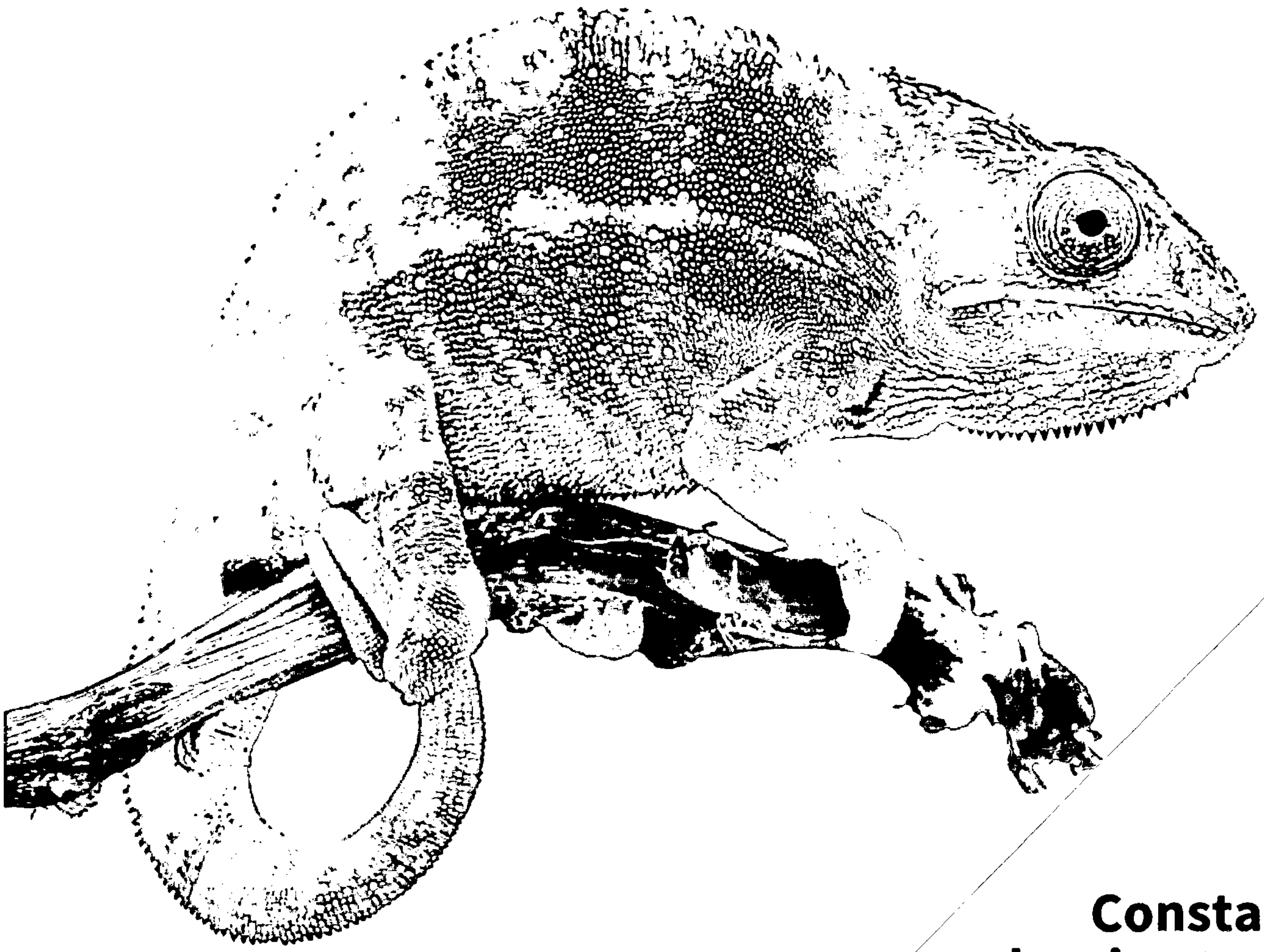
ADVISORY
AGRIPRODUCTS
ENERGY
FOOD INGREDIENTS & PACKAGING

CHANGE IS OUR CONSTANT



Constantly adapting to find supply chain solutions.

