental reporting analysis due to the exemption for non-listed companies in IFRS 8.

e. Foreign currencies

The financial statements are prepared in US dollars, being the functional currency of the Company and Group. The exchange rate between US dollars and Sterling at the year-end was $1.3499:£1 (2020: $1.3672:£1).

Transactions in foreign currencies are recorded in US dollars at the rates of exchange prevailing on the dates of the transactions. Where consideration is received in advance of revenue being recognised the date of the transaction reflects the date the consideration is received. At each year end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included within operating profit.

Exchange differences arising on the retranslation of monetary and non-monetary items carried at fair value are included in profit and loss for the year, except for differences arising on the retranslation of monetary and non-monetary items in respect of which gains and losses are recognised directly in equity. For such monetary and non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

The assets and liabilities of subsidiaries in foreign currencies are translated into US dollars at the rates of exchange prevailing at the year-end date. The results of subsidiaries in foreign currencies are translated at the average rate of exchange during the financial year. Differences arising from the translation of the opening net investment in subsidiary companies are taken to equity through other comprehensive income.

f. Revenue recognition

Revenue is measured at the transaction price received or receivable allocated to the performance obligation satisfied and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. As the expected period between transfer of a promised good or service and payment from the customer is one year or less no adjustment for a financing component has been made.

Sales of goods are recognised when goods are delivered and control has passed.

Revenue arising from the provision of services is recognised when and to the extent that the customer simultaneously receives and consumes the benefits of the Group's performance or the Group does not create an asset with an alternative use but has an enforceable right to payment for performance completed to date as follows:

> Brokerage fees and risk management fee income

Brokerage is the commission on conclusion of a shipment. Performance obligations are considered to be satisfied as defined by the Incoterm and revenue is recognised at this point.

Risk management fee income represents fees receivable from clients arising from price hedging services during the year and this fee is recognised as earned within revenue upon contract completion.

> Advisory, corporate finance and investment management fees

Transaction price is negotiated in advance and agreed in a fixed price contract. Revenue on subscription fees for access to analysis information is recognised over the period of the contract as performance obligations are satisfied on an ongoing basis. Revenue on other advisory fees provided in the normal course of business are recognised in accordance with contractual entitlement.

Revenue on investment management fees represents fees receivable from clients for market and fund management advice during the year and is recognised, at the pre-agreed price, upon completion of performance obligations in line with contractual entitlement

> Trading sales of physical goods

Revenue on sales are recognised when the risks and rewards of owning the physical goods are transferred, in line with Incoterms.

> Trading derivative contracts

Physical forward contracts for the sale and purchase of physical goods are recognised in cost of sales on a trade date basis at the best estimate available at that time, since the Directors believe such contracts are in substance financial instruments. The best estimate is derived from the daily quoted settlement price of the derivative contract.

Futures contracts and forward foreign exchange traded contracts are valued on a mark-to-market basis and are reported at the Statement of financial position date in cost of sales.

g. Pensions

The Group contributes to defined contribution pension schemes for its employees. Contributions by the Group are charged to the Consolidated statement of profit or loss and other comprehensive income as they fall due.

h. Share based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of deferred share awards, is recognised as an employee benefit expense in the profit or loss.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the Consolidated statement of profit or loss and comprehensive income. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Certain share charges have been reallocated to Czarnikow Group Limited ("CGL") to better reflect the impact within the Group. This has had no effect on the net assets or profit or loss of the Group and no effect on the net assets of the Company.

i. Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

j. Intangible assets

Intangible assets with finite lives are amortised over their respective estimated useful lives on a straight-line basis and reviewed for impairment when circumstances warrant. Each reporting period, the estimated useful lives of intangible assets that are subject to amortisation are reviewed to determine whether events or circumstances warrant revised estimates of useful lives.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group for which it is probable that the expected future economic benefits attributable to the assets would flow to the Group beyond one year are recognized as intangible assets. Capitalised internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote time to the project. Capitalisation of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose.

Once costs have finished being capitalised the internal-use software costs are amortized on a straight-line basis over their applicable expected useful lives, which are approximately three years. Where no internal-use intangible asset can be recognized, development expenditures are expensed as incurred. Costs associated with maintaining computer software are expensed as incurred. Amortisation is not recognised on work in progress.

k. Property, plant and equipment

Fixed assets are shown at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided at rates calculated to write off the cost or valuation of each asset, less estimated residual value, on a straight line basis over its estimated useful life as follows:

Right-of-use assets	>	over the period of the lease
Leasehold improvements	>	over the remaining period of the lease
Furniture and equipment	>	3 to 6 years
Motor vehicles & computers	>	3 years

Depreciation is not recognised on assets under construction.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

l. Investment in subsidiaries

Investments in subsidiaries are held at cost less any impairment in their value.

m. Joint ventures

The Group's share of the results of its joint venture in CZ Energy Comercializadora de Etanol S.A are included in the Consolidated statement of profit and loss and other comprehensive income and Consolidated statement of financial position using the equity method of accounting. Investments in joint ventures are carried in the Consolidated statement of financial position at cost. If the Group's share of losses in a joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture.

n. Inventories

Inventories relating to commodities are measured at fair value less costs to sell with changes in fair value less costs to sell being recognised in profit or loss in the period of the change. The fair value movements in respect of these inventories are recognised in financial assets held for trading within the Consolidated statement of financial position as the directors consider this accounting treatment gives a true and fair view of the Group's position at the balance sheet date.

Inventories not relating to commodities are measured at the lower of their cost and net realisable value.

o. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within loans and borrowings in current liabilities on the Consolidated statement of financial position.

The Directors consider that the carrying amount of the assets is a reasonable approximation of their fair value. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

p. Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Equity comprises share capital, share premium, foreign currency translation reserve, capital contribution, revaluation reserve and retained earnings which are described below.

Share capital

Share capital represents amounts subscribed for shares at nominal value.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium.

Foreign currency translation reserve

The foreign currency translation reserve refers to the exchange differences on translating foreign operations recognised through other comprehensive income, net of amounts reclassified to profit and loss when those assets have been disposed of or are determined to be impaired.

Share based payments reserve

The share based payments reserve represents the cumulative cost of employee remuneration in the form of deferred share awards during the vesting period that have not been paid.

Retained earnings

Retained earnings represents accumulated profits and losses attributable to equity shareholders.

q. Leases

A right of use asset and a lease liability has been recognised for all leases except leases of low value assets, which are considered to be those with a fair value below $5,000, and those with a duration of 12 months or less. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

r. Financial instruments

Financial assets and liabilities are recognised in the Consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group's financial instruments are classified as follows:

Financial assets and liabilities at fair value through profit and loss

These include all financial instruments held for trading, including derivatives, as well as those designated at fair value through profit or loss at inception. The financial assets and liabilities are recorded initially at fair value with changes in the fair value charged or credited to profit or loss in the period they arise.

> Financial assets held at amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses.

During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade receivables and other receivables in the Consolidated statement of financial position.

> Financial liabilities held at amortised cost

Financial liabilities held at amortised cost include trade payables, other payables and accruals, finance lease liabilities, bank debt and long-term debt. Trade payables are recognised initially at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank debt and long-term debt are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

The Directors consider that the carrying amount of the trade and other payables disclosed in notes 20 and 21 are a reasonable approximation of their fair value.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

s. Financial guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised initially in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on an arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Financial instruments – fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Determination of performance obligations and satisfaction thereof

For the purpose of recognising revenue, the Directors are required to identify distinct goods or services in contracts and allocate the transaction price to the performance obligations. With reference to the revenue streams of the Company the Directors have made specific judgements as follows:

> Brokerage fees and risk management fee income

The Company acts as an agent in respect of brokerage fees and as such only recognises the net commission fee within revenue. The point at which revenue is recognised is defined by the Incoterm of the relevant trade.

Risk management fees are calculated on a lot by lot basis and revenue is recognised on completion of the trade.

> Advisory, corporate finance and investment management fees

Revenue on subscription fees is recognised over the period of the contract as performance obligations are satisfied on an ongoing basis. Revenue on other advisory fees is considered on a case by case basis and is recognised in accordance with the contract.