CZARNIKOW GROUP LIMITED (CZ)
ANNUAL REPORT AND ACCOUNTS 2022

For the year ended 31 December 2022

ABOUT CZ

DIVERSE & UNITED

Our people (really) are our greatest asset.

We are a service company and our people make all the difference. They bring diversity of thought, background, industry experience and local knowledge to our business. They may work in different places but they operate as one team – united by our purpose, values and the way we do business. That is why we recruit for cultural fit first, bringing stand-out individuals into our midst, drawing on specific skills and experience, as we expand.

In 2022, we posted a record turnover of US$4,300 million, and our highest profit before tax to date of US$26.9 million; and we moved 7.9 million metric tonnes of product around the world. We have delivered five years of consecutive growth (on all three counts). This is no happy accident, but a reward for sticking to our strategy and working towards our corporate goals. To build on this track record, as part of our ambitious growth plan we are welcoming more strong talent.

310

Number of employees in 2022 +19% on 2021

500

Projected number of employees in 2026 +61% on 2022

A growing business and team

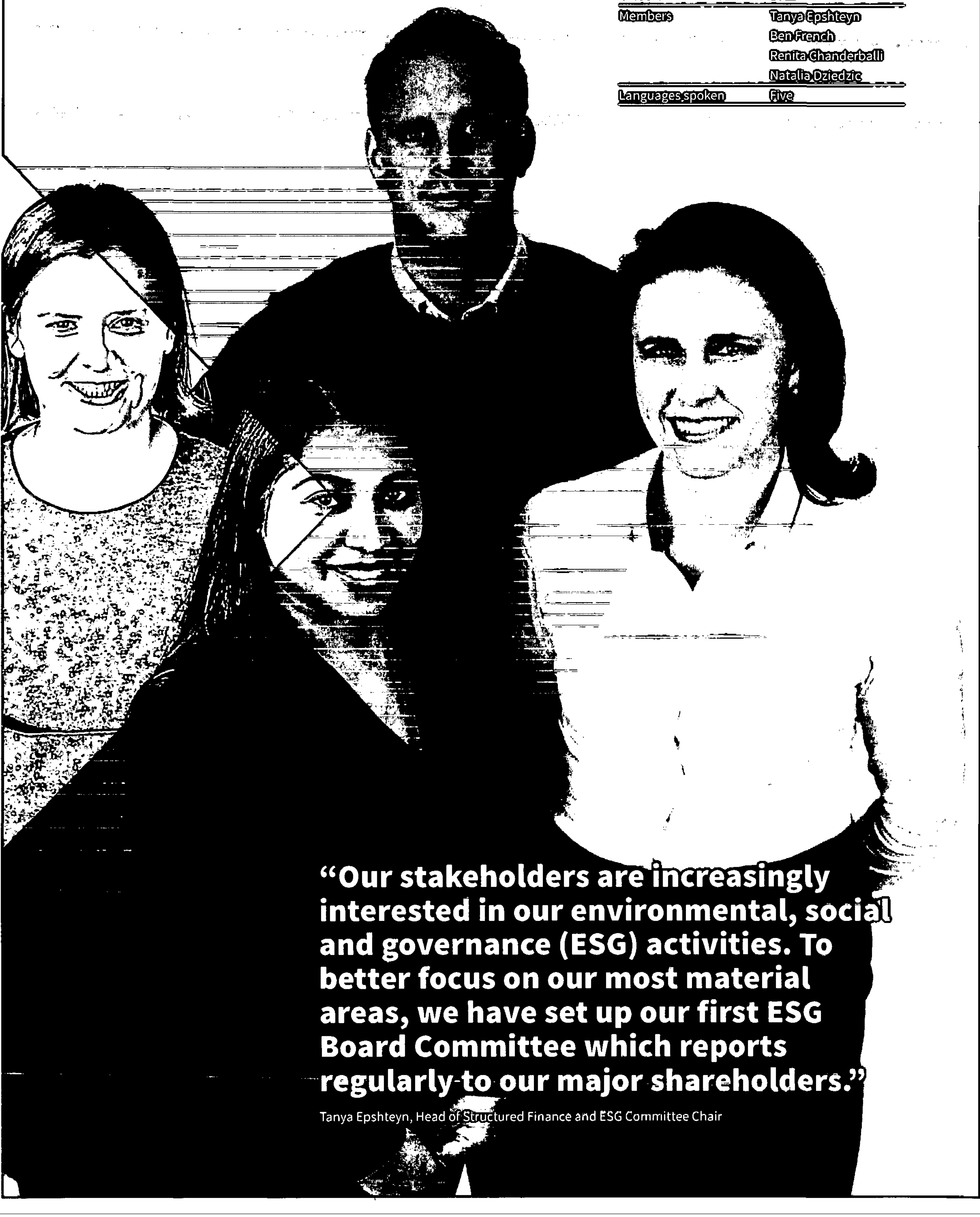
● Turnover US$M Number of employees[1]: Male Female

	Turnover US$M	Total	% M	% F
2018	1,680.1	190	58%	42%
2019	1,800.1	251	59%	41%
2020	2,384.2	240	58%	42%
2021	3,133.3	260	58%	42%
2022	4,300.0	310	56%	44%

1 Employee numbers based on year-end figures

+ careers@cz.com

Committee	ESG Committee
Created	2022
Members	Tanya Epshteyn Ben French Renita Chanderballi Natalia Dziedzic
Languages spoken	Five



"Our stakeholders are increasingly interested in our environmental, social and governance (ESG) activities. To better focus on our most material areas, we have set up our first ESG Board Committee which reports regularly to our major shareholders."

Tanya Epshteyn, Head of Structured Finance and ESG Committee Chair

ABOUT CZ

TRUSTED & INTREPID

We have strong roots where it matters and are ready to open new offices and explore the world.

We are trusted to take care of supply chains that are vital to the food and beverage industry, and to do so with transparency and accountability. We are fleet of foot, moving quickly to source new products and set up in new geographies to better serve our clients.

We have been in business for quite a while – around 160 years – and have survived many economic cycles and periods of volatile market conditions. We have earned our reputation for doing business with integrity and we pride ourselves on our client-centric ethos.

30 languages spoken

Across nine time zones

11 country offices

+5 countries where we have a local presence

Americas

Offices
Miami
Mexico City
São Paulo

Local presence
Medellín
Trinidad

Europe

Office
London

Local presence
Milan

Middle East and Africa

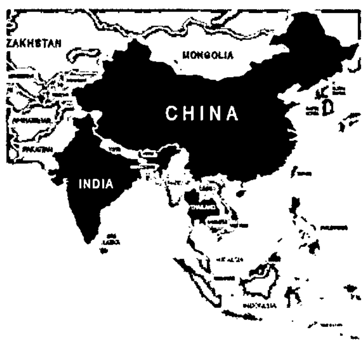
Offices
Tel Aviv
Dubai
Nairobi

Local presence
Bahrain
Dar Es Salaam

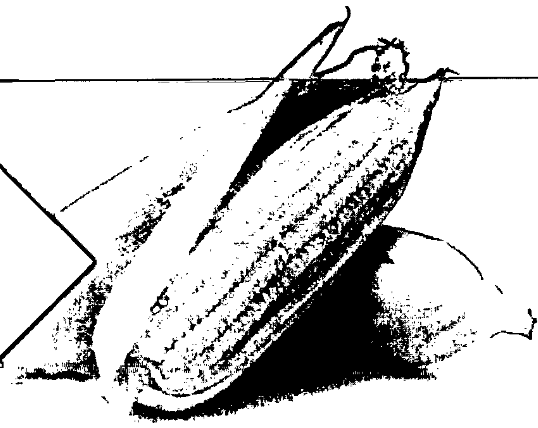
Asia

Offices
Guangzhou
Ho Chi Minh City
Bangkok
Singapore

Local presence
Hyderabad
Makati



We serve over 950 clients in more than 100 countries

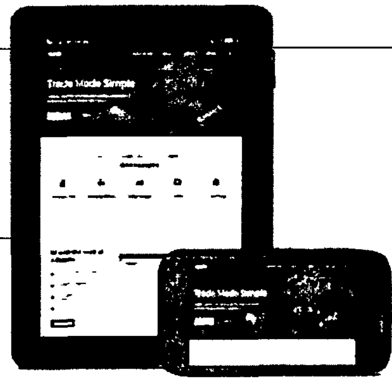


In 2022, we established a local entity in Medellín, Colombia. Our physical presence in South America's third largest economy will deliver our liquidity, import-export and procurement solutions to new and existing clients in the Americas.

Danish sugar beet growers can now use our innovative futures-linked tool to independently price their crop via Czapp, our market portal. We are proud to have collaborated with Nordic Sugar on this project, and will look to widen the platform across other EU countries.

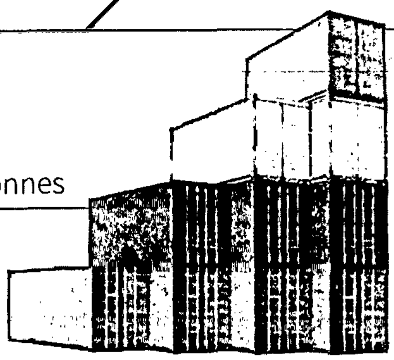
>200 farmers

In Europe signed up to our beet pricing platform



>1 million metric tonnes

Moved in the MENA region

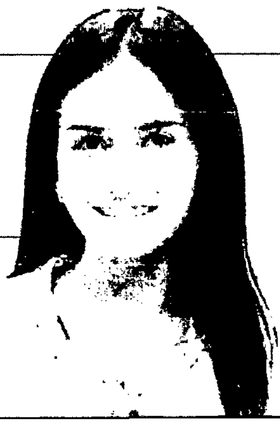


Our focus in Africa is on last-mile logistics, delivering product to our clients' factory gates. This will be supported by the creation of a new borrowing base facility in East Africa (see P22).

In 2022, we announced our Climate Action initiative in partnership with Quantis, designed to unlock emissions reductions in sugar supply chains. This is a critical step for the sustainable transformation of the global food system. Pilot programmes ran in Thailand and Brazil.

4 offices in Asia

+ 2 countries where we have a local presence



Going with the flow: where next?