Revenue on investment management fees relates to stand alone services rather than ongoing work and is recognised upon completion of the performance obligations specified within the contract.

> Trading sales of physical goods

Revenue on sales of physical goods is recognised on the date when substantially the risks and rewards of owning the physical goods are transferred to the counterparty, the date of which is determined with reference to the Incoterm of that specific trade.

> Trading derivative contracts

Physical forward contracts are recognised on a trade date basis at the best estimate available at that time, since the Directors believe such contracts are in substance financial instruments. The best estimate is derived from the daily quoted settlement price of the derivative contract.

Futures contracts and forward foreign exchange traded contracts which are taken out to hedge price risk associated with underlying physical trades are valued on a mark-to-market on a daily basis.

Key sources of estimation uncertainty

Provision for doubtful receivables

The trade receivables balances recorded in the Consolidated statement of financial position comprise a relatively small number of large balances. A full line by line review of trade receivables is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible. The provision for doubtful receivables at year end was $619,000 (2020: $816,000).

Fair value of financial assets and liabilities held for trading

As at 31 December 2021, some of the Group's financial assets and liabilities that are held for trading were not traded in an

active market and their fair value has had to be estimated using valuation techniques. Valuations for certain investments required the use of inputs that could not be derived from current market prices. Refer to note 33 for more details about the methods and assumptions used in estimating fair values and a sensitivity analysis.

Discount rate

The Group initially measures its lease liabilities as the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate of 3.75%. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Useful economic lives of intangible assets

Useful economic lives have been assessed on the basis of the directors' experience of typical lives of similar assets in comparable use patterns. Although, on occasion, assets will be used past a typical useful economic life, the lives applied are considered the directors' best available estimate.

4. REVENUE

An analysis of the Group's revenue, all continuing operations, is as follows:

	2021 $'000	2020 $'000
Trading, brokerage and advisory	**3,133,250**	2,384,230

The Group continues to operate in Europe, North America, South America, Asia, and Africa.
The above is not intended to comply with IFRS 8 "Operating Segments" which does not apply to the Group.

5. OPERATING EXPENSES

The Group's operating profit for the year is stated after charging:

	Notes	2021 $'000	2020 $'000
Cost of physical goods		**3,019,090**	2,314,582
Depreciation of property, plant and equipment	11	**1,967**	1,673
Amortisation of intangible assets	13	**2,363**	1,745
Staff costs	7	**31,043**	29,721
Net foreign exchange (gains)/losses		**(478)**	679
Operating lease rentals		**63**	111

Cost of physical goods includes the cost of physical products, freight, haulage, insurance and other related costs to provide the product to the final customer.

6. AUDITOR'S REMUNERATION

	2021 $'000	2020 $'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**235**	232
Fees payable to the Company's auditor and its associates for other services to the Group:		
- The audit of financial statements of the company's subsidiaries	**190**	154
- Other services relating to taxation	**218**	216
- All other services	**15**	9
	658	611

Fees payable to the Company's auditors for non-audit services to the Company itself are not disclosed in the financial statements of CGL because the Company's consolidated financial statements are required to disclose such fees on a consolidated basis.

7. STAFF COSTS AND DIRECTORS EMOLUMENTS

Staff costs for the Group were as follows:

	2021 $'000	2020 $'000
Wages and salaries	**26,916**	26,390
Social security costs	**3,034**	2,420
Pension costs	**1,093**	911
	31,043	29,721

The pension scheme is a defined contribution scheme. Pension costs of $124,000 were accrued for as at 31 December 2021 (2020: $151,000).
The average number of persons employed by the Group, including directors, during the year analysed by category was:

	2021 Number	2020 Number
Broking and trading	**108**	101
Administration	**152**	131
	260	232

Staff costs for the Company were as follows:

	2021 $'000	2020 $'000
Staff costs:		
Wages and salaries	**13,388**	15,407
Social security costs	**1,833**	1,550
Pension costs	**753**	616
	15,974	17,573

The average number of persons employed by the Company, including directors, during the year analysed by category was:

	2021 Number	2020 Number
Broking and trading	**45**	43
Administration	**85**	77
	130	120

Directors’ emoluments for the Group and Company were as follows:

	2021 $’000	2020 $’000
Directors' emoluments		
Total emoluments	**2,871**	2,199
Total Company contributions to money purchase pension schemes	**-**	-
Share based payments	**622**	769
	3,493	2,968

No director exercised share options in the year (2020: one). Five directors were granted share awards during the year (2020: five). The share price at date of exercise was $83.68 (2020: $73.92).

	2021 $’000	2020 $’000
Highest paid director		
Emoluments	**692**	440
Share based payments	**132**	299
	824	739

The highest paid Director did not exercise share options in the year (2020: one) and was granted share awards in the year (2020: one).

8. FINANCE COST

	2021 $’000	2020 $’000
Interest payable on transaction financing loans	**16,299**	12,159
Interest payable on lease liabilities	**330**	225
	16,629	12,384

9. FINANCE INCOME

	2021 $’000	2020 $’000
Interest receivable	**12,829**	13,539

10. TAXATION

	2021 $’000	2020 $’000
Current tax		
UK tax in respect of the current year	**2,909**	2,093
Adjustment in respect of prior years	**(481)**	(573)
Overseas tax charge in respect of the current year	**1,674**	1,082
	4,102	2,602
Deferred tax		
In respect of the current year	**962**	196
In respect of the prior year	**398**	266
	1,360	462
Total taxation charge	**5,462**	3,064

Tax has been calculated using an estimated annual effective tax rate of 23.6% (2020: 22.7%) on profit before tax. The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 $'000	2020 $'000
Reconciliation of effective tax rate		
Profit before taxation	**23,137**	13,524
Tax using the Company's domestic taxation rate 19% (2020: 19%)	**4,396**	2,569
Taxation effects of:		
Deferred tax not recognised	**24**	238
Non-taxable and non-deductible items	**(88)**	(31)
Foreign exchange differences	**(58)**	54
Fixed asset differences	**468**	(4)
Other differences	**(215)**	(166)
Differing tax rates in different jurisdictions	**566**	213
Current year losses	**(114)**	29
Short term timing differences	**176**	(11)
Adjustments in respect of prior years	**307**	173
	5,462	3,064

11. PROPERTY, PLANT AND EQUIPMENT – GROUP

The net book value of the Group's property, plant and equipment can be analysed as follows:

	2021 $'000	2020 $'000
Property, plant and equipment owned	**3,168**	2,180
Right-of-use assets	**3,561**	4,062
	6,729	6,242

Property, plant and equipment owned	Assets under construction $'000	Leasehold improvements $'000	Furniture and equipment $'000	Computer assets $'000	Motor vehicles $'000	Total $'000
Cost						
At 1 January 2020	–	1,689	1,856	5,082	6	**8,633**
Additions	109	295	123	438	–	**965**
Disposals	–	(959)	(279)	(1,778)	–	**(3,016)**
Transfers	–	–	–	–	–	**-**
Retranslation	–	(48)	(47)	(19)	–	**(114)**
At 31 December 2020	109	977	1,653	3,723	6	**6,468**
Additions	–	1,177	422	248	–	**1,847**
Disposals	–	(168)	(28)	(29)	–	**(225)**
Transfers	(109)	109	–	–	–	-
Retranslation	–	(8)	(14)	(7)	–	**(29)**
At 31 December 2021	–	2,087	2,033	3,935	6	**8,061**
Depreciation						
At 1 January 2020	–	672	1,083	4,530	6	**6,291**
Charge for the period	–	292	212	163	–	**667**
Disposals	–	(526)	(271)	(1,778)	–	**(2,575)**
Retranslation	–	(47)	(27)	(21)	–	**(95)**
At 31 December 2020	–	391	997	2,894	6	**4,288**
Charge for the period	–	305	255	266	–	**826**
Disposals	–	(168)	(20)	(27)	–	**(215)**
Retranslation	–	(2)	(1)	(3)	–	**(6)**
At 31 December 2021	–	526	1,231	3,130	6	**4,892**
Net book amount						
At 31 December 2020	109	586	656	829	–	**2,180**
At 31 December 2021	–	1,561	802	805	–	**3,168**

Right-of-use assets

The Group leases many assets including buildings, warehouses and vehicles. Information about leases for which the Group is a lessee is presented below.