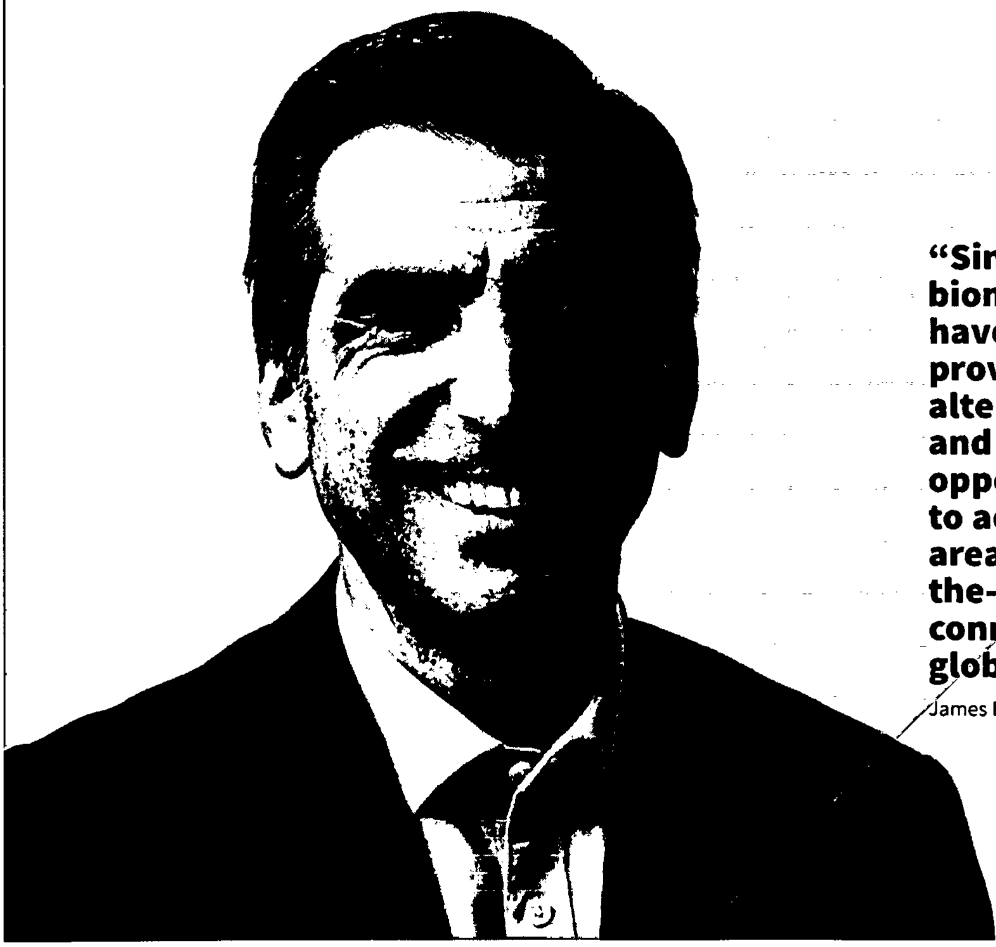
We constantly assess where in the world we need to go next, leveraging opportunities, relationships and market information to inform our decision-making. We are looking at further expansion in Asia and Africa in the coming years.

ABOUT CZ

FULL-SERVICE & BESPOKE

It's not all or nothing. Our clients can pick 'n' mix.

We move products efficiently along our supply chains, finding solutions to overcome day-to-day challenges. Wrapped around our physical business are consultancy services that enhance our offer. For many clients we touch every part of their supply chain and, increasingly, take responsibility for full product traceability and continuous improvement of environmental, social and governance (ESG) practices, through our VIVE Sustainable Supply Programme.



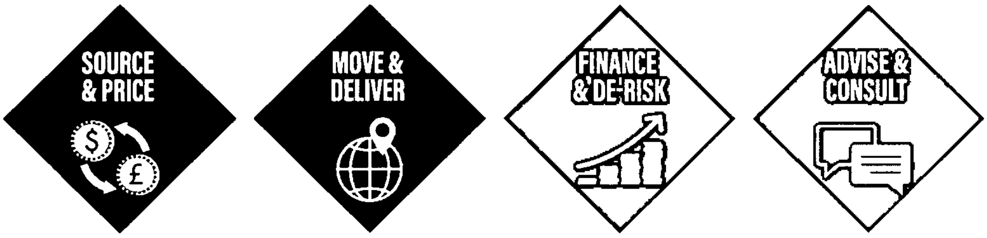
"Since we started sourcing biomass for our clients, we have moved from product provider to key adviser on alternative energy sources and decarbonisation opportunities. Our hunger to accelerate change in this area is facilitated by our on-the-ground presence and connected networks across global supply chains."