	Buildings $'000	Other $'000	**Total $'000**
At 1 January 2020	4,804	66	**4,870**
Additions	758	23	**781**
Depreciation	(962)	(44)	**(1,006)**
Disposals	(583)	–	**(583)**
At 31 December 2020	4,017	45	**4,062**
Additions	613	28	**641**
Depreciation	(1,102)	(40)	**(1,142)**
Disposals	–	–	**–**
At 31 December 2021	3,528	33	**3,561**

The Group leases buildings for its office space. The lease of office space typically runs for a period of 5-10 years. Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Group to make payments that relate to property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually. There are no termination clauses or extension clauses in the leases which would materially affect the future cash outflows in the lease liabilities.

The Group also leases vehicles and equipment, with lease terms of three to five years.

12. PROPERTY, PLANT AND EQUIPMENT – COMPANY

	2021 $'000	2020 $'000
Property, plant and equipment owned	**1,491**	749
Right-of-use assets	**1,754**	2,203
	3,245	2,952

Property, plant and equipment owned	Leasehold improvements $'000	Furniture and equipment $'000	Computer assets $'000	Motor vehicles $'000	**Total $'000**
Cost					
At 1 January 2020	1,032	609	4,217	–	**5,858**
Additions	160	18	398	–	**576**
Disposals	(958)	(278)	(1,750)	–	**(2,986)**
Transfers	–	–	–	–	**–**
At 31 December 2020	234	349	2,865	–	**3,448**
Additions	868	213	134	–	**1,215**
Disposals	–	–	–	–	**–**
Transfers	–	–	–	–	**–**
At 31 December 2021	1,102	562	2,999	–	**4,663**
Depreciation					
At 1 January 2020	462	454	4,038	–	**4,954**
Disposals	(526)	(271)	(1,749)	–	**(2,546)**
At 31 December 2020	40	244	2,415	–	**2,699**
Charge for the period	173	79	221	–	**473**
Disposals	–	–	–	–	**–**
At 31 December 2021	213	323	2,636	–	**3,172**
Net book amount					
At 31 December 2020	194	105	450	–	**749**
At 31 December 2021	889	239	363	–	**1,491**

Right-of-use assets

The Company leases many assets including buildings, warehouses and vehicles. Refer to note above for details of the leases. Information about leases for which the Company is a lessee is presented below.

	2021 $'000	2020 $'000
Buildings		
At 1 January	**2,203**	2,763
Additions	**83**	–
Depreciation	**(532)**	(560)
At 31 December	**1,754**	2,203

13. INTANGIBLE ASSETS – GROUP AND COMPANY

	Work in Progress $'000	Software $'000	**Total $'000**
Cost			
At 1 January 2020	1,636	2,885	**4,521**
Additions	2,725	–	**2,725**
Disposals	(133)	(49)	**(182)**
Transfers	(3,853)	3,853	**–**
At 31 December 2020	375	6,689	**7,064**
Additions	2,649	–	**2,649**
Disposals	(16)	–	**(16)**
Transfers	(2,434)	2,434	**–**
At 31 December 2021	574	9,123	**9,697**
Amortisation			
At 1 January 2020	–	991	**991**
Amortisation charge	–	1,745	**1,745**
Disposals		(49)	**(49)**
At 31 December 2020	–	2,687	**2,687**
Amortisation charge	–	2,447	**2,447**
Disposals	–	–	**–**
At 31 December 2021	–	5,134	**5,134**
Net book amount			
At 31 December 2020	375	4,002	**4,377**
At 31 December 2021	574	3,989	**4,563**

14. INVESTMENT IN SUBSIDIARIES – COMPANY

	2021 $'000	2020 $'000
Cost and net book value		
At 1 January	**10,003**	9,967
Additions	**1,435**	36
Impairment	**–**	–
At 31 December	**11,438**	10,003

Details of the investments in which the Company holds directly and indirectly at 31 December 2021 are as follows.

Company name	**Country of incorporation**	**Parent Company**	**% holdings and voting rights**
C. Czarnikow Sugar Futures Limited	Great Britain	CGL	100%
C. Czarnikow Sugar Limited	Great Britain	CGL	*100%
Sugarworld Limited	Great Britain	CGL	*100%
C. Czarnikow Sugar Inc. ("CSI")	United States of America	CGL	100%
C. Czarnikow Sugar (East Africa) Limited	Kenya	CGL	100%
C. Czarnikow Sugar Pte Limited	Republic of Singapore	CGL	100%
C. Czarnikow Sugar (Mexico) SA de CV	Mexico	CGL	100%
Czarnikow Servicios Personales (Mexico) SA de CV	Mexico	CGL	100%

Company name	Country of incorporation	Parent Company	% holdings and voting rights
C. Czarnikow Sugar (India) Private Limited	India	CGL	100%
C. Czarnikow Sugar (Guangzhou) Company Limited	China	CGL	100%
Sucris Limited	Israel	CGL	*50%
Sucarim (C.I.S.T.) Ltd	Israel	CGL	100%
Czarnikow Futures Inc.	United States of America	CSI	*100%
Czarnikow Brazil Ltda	Brazil	CGL	100%
Czarnikow Italia SRL	Italy	CGL	100%
Czarnikow Tanzania Limited	Tanzania	CGL	100%
Czarnikow Thailand Limited	Thailand	CGL	100%
Czarnikow Vietnam Limited	Vietnam	CGL	100%
Czarnikow Supply Chain Sales for Food and Beverage Ingredients Bahrain S.P.C.	Bahrain	CGL	100%

* Dormant Company

The principal activities of all subsidiaries are the same as that of the Group.
Registered addresses for subsidiaries are disclosed in note 42.

15. JOINT VENTURE (JV)

The Group, through its subsidiary in Brazil, holds a stake in the jointly-owned subsidiary of CZ Energy Comercializadora de Etanol S.A. (“CZ Energy”) through the subscription of 4,900,000 in common shares paid up at the issue price of BRL $1.00 per share, totaling BRL $4,900,000 (USD $1,301,495). CZ Energy’s stake is presented as follows, Czarnikow 49%, Vale do Açúcar e Álcool S.A. 26% and Canápolis e Açúcar e Etanol S.A. 25%. The Group accounts for its investment in CZ Energy comercializadora de Etanol S.A. using the equity method. Below is the cumulative loss since inception under the equity method.

							2021 $’000
Subsidiary	**Country**	**Holding**	**Assets**	**Liabilities**	**Equity**	**Cumulative losses**	**Equity Method**
CZ Energy	Brazil	49%	1,880	39	1,841	49	**24**

Investment movement in JV	**2021 BRL $’000**	2020 BRL $’000
Share capital	**10,000**	10,000
Percentage holding	**49%**	49%
	USD $’000	USD $’000
Equity – CZ Energy	**1,841**	1,841
Investment in JV	**902**	1,165
Equity method - loss in year	**65**	(2)
Foreign currency re-translation of the investment	**(65)**	(261)
Net book value	**902**	902

16. INVENTORIES - GROUP

	2021 $’000	2020 $’000
Physical goods	**152,173**	116,613

17. INVENTORIES – COMPANY

	2021 $’000	2020 $’000
Physical goods	**110,450**	84,972

18. TRADE AND OTHER RECEIVABLES – GROUP

	2021 $’000	2020 $’000
Trade receivables	**447,572**	292,237
Less: provision for doubtful receivables	**(619)**	(816)
Net trade receivables	**446,953**	291,421
Amounts owed from Parent Company	**1,586**	938
Other receivables and prepayments	**5,402**	6,823
	453,941	299,182

Trade receivables and other receivables are the only financial assets held at amortised cost. The Directors consider that the carrying amount of these financial assets are a reasonable approximation of their fair value due to their short maturities. The Group has no standard payment terms, owing to the nature of our business, which has a wide range of international clients and hence requires tailored payment solutions. Trade receivables are non-interest bearing.

A full line by line review of financial assets held for trading balances is carried out at the end of each month.

In respect of trade receivables, the Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is assessed by the Credit Committee. Trade receivables past due are subject to additional credit control procedures and are reviewed on a weekly basis. Trade receivables are only written off when there is no reasonable expectation of recovery.