James Brittain, Director, Head of Advisory

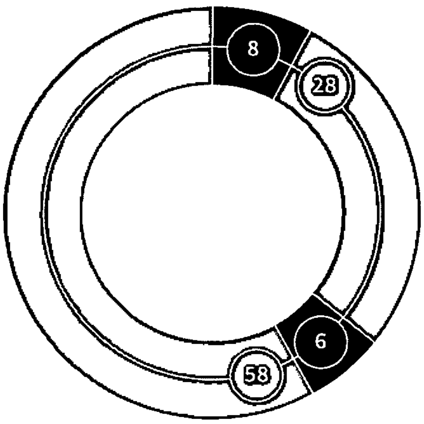
Creating value along the supply chain[1]

		Farmers	Primary processors	Secondary processors	Food and beverage manufacturers
Source & Price	*Physical trading*	○	○	○	○
	Agriproducts	○	○		
	Food ingredients & packaging			○	○
	Energy		○	○	○
Move & Deliver	*Logistics and freight*		○	○	○
	Stock management		○	○	○
Finance & De-risk	*Liquidity solutions*	○	○	○	○
	Price risk management	○	○	○	○
Advise & Consult	*Advisory*	○	○	○	○
	Corporate finance		○	○	○
	Market analysis and forecasting	○	○	○	○

Our services



Gross profit by operational line, %[2]



Organised for growth