12 month and lifetime expected credit losses are estimated based on historical loss rates adjusted where evidence is available that different rates are likely to apply in the future.

As at 31 December 2021, trade receivables of $14.1 million (2020: $17.3 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2021 $'000	2020 $'000
Up to 3 months past due	**12,221**	9,459
3 to 6 months past due	**735**	4,492
Over 6 months past due	**1,112**	3,343
	14,068	17,294

19. TRADE AND OTHER RECEIVABLES – COMPANY

	2021 $'000	2020 $'000
Trade receivables	**387,114**	255,353
Less: provision for doubtful receivables	**(619)**	(816)
Net trade receivables	**386,495**	254,537
Amounts owed from Parent Company	**1,586**	938
Amounts owed from affiliated companies	**28,705**	15,595
Other receivables and prepayments	**2,688**	2,250
	419,474	273,320

As at 31 December 2021, trade receivables of $11.2 million (2020: $16.7 million) were past due but not impaired.
The ageing analysis of these receivables is as follows:

	2021 $'000	2020 $'000
Up to 3 months past due	**10,223**	9,231
3 to 6 months past due	**487**	4,173
Over 6 months past due	**445**	3,276
	11,155	16,680

20. TRADE AND OTHER PAYABLES - GROUP

	2021 $'000	2020 $'000
Transaction financing loans	**458,187**	272,631
Trade payables	**199,007**	122,743
Other payables and accruals	**12,715**	15,999
Leases – Current	**1,149**	1,013
Total current trade and other payables	**671,058**	412,386
Leases – Non-current	**3,561**	4,301
	674,619	416,687

21. TRADE AND OTHER PAYABLES - COMPANY

	2021 $'000	2020 $'000
Transaction financing loans	**350,334**	199,846
Trade payables	**180,339**	104,240
Amounts owed to affiliated companies	**78,298**	60,216
Other payables and accruals	**9,235**	9,978
Leases –Current	**706**	674
Total current trade and other payables	**618,912**	374,954
Leases – Non-current	**1,750**	2,460
	620,662	377,414

22. DEFERRED TAX - GROUP

The movements in deferred tax assets and liabilities during the year, by category, are as follows:

	Accelerated capital allowances $'000	Short term timing differences $'000	Tax losses $'000	**Total $'000**
At 1 January 2020	(132)	1,131	464	**1,463**
Deferred tax asset	4	1,147	464	**1,615**
Deferred tax liability	(136)	(16)	–	**(152)**
Adjustments to prior period	(264)	11	(13)	**(266)**
Credited/(charged) directly to profit or loss	241	(88)	(349)	**(196)**
At 31 December 2020	(155)	1,053	102	**1,001**
Deferred tax asset	10	1,297	102	**1,409**
Deferred tax liability	(165)	(244)	–	**(409)**
Adjustments to prior period	(440)	42	–	**(398)**
Charged directly to profit or loss	(395)	(466)	(101)	**(962)**
At 31 December 2021	(990)	630	1	**(359)**
Deferred tax asset	13	1,305	1	**1,319**
Deferred tax liability	(1,003)	(675)	–	**(1,678)**

23. DEFERRED TAX - COMPANY

The movements in deferred tax assets and liabilities during the year, by category, are as follows:

	Accelerated capital allowances $'000	Short term timing differences $'000	Tax losses carried forward and other deductions $'000	**Total $'000**
At 1 January 2020	(124)	521	–	**397**
Deferred tax asset	–	521	–	**521**
Deferred tax liability	(124)	–	–	**(124)**
Adjustments to prior period	(263)	–	–	**(263)**
Credited/(charged) directly to profit or loss	227	98	–	**325**
At 31 December 2020	(160)	619	–	**459**
Deferred tax asset	–	619	–	**619**
Deferred tax liability	(160)	–	–	**(160)**
Adjustments to prior period	(440)	42	–	**(398)**
Credited directly to profit or loss	(391)	(92)	–	**(483)**
At 31 December 2021	(991)	569	–	**(422)**
Deferred tax asset		569	–	**569**
Deferred tax liability	(991)	–	–	**(991)**

24. SHARE CAPITAL

	2021 $'000	2020 $'000
Authorised, allotted, issued and fully paid		
1,000,000 ordinary shares of £1 each	**1,511**	1,511

25. CASH FLOW INFORMATION - GROUP

(a) Net cash generated from/(used in) operating activities	**2021 $'000**	2020 $'000
Profit before tax	**23,179**	13,541
Depreciation	**1,967**	1,673
Amortisation	**2,447**	1,745
Loss on disposal on property and equipment	**10**	441

	2021 $'000	2020 $'000
Loss on disposal on intangibles	**16**	133
Loss on disposal of leases	**-**	583
(Increase)/decrease in inventories	**(35,560)**	71,828
Increase in trade and other receivables	**(154,767)**	(86,787)
(Increase)/decrease in financial assets held for trading	**(102,719)**	(87,034)
Increase in trade and other payables	**72,979**	37,233
Increase /(decrease) in financial liabilities held for trading	**11,533**	97,946
Exchange profit/(loss) on elimination of Group assets and liabilities due to retranslation of subsidiaries	**27**	(445)
Interest income	**(12,829)**	(13,539)
Interest paid	**16,629**	12,384
	(177,087)	49,702
Income tax paid	**(3,391)**	(1,667)
Elimination of non cash share based payment	**3,821**	134
Net cash generated from/(used in) operating activities	**(176,657)**	48,169

(b) Reconciliation of liabilities arising from financing activities	Transaction financing loans $'000	Leases – current and non current $'000	**Total $'000**
At 1 January 2020	(318,274)	(6,099)	**(324,373)**
Cash flow	45,643	1,009	**46,652**
Interest	–	(224)	**(224)**
At 31 December 2020	(272,631)	(5,314)	**(277,945)**
At 1 January 2021	(272,631)	(5,314)	**(277,945)**
Cash flow	(185,556)	977	**(184,579)**
Interest	–	(329)	**(329)**
At 31 December 2021	(458,187)	(4,666)	**(462,853)**

26. CASH FLOW INFORMATION - COMPANY

Net cash (used in)/generated from operating activities

	2021 $'000	2020 $'000
Profit before tax	**18,516**	9,111
Depreciation	**922**	851
Amortisation	**2,447**	1,745
Loss on disposal on property and equipment	**–**	440
Loss on disposal on intangibles	**16**	133
Impairment of investment in subsidiary	**–**	–
Decrease/(increase) in inventories	**(25,478)**	66,997
Increase in trade and other receivables	**(146,159)**	(66,394)
(Increase)/decrease in financial assets held for trading	**(103,459)**	(85,204)
Increase in trade and other payables	**93,500**	28,647
Increase /(decrease) in financial liabilities held for trading	**15,593**	95,658
Exchange loss on elimination on cash and cash equivalents	**265**	(319)
Interest income	**(11,022)**	(12,502)
Interest paid	**11,867**	8,787
	(142,992)	47,950
Income tax paid	**(1,917)**	(539)
Elimination of non-cash share based payment	**246**	134
Net cash generated from/(used in) operating activities	**(144,663)**	47,545

(b) Reconciliation of liabilities arising from financing activities	Transaction financing loans $'000	Leases – current and non current $'000	Total $'000
At 1 January 2020	(244,634)	(3,693)	**(248,327)**
Cash flow	44,788	681	**45,469**
Interest	–	(122)	**(122)**
At 31 December 2020	(199,846)	(3,134)	**(202,980)**
Cash flow	(150,488)	782	**(149,706)**
Interest	–	(104)	**(104)**
At 31 December 2021	(350,334)	(2,456)	**(352,790)**

27. LEASE LIABILITIES – GROUP

Contractual undiscounted cash flows of lease liabilities are as follows:

	2021 $'000	2020 $'000
Due:		
Within one year	**1,394**	1,313
Within two to five years	**3,617**	4,407
After five years	**292**	626
	5,303	6,346
Lease liabilities included in the statement of financial position at 31 December:		
Current	**1,149**	1,013
Non-current	**3,561**	4,301
	4,710	5,314

28. LEASE LIABILITIES – COMPANY

Contractual undiscounted cash flows of lease liabilities are as follows:

	2021 $'000	2020 $'000
Due:		
Within one year	**786**	778
Within two to five years	**1,870**	2,626
After five years	**–**	–
	2,656	3,404
Lease liabilities included in the statement of financial position at 31 December:		
Current	**706**	674
Non-current	**1,750**	2,460
	2,456	3,134

29. PENSION COMMITMENTS

The Group contributes to defined contribution pension schemes. The amounts recognised in the Consolidated statement of profit or loss and other comprehensive income in respect of these provisions are as follows:

Pension cost recognised in the year:	**2021 $'000**	2020 $'000
Defined contribution scheme	**1,093**	911

No amounts were outstanding at the Consolidated statement of financial position date (2020: $nil) in respect of these pension commitments.