We organise our business into operational lines to promote independence, synergies and speed to market, matching team skillsets with business requirements to better serve our clients.

Advisory	●
Agriproducts	○
Energy	●
Food ingredients & packaging	○

1 Typical breakdown of services by client type (although there are many exceptions to the rule). We also engage with many other stakeholders along our supply chains: see P54.

2 Management report primarily by gross profit internally, which is why we have used this metric.

ABOUT CZ

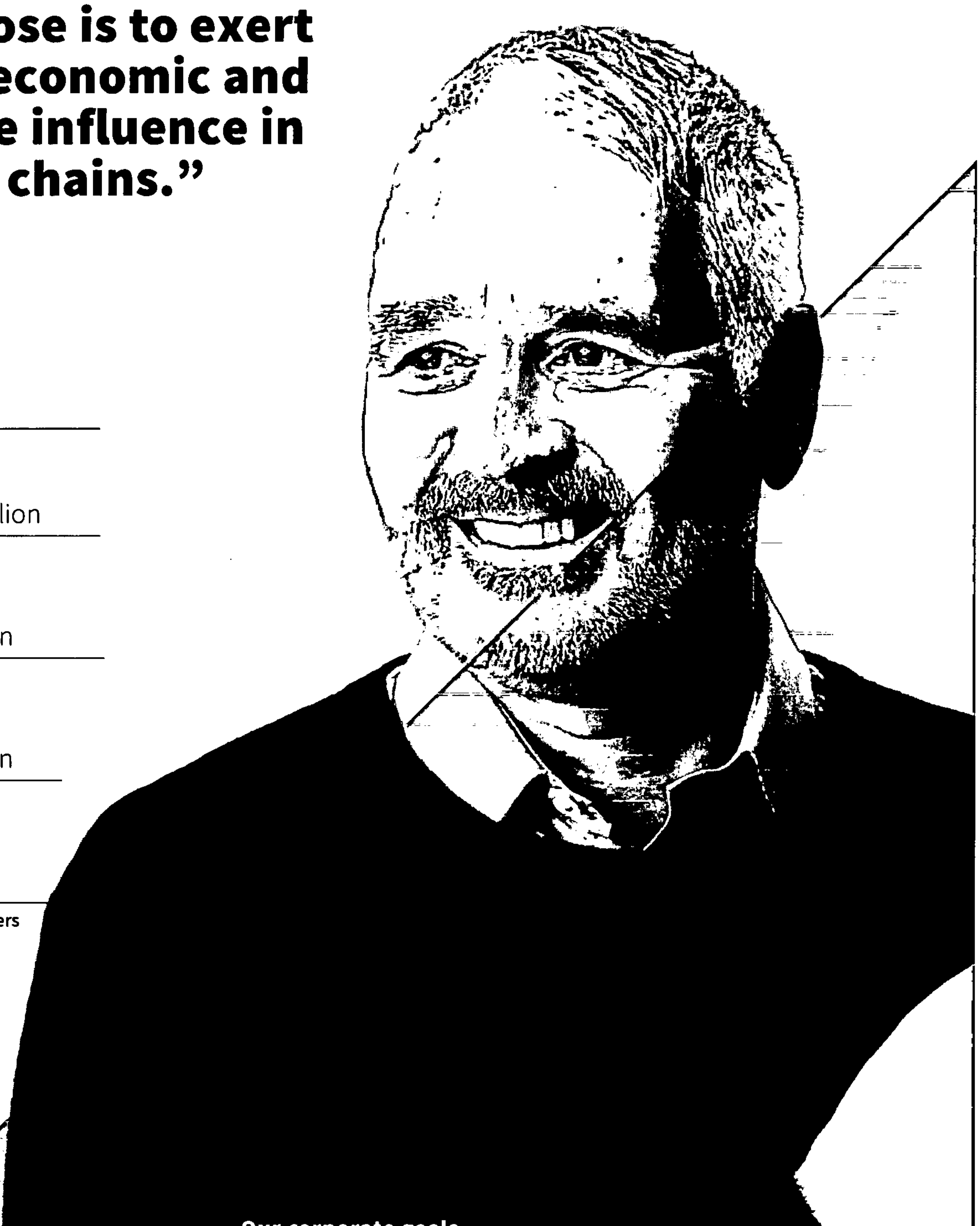
CZ is a global supply chain management company in the food and beverage sector.

CONTENTS

NOTES : This Annual Report and Accounts comprises our full statutory Directors' Report and consolidated financial statements for the year ending 31 December 2022 and is available to download from our website www.czarnikow.com. Our Strategic Report comprises P2 to P45 and is signed off by our Directors on P45. Our Directors' Report is on P59. We provide governance information on a voluntary basis, using the Wates Principles as an informal framework, on P46 to P58. Throughout this report, we refer to the entire 'Czarnikow Group Limited' Group (including the Company C. Czarnikow Limited) as 'CZ' following a brand refresh in 2021.

"Our purpose is to exert a positive economic and sustainable influence in our supply chains."

Robin Cave, CEO



Key figures 2022

US$4,300 million

Turnover +37% on 2021

US$77.6 million

Gross profit +15% on 2021

US$26.9 million

Profit before tax +16% on 2021

>80

Buyers Supporting VIVE[1] members

Our corporate goals

These goals set our forward trajectory, informing our operational direction and organisational structure. We use them to measure our success. They are:

1 VIVE is our co-managed Sustainable Supply Programme, see P28

2 Adjusted ROCE is calculated by dividing operating profit (before variable costs) by capital employed (net assets plus non-current deferred tax liabilities).

ABOUT CZ

PRODUCTS & CLIENTS

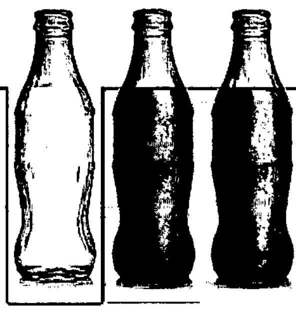
We apply our lived experiences and expertise to new areas and even we are sometimes surprised where we end up.

In the last five years, we have expanded our product and service portfolio almost unrecognisably. In 2022 alone, we handled, 16 brand new products and three brand new product categories and we map this development opposite. Our 'new' products do not stay new for very long as we convert small ventures into large flows and apply lessons learned.

Our four new operational lines (see P11) group our expanding products and services by key characteristics and typical clients, allowing us to manage ongoing expansion strategically and, through greater focus and collaboration, more effectively.

"Through deepening client relationships come opportunities. As well as a widening range of beverage ingredients, we now supply glass to one of the world's largest bottlers."

William Rook, Director, Head of Food Ingredients & Packaging and VIVE



OUR CLIENTS

>200 Farmers & growers

Includes UK and Danish farmers using the Czapp sugar beet pricing tool.

Additionally, c.9 farmers/groups engaged through our VIVE Sustainable Supply Programme.