30. SUBSEQUENT EVENTS

To the date of the authorisation of these financial statements, there has not been any matter occurring subsequent to the end of the financial period that has affected significantly, or may significantly affect the operations of the Group.

31. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its Parent Company, its subsidiaries and with its Directors. The Group did not have material transactions or have year end balances owed to or from its Directors in the year ended 31 December 2021 (2020: nil). In the course of normal operations, related party transactions entered into by the Group have been contracted on an arm's length basis.

Material related party transactions entered into throughout the year and material year end balances with its Parent Company and subsidiaries were as follows:

	2021 $'000	2020 $'000
Sales to subsidiaries on normal trading terms	**67,713**	34,710
Purchases from subsidiaries on normal trading terms	**(173,467)**	(110,295)
Administrative revenue – management fee at arm's length	**(1,661)**	(1,753)
Administrative expenses – management fee at arm's length	**6,491**	4,702
Intercompany interest expense	**239**	204
	(100,685)	(72,432)
Amounts owed from parent	**1,586**	938
Amounts due to affiliated companies	**(49,593)**	(44,621)
	(48,007)	(43,683)

A list of the Company's subsidiaries as at 31 December 2021 is presented in note 14.

Key management

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group, or in relation to the Company. In the opinion of the Board, the Group and Company's key management are the Directors of the Group. Information regarding their compensation is given in note 7 in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

32. SHARE BASED PAYMENTS - GROUP

The Group operates an employee trust which was established to encourage, motivate and retain employees. All expenses incurred are settled directly by the Group and charged to profit or loss as incurred. The Trust holds 150,000 (2020: 150,000) shares in the Company.

Share Options and Deferred Share awards

The Group makes conditional share awards to some employees under annual schemes based on the performance of the individual and of the Group. The schemes award the employee a defined number of shares over a vesting period ranging from one to three years after the grant date of the award. Options granted to employees in prior years have now been fully exercised. These were equity settled and were exercisable at nil cost to the employee.

The charge to the profit or loss is adjusted based on an estimate of awards that will lapse prior to vesting. It is estimated that the number of lapses is 0%. The Directors consider that the fair value of share awards is represented by the fair price of the Parent Company's shares as at the date the award is granted.

Details of the share awards outstanding during the year are as follows:

	2021 Number	2020 Number
Outstanding at beginning of period	**20,312**	26,928
Granted during the period	**36,784**	13,541
Exercised during the period	**(13,540)**	(20,157)
Outstanding at the end of the period	**43,556**	20,312
Exercisable as follows:		
Immediately exercisable	**–**	1,000
Exercisable March 2020	**–**	–
Exercisable March 2021	**27,677**	12,540
Exercisable March 2022	**15,879**	6,772
	43,556	20,312

33. FINANCIAL INSTRUMENTS - GROUP

The principal financial risks to which the Group is exposed are commodity price risk, foreign currency exchange rate risk as well as interest rate risk, liquidity risk and credit risk. The Board has approved policies for the management of these risks, as set out in the Strategic report.

Group classification	Note	Fair value through profit or loss $'000	Amortised cost $'000	Total carrying value $'000
31 December 2021				
Trade receivables	18	–	446,953	**446,953**
Other receivables and prepayments	18	–	5,402	**5,402**
Financial assets held for trading		298,431	–	**298,431**
Transaction financing loans	20	–	(458,187)	**(458,187)**
Trade payables	20	–	(199,007)	**(199,007)**
Financial liabilities held for trading		(145,333)	–	**(145,333)**

Group classification	Note	Fair value through profit or loss $'000	Amortised cost $'000	**Total carrying value $'000**
Other payables and accruals	20	–	(12,715)	**(12,715)**
Leases – current and non-current	20	–	(4,666)	**(4,666)**
		153,098	(222,220)	**(69,122)**
31 December 2020				
Trade receivables	18	–	291,421	**291,421**
Other receivables and prepayments	18	–	6,823	**6,823**
Financial assets held for trading		195,712	–	**195,712**
Transaction financing loans	20	–	(272,631)	**(272,631)**
Trade payables	20	–	(122,743)	**(122,743)**
Financial liabilities held for trading		(133,800)	–	**(133,800)**
Other payables and accruals	20	–	(15,999)	**(15,999)**
Leases – current and non-current	20	–	(5,314)	**(5,314)**
		61,912	(118,443)	**(56,531)**

Trade receivables, other receivables, trade payables and other payables and amounts due to/by the Group and Company have short times to maturity. For this reason, their carrying amounts at the year-end approximate fair value.

Transaction financing loans are recognised at book value with interest accrued over the relevant period. This approximates the result of measuring loans at amortised cost. These are not discounted due to their short term nature.

The Group and Company's derivative financial assets, financial liabilities and investments are measured at fair value on the basis of publicly quoted prices or market conditions on the Statement of financial position date.

The Group's lease liabilities are measured as the present value of the lease payments that are not paid at commencement date, discounted using the Group's incremental borrowing rate. This approximates the result of measuring leases at amortised cost.

The fair value of the Group and Company's financial assets and liabilities are based on quoted market prices. Below is the classification of the financial instruments valued at fair value, classified under the fair value hierarchy.

Group fair value hierarchy	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Total carrying value $'000**
31 December 2021				
Financial assets held for trading	22,801	269,760	5,870	**298,431**
Financial liabilities held for trading	(10,383)	(130,497)	(4,453)	**(145,333)**
	12,418	139,263	1,417	**153,098**
31 December 2020				
Financial assets held for trading	6,625	189,087	–	**195,712**
Financial liabilities held for trading	(20,984)	(112,816)	–	**(133,800)**
	(14,359)	76,271	–	**61,912**

There were no transfers between levels during the period. The valuation technique used in determining the fair value measurement of level 2 financial instruments is marking to market by product and origin. The valuation technique during the period has been changed, with level 3 financial instruments being marked to market by product.

Sensitivity analysis

For financial instruments held, the Group and Company have used a sensitivity analysis technique that measures the changes in fair value of the Group and Company's financial instruments to hypothetical changes in market rates, being the most relevant of the principal financial risks faced by the Group and Company. The analysis shows forward-looking estimates of market risk assuming certain adverse market conditions occur. Actual results and market conditions in the future may be materially different from those projected and changes in the instruments held or in the financial markets in which the Group and Company operates could cause gains or losses to exceed the amounts projected. This is a method of analysis used to assess risk and should not be considered a projection of likely future events and losses.

The sensitivity analysis assumes an instantaneous 1% movement of US dollars against other currencies and an instantaneous 5% movement in the underlying commodity futures prices relating to commodity futures and options over them at the balance sheet date. All other variables are assumed to be constant. Such analysis is for illustrative purposes only as, in practice, market rates rarely change in isolation.

		Fair value change: favourable/(unfavourable)			
		Exchange rate movement		Commodity price movement	
Group	Fair value	+1% $'000	-1% $'000	+5% $'000	-5% $'000
At 31 December 2021					
Trade receivables	446,953	(690)	690	–	–
Financial assets held for trading	298,431	(3,735)	3,735	37,276	(37,276)
Trade payables	(199,007)	514	(514)	–	–
Financial liabilities held for trading	(145,333)	3,863	(3,863)	(37,213)	37,213
Transaction financing loans	(458,187)	209	(209)	–	–
	(57,143)	161	(161)	63	(63)
At 31 December 2020					
Trade receivables	291,421	(410)	410	–	–
Financial assets held for trading	195,712	(4,396)	4,396	73,566	(73,566)
Trade payables	(122,743)	280	(280)	–	–
Financial liabilities held for trading	(133,800)	4,270	(4,270)	(73,625)	73,625
Transaction financing loans	(272,631)	198	(198)	–	–
	(42,041)	(58)	58	(59)	59

34. FINANCIAL INSTRUMENTS - COMPANY

The principal financial risks to which the Company is exposed are commodity price risk, foreign currency exchange rate risk as well as interest rate risk, liquidity risk and credit risk. The Board has approved policies for the management of these risks, as set out in the Directors' report.

Company classification	Note	Fair value through profit or loss $'000	Amortised cost $'000	**Total carrying value $'000**
31 December 2021				
Trade receivables	19	–	386,495	**386,495**
Other receivables and prepayments	19	–	2,688	**2,688**
Financial assets held for trading		295,715	–	**295,715**
Amounts owed from Parent company	19	–	1,586	**1,586**
Amounts owed from affiliated companies	19	–	28,705	**28,705**
Amounts owed to affiliated companies	21	–	(78,298)	**(78,298)**
Transaction financing loans	21	–	(350,334)	**(350,334)**
Trade payables	21	–	(180,339)	**(180,339)**
Financial liabilities held for trading		(144,710)	–	**(144,710)**
Other payables and accruals	21	–	(9,235)	**(9,235)**
Leases – current and non current	21	–	(2,456)	**(2,456)**
		151,005	(201,188)	**(50,183)**
31 December 2020				
Other receivables and prepayments	19	–	254,537	**254,537**
Financial assets held for trading	19	–	2,248	**2,248**
Amounts owed from Parent Company		191,716	–	**191,716**
Amounts owed from affiliated companies	19	–	938	**938**
Amounts owed to affiliated companies	19	–	15,595	**15,595**
Transaction financing loans	21	–	(60,216)	**(60,216)**
Trade payables	21	–	(199,846)	**(199,846)**
Financial liabilities held for trading	21	–	(104,240)	**(104,240)**
Other payables and accruals		(129,117)	–	**(129,117)**
Leases – current and non current	21	–	(9,978)	**(9,978)**
Leases – current and non current	21	–	(3,134)	**(3,134)**
		62,599	(104,096)	**(41,497)**

Refer to note 33 for Company classifications on assets and liabilities above.

Company fair value hierarchy	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Total carrying value $'000**
31 December 2021				
Financial assets held for trading	21,549	267,757	5,870	**295,176**
Financial liabilities held for trading	(10,383)	(129,877)	(4,453)	**(144,713)**
	11,166	137,880	1,417	**150,463**
31 December 2020				
Financial assets held for trading	5,224	186,492	-	**191,716**
Financial liabilities held for trading	(20,921)	(108,196)	-	**(129,117)**
	(15,697)	78,296	-	**62,599**

There were no transfers between levels during the period. The valuation technique used in determining the fair value measurement of level 2 financial instruments is marking to market by product and origin. There were no changes to the valuation techniques during the period.

Sensitivity analysis

Refer to note 33 for sensitivity analysis commentary.

		Fair value change: favourable/(unfavourable)			
		Exchange rate movement		Commodity price movement	
Company	Fair value	+1% $'000	-1% $'000	+5% $'000	-5% $'000
At 31 December 2021					
Trade receivables	386,495	(539)	539	–	–
Financial assets held for trading	295,175	(3,292)	3,292	37,276	(37,276)
Trade payables	(180,339)	278	(278)	–	–
Financial liabilities held for trading	(144,710)	3,446	(3,446)	(37,213)	37,213
Transaction financing loans	(350,334)	116	(116)	–	–
	6,287	9	(9)	63	(63)
At 31 December 2020					
Trade receivables	254,537	(265)	265	–	–
Financial assets held for trading	191,716	(4,310)	4,310	73,566	(73,566)
Trade payables	(104,240)	163	(163)	–	–
Financial liabilities held for trading	(129,117)	4,250	(4,250)	(73,625)	73,625
Transaction financing loans	(199,846)	76	(76)	–	–
	13,050	(86)	86	(59)	59

35. LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

36. LIQUIDITY AND INTEREST RISK TABLES - GROUP

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the discounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. All the variable rate instruments were based on short term LIBOR or SONIA rates. Sensitivity analysis has not been presented for liquidity risk as this is considered immaterial.

	Note	Less than 3 months $'000	**Total $'000**
At 31 December 2021			
Non-interest bearing	20	199,007	**199,007**
Variable interest rate instruments	20	458,187	**458,187**
		657,194	**657,194**
At 31 December 2020			
Non-interest bearing	20	122,743	**122,743**
Variable interest rate instruments	20	272,631	**272,631**
		395,374	**395,374**

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Note	0-3 months $'000	**Total $'000**
As at 31 December 2021			
Non-interest bearing	18	446,953	446,953
As at 31 December 2020			
Non-interest bearing	18	291,421	291,421

37. LIQUIDITY AND INTEREST RISK TABLES – COMPANY

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the discounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. All the variable rate instruments were based on short term LIBOR or SONIA rates.

	Note	Less than 3 months $'000	**Total $'000**
At 31 December 2021			
Non-interest bearing	21	180,339	**180,339**
Variable interest rate instruments	21	(350,334)	**(350,334)**
		(169,995)	**(169,995)**
At 31 December 2020			
Non-interest bearing	21	104,240	**104,240**
Variable interest rate instruments	21	(199,846)	**(199,846)**
		(95,606)	**(95,606)**

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Note	0-3 months $'000	**Total $'000**
As at 31 December 2021			
Non-interest bearing	19	386,495	**386,495**
As at 31 December 2020			
Non-interest bearing	19	254,537	**254,537**

38. CREDIT RISK MANAGEMENT

The Group reviews its overall trading commitments with its counterparties regularly, assessing the proportions between forward commitments, priced and unpriced, and realised business. Any balance of realised business may be reduced subsequently. There is no collateral held against assets. The carrying value of assets is the Group's maximum exposure to credit risk. Sensitivity analysis has not been presented for credit risk as potential credit risk of trade receivables is considered immaterial based on prior experience.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the transaction financing loans, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated statement of changes in equity.
The Company has no externally imposed capital resource requirements.

40. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Forward commitments

Forward commitments have been entered into in the ordinary course of business.

b) Guarantees

At 31 December 2021 the Group had outstanding guarantees to banks and financial institutions of $8.7 million (2020: $16.8 million).

41. CONTINGENT LIABILITIES

At 31 December 2021, the Group had no contingent liabilities (2020: $nil).

42. REGISTERED OFFICES

Subsidiary or joint venture	Address
> C. Czarnikow Sugar Futures Limited > C. Czarnikow Sugar Limited > Sugarworld Limited	Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB United Kingdom
> C. Czarnikow Sugar Inc. > Czarnikow Futures Inc.	333 SE 2nd Avenue, Suite 2860, Florida, 33131, United States of America
> C. Czarnikow Sugar (East Africa) Limited	I&M Bank House, Second Ngong Avenue, PO BOX 10517, GPO 00100, Nairobi, Kenya
> C. Czarnikow Sugar Pte Limited	3 Philip Street, #14-01 Royal Group Builiding, 048693, Singapore
> C. Czarnikow Sugar (Mexico) SA de CV > Czarnikow Servicios de Personal, SA de CV	Descartes #54 Int. 101, Col. Nueva Anzures, Ciudad de Mexico, 11590, Mexico
> C. Czarnikow Sugar (India) Private Limited	H.No. 1-8-373/A, Chiran Fort Lane, Begumpet, Hyderabad, 500003, India
> C. Czarnikow Sugar (Guangzhou) Company Limited	Room 17A01, 232 Zhong Shan 6th Road, Guangzhou, 510180, China
> Sucarim (C.I.S.T) Ltd	Harokmim 26, Holon, Azrieli Center Building B, Israel
> Sucris Limited	8th Galgalay haplada, Hezrlia, Israel
> Czarnikow Brazil Ltda	Av. Pres. Juscelino Kubitschek, 2041 - Torre D 11andar - Vila Olímpia, São Paulo - S São Paulo, Brasil
> Czarnikow Italia SRL	Via Borgogna, 2, 20122 Milano, Italia
> Czarnikow Tanzania Limited	7th Floor, Amani Place, Ohio Street, P.O. Box 38568, Dar Es Salaam, Tanzania
> Czarnikow (Thailand) Limited	1203, 12th Floor, Metropolis Building, 725 Sukhumvit Road, North Klongton, Wattana, 10110,Bangkok, Thailand
> Czarnikow Supply Chain Sales for Food and Beverage Ingredients Bahrain S.P.C.	Suite No. 1959 Diplomatic Commercial Office, Tower B, Building No 1565, Road 1722, Diplomatic Area, Manama 317, Bahrain
> Czarnikow (Vietnam) Limited	Level 16, Bitexco Financial Tower, 2 Hai Trieu Street, District 1, Ho Chi Minh, Vietnam
> CZ Energy Comercializadora de Etanol S.A. (CZ Energy)	Av. Pres. Juscelino Kubitschek, 2041 - Torre D 11andar - Vila Olímpia, São Paulo - SP São Paulo, Brasil

C. Czarnikow Sugar (Mexico) SA de CV and Czarnikow Servicios de Personal, SA de CV merged on 1 January 2022.
The impact on the Group is not material.

CORPORATE INFORMATION

CZARNIKOW GROUP LIMITED FIVE-YEAR CONSOLIDATED STATEMENT OF PROFIT OR LOSS, US$'000

for the year ended 31 December 2021	2017 $'000	2018 $'000	2019 $'000	2020 $'000	**2021** **$'000**
Revenue	1,921,358	1,680,125	1,800,406	2,384,230	**3,133,250**
Cost of sales	(1,881,124)	(1,641,168)	(1,757,481)	(2,332,542)	**(3,066,090)**
Gross profit	40,234	38,957	42,925	51,688	**67,160**
Administrative expenses	(30,049)	(30,862)	(32,612)	(39,302)	**(40,181)**
Other (expense)/income	(5)	(1)	–	–	**–**
Operating profit	10,180	8,094	10,313	12,386	**26,979**
Finance cost	(7,674)	(12,022)	(11,690)	(12,384)	**(16,629)**
Finance income	4,562	9,458	8,391	13,539	**12,829**
Profit before taxation	7,068	5,530	7,014	13,541	**23,179**
Taxation	(1,990)	(1,473)	(1,997)	(3,064)	**(5,462)**
Profit for the year	5,078	4,057	5,017	10,477	**17,717**
Other comprehensive income					
Exchange movement on foreign net investment	343	(864)	(290)	(406)	**(325)**
Revaluation reserve recycled to profit or loss	–	–	–	–	**–**
Total comprehensive income	3,846	5,421	4,727	10,071	**17,392**

CORPORATE INFORMATION

CZARNIKOW GROUP LIMITED FIVE-YEAR CONSOLIDATED STATEMENT OF FINANCIAL POSITION, US$’000

as at 31 December 2021	2017 $’000	2018 $’000	2019 $’000	2020 $’000	**2021 $’000**
Non-current assets					
Property, plant and equipment	2,643	2,596	7,212	6,242	**6,729**
Intangible assets	680	2,028	3,530	4,377	**4,563**
Investment in joint venture	–	–	1,165	902	**902**
Deferred tax assets	1,135	1,311	1,615	1,409	**1,319**
Total non-current assets	4,458	5,935	13,522	12,930	**13,513**
Current assets					
Inventories	171,594	156,421	188,441	116,613	**152,173**
Trade and other receivables	173,373	162,401	212,395	299,182	**453,949**
Financial assets held for trading	105,468	143,837	108,678	195,712	**298,431**
Current tax assets	203	84	1,904	534	**89**
Cash and cash equivalents	11,112	12,347	14,395	13,141	**12,170**
Total current assets	461,750	475,090	525,813	625,182	**916,812**
Total assets	466,208	481,025	539,335	638,112	**930,325**
Non-current liabilities					
Trade and other payables	–	–	4,991	4,301	**3,561**
Deferred tax liabilities	34	–	152	409	**1,678**
Total non-current liabilities	–	–	5,143	4,710	**5,239**
Current liabilities					
Trade and other payables	351,374	342,015	420,891	412,386	**671,057**
Financial liabilities held for trading	46,956	68,478	35,854	133,800	**145,333**
Current tax liabilities	1,478	1,097	3,035	2,599	**2,866**
Total current liabilities	399,808	411,590	459,780	548,785	**819,256**
Total liabilities	399,842	411,590	464,923	553,495	**824,495**
Net assets	66,366	69,435	74,412	84,617	**105,830**
Equity					
Share capital	1,511	1,511	1,511	1,511	**1,511**
Share premium account	6,611	6,611	6,611	6,611	**6,611**
Foreign currency translation reserve	(3,012)	(3,876)	(4,166)	(4,572)	**(4,897)**
Retained earnings	60,016	64,337	70,134	81,067	**100,357**
Capital contribution	1,240	852	322	–	**2,248**
Total equity	66,366	69,435	74,412	84,617	**105,830**

Notes

Intangible assets relate to internally generated software products, such as Czapp and Suite which are used internally to manage our business processes.

The investment in joint venture relates to a stake in CZ Energy Comercializadora de Etanol S.A. held through our subsidiary in Brazil.

Non-current trade and other payables relate to office lease liabilities that are due to be paid in more than one year. Following the introduction of IFRS 16, we have recorded operating leases as current and non-current liabilities with a corresponding asset being reflected within property, plant and equipment

CORPORATE INFORMATION

CZARNIKOW GROUP LIMITED FOUR-YEAR CONSOLIDATED STATEMENT OF CASH FLOWS, US$’000

for the year ended 31 December 2021	2018 $’000	2019 $’000	2020 $’000	**2021 $’000**
Profit before tax	5,530	7,014	13,541	**23,179**
Depreciation	615	1,457	1,673	**1,967**
Amortisation	262	672	1,745	**2,447**
Loss on disposal on property and equipment	16	4	441	**11**
Loss on disposal on intangibles	–	–	133	**16**
Loss on disposal on leases	–	–	583	**–**
(Increase)/decrease in inventories	15,173	(32,020)	71,828	**(35,560)**
(Increase)/decrease in trade and other receivables	10,972	(49,994)	(86,787)	**(154,767)**
Decrease/(increase) in financial assets held for trading	(38,369)	35,159	(87,034)	**(102,719)**
Increase in trade and other payables	3,484	6,988	37,233	**72,979**
(Decrease)/increase in financial liabilities held for trading	21,522	(32,624)	97,946	**11,533**
Elimination of the effect of exchange differences on Group assets and liabilities due to retranslation of subsidiaries	306	(1,423)	(445)	**27**
Interest income	(9,458)	(8,391)	(13,539)	**(12,829)**
Interest paid	12,022	11,690	12,384	**16,629**
	22,075	(61,468)	49,702	**(177,087)**
Income tax paid	(1,945)	(2,031)	(1,667)	**(3,391)**
Elimination of non-cash share-based payment	(124)	250	134	**3,821**
Net cash (used in)/generated from operating activities	20,006	(63,249)	48,169	**(176,657)**
Investing activities				
Purchase of property, plant and equipment	(646)	(296)	(965)	**(1,847)**
Lease additions	–	–	(781)	**(641)**
Development of intangible assets	(1,610)	(2,174)	(2,725)	**(2,649)**
Investment in joint venture	–	(1,165)	2	**(65)**
Interest received	9,458	8,391	13,539	**12,829**
Net cash generated from investing activities	7,202	4,756	9,070	**7,627**
Financing activities				
Proceeds from/(cost of) financing arrangements	(12,843)	72,050	(45,643)	**185,556**
Principal element of lease payments	–	(953)	(785)	**(604)**
Interest paid	(12,022)	(11,690)	(12,384)	**(16,629)**
Net cash (used in)/generated from financing activities	(24,865)	59,407	(58,812)	**168,323**
Net increase in cash and cash equivalents	2,343	914	(1,573)	**(707)**
Cash and cash equivalents at the beginning of the year	11,112	12,347	14,395	**13,141**
Effects of foreign exchange differences on cash and cash equivalents	(1,108)	1,134	319	**(264)**
Cash and cash equivalents at the end of the year	12,347	14,395	13,141	**12,170**

The following pages do not form part of the audited financial statements.

CORPORATE INFORMATION

GLOSSARY

An explanation of common terms and acronyms frequently used in this Report and our industry. Please also refer to our blogs and regular deep dives into supply chain topics and developments on our social media pages. See P104 for details.

BILL OF LADING
Transportation document for goods shipped by sea, issued by a carrier or its agent usually in the form of an Ocean bill (Marine bill of lading). It serves as an official receipt for goods taken on board the ship and proof of ownership (title) of the goods.

BIOENERGY/BIOMASS
Bioenergy is a form of renewable energy derived from biomass (organic material).

BORROWING BASE FACILITY
A credit facility where the working capital provided is secured by (or based on) the value of the borrower's receivables, inventory or other present assets. A syndicated borrowing base involves multiple lenders.

BREAKBULK
Cargo stored in a bulk shipping vessel in individual units: typically bags, drums or boxes.

BROKER LINE
An agreed funding amount up to which a trader or organisation can borrow to purchase commodities of a larger volume than they would otherwise be able to, using the underlying commodity as collateral.

CAKING
Occurs when changes in humidity and temperature cause sugar to clump or solidify.

CCL
C. Czarnikow Limited. Parent company of Czarnikow Group Limited.

CD (CERTIFICATE OF DEPOSIT) CDA/WA (AGRICULTURAL CERTIFICATE OF DEPOSIT/ AGRICULTURAL WARRANT)
Types of credit promised against agricultural products deposited in warehouses. A CDA is similar to a CD but offers greater security as it provides title to the product. A WA gives right to security as described in the corresponding CDA.

CGL
Czarnikow Group Limited. Principal operating company of C. Czarnikow Limited.

CMA (COLLATERAL MANAGEMENT AGREEMENT)
A tripartite agreement between bank(s), the cargo owner and the collateral management service provider which enables the bank to provide finance to the cargo owner under tighter controls over the collateral in a warehouse.

CO-GENERATION
In the sugar industry, process whereby a mill generates sugar and ethanol from sugar cane crushing and uses the ethanol generated to power to its operations.

DEMURRAGE
Compensation cost for delay when, for example, a commercial vessel is prevented from loading or discharging cargo within the stipulated time period.

DERIVATIVES
Securities whose price is dependent upon or derived from one or more underlying assets, such as options and futures 'derived' from shares, bonds, currencies, commodities etc.

ESOS (ENERGY SAVINGS OPPORTUNITY SCHEME)
Mandatory energy assessment scheme for large UK organisations.

ETCs (EXCHANGE-TRADED CONTRACTS)/ ETDs (EXCHANGE-TRADED DERIVATIVES)
For derivatives, standardised contracts (e.g. futures contracts and options) that are transacted on a recognised exchange.

EU PLASTICS PACKAGING TAX
A levy placed on non-recycled plastic waste. The current uniform call rate is €0.80 on a kilogram of plastic that is not recycled. The tax will take effect in the EEA and the UK.

FACILITY
The promise of a loan up to a certain amount which will be granted upon request, without collateral requirements. The loan is then used as operating capital to carry out activity, such as the movement of goods.

FCA (FINANCIAL CONDUCT AUTHORITY)
The conduct regulator for nearly 60,000 financial services firms and financial markets in the UK; and the prudential supervisor for 49,000 firms, including setting specific standards for 19,000 firms. Source: https://www.fca.org.uk/about/the-fca

FCR (FORWARDER'S CERTIFICATE OF RECEIPT)
Certificate prepared by freight forwarder to confirm it has taken over a consignment and assumes responsibility for the goods.

FOB (FREE ON BOARD)
International commercial term (or 'incoterm') describing sugar, or other commodity, that has been 'elevated' at a port onto a ship.

FUTURES

A form of derivative (see above) that allows the user to fix a price for a commodity at which they are then obliged to buy or sell.

GDP (GROSS DOMESTIC PRODUCT)

Value of all finished goods and services produced within a country, normally calculated annually, and commonly used as an indicator of a country's economic health.

GREEN FINANCING

A type of structured funding for business activities that does not negatively impact the environment; this may be green bonds, capital expenditure or working capital for sustainable initiatives.

HEDGING

Protective financial action which mitigates or decreases the risk of trading a commodity.

INDUSTRIAL CONSUMERS

For CZ, these are defined as food and beverage manufacturers and ethanol processors.

LIGHT ASSETS

Small or medium-sized assets/ infrastructure, typically warehouse facilities or sugar silos, facilitating logistics operations.

LETTER OF CREDIT (LC)

A document issued by a bank that authorises the seller of a commodity to draw an agreed amount of money under specified terms, as in a facility.

MAD/MAR

The Market Abuse Directive (MAD) was adopted in 2003 and established an EU-wide framework for tackling insider dealing and market manipulation. In April 2014, a new Market Abuse Regulation (MAR) and a new Directive on criminal sanctions (MAD II) were adopted and came into force in July 2016.

MASS BALANCE POSITION

The total volume that a supply chain participant has of a certain commodity. For VIVE participants, their volume of VIVE-verified sustainable sugar.

MERCOSUL/MERCOSUR

Southern Common Market trading bloc, initially established in 1991 by Argentina, Brazil, Paraguay and Uruguay. https://www.mercosur.int/en/

MiFID (MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE)

EU law that regulates investment services across member states of the European Economic Area. Its main objectives are to increase competition and consumer protection in investment services.

MT AND MTRV

Metric tonnes and Metric tonnes raw value.

NO. 5 WHITE SUGAR CONTRACT

White (refined) sugar is traded on the Intercontinental Exchange (ICE) Futures Europe in US$/metric tonne. It is officially traded as the White Sugar Futures contract but is commonly known as contract No. 5 (its former contract name).

NO. 11 RAW SUGAR CONTRACT

World market raw (unrefined) sugar is traded on the Intercontinental Exchange (ICE) Futures U.S. in USc/lb and is commonly known as the No. 11 raw sugar contract.

NON-RECOURSE LINE

A contract in which the lender cannot claim the loan amount and assumes the risk of non-payment if the buyer defaults.

OFF-TAKER

A buyer of goods who has agreed with the producer to purchase/sell portions of their future production.

OPTIONS

A type of derivative (see above) offering the option, but not the obligation, to buy or sell at a certain price.

OTC (OVER-THE-COUNTER)

Trading in derivatives on a market outside the jurisdiction of a recognised exchange.

PHYSICAL DELIVERY

Settlement of a futures contract characterised by the delivery of the goods to the buyer.

RECEIVABLES

All financial obligations owed to a company by its debtors or customers. This includes all debts owed, even if they are not currently due, which are recorded in the company's balance sheet.

SCOPE 1 EMISSIONS

The greenhouse gases directly emitted as a result of an organisation's actions, for example business travel. These must be disclosed as per SECR (q.v.) legislation.

SCOPE 2 EMISSIONS

The greenhouse gases emitted from energy sources purchased by an organisation, for example electricity and gas. These must be disclosed as per SECR (q.v.) legislation.

SCOPE 3 EMISSIONS

The greenhouse gases emitted as a result of an organisation's operations through the value chain. Disclosure of Scope 3 emissions is voluntary.

SECR (STREAMLINED ENERGY AND CARBON REPORTING)

A policy implemented by the UK Government that requires UK organisations to report their energy usage and climate impact.

SMA (STOCK MANAGEMENT AGREEMENT)

An agreement for a stock financing solution where the terms allow flexibility and the financing party does not require strong control over the commodity.

SYNTHETIC OWNERSHIP

Ownership taken on in the form of securities rather than by buying physical assets.

VMI (VENDOR-MANAGED INVENTORY)

Symbiotic approach to order fulfilment and inventory management whereby vendors manage the supply chain end to end and buyers share data on inventory, demand, forecasting and delivery parameters – to the benefit of both parties.

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To stay connected and informed, please check our corporate website, social media pages and Czapp, where we regularly share corporate and market information.

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