>300 Primary & secondary processors

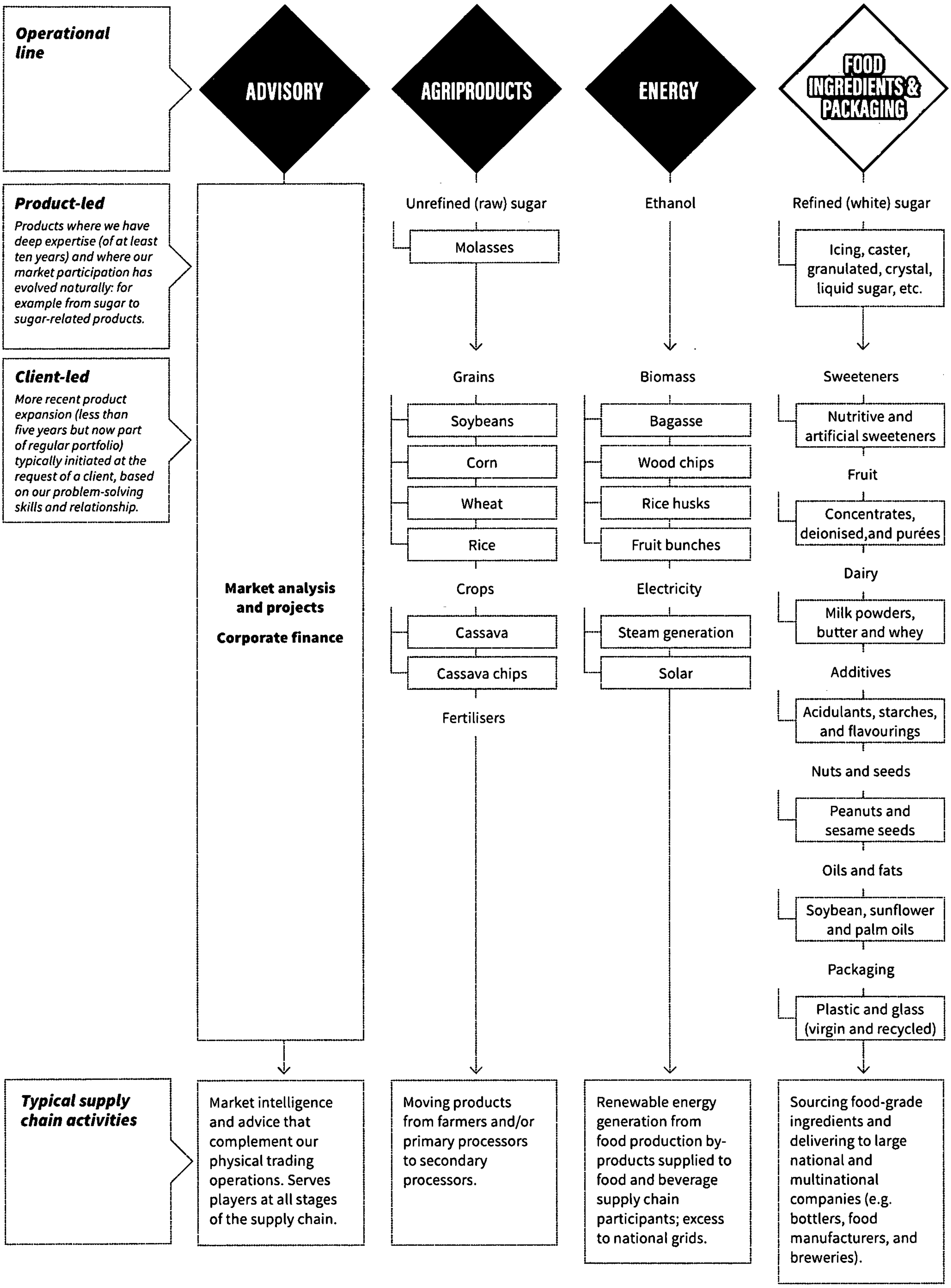
Primary processors include sugar beet factories, sugar cane mills, fruit processors/ canners and dairies which prepare agriproducts for direct sale or for onward processing.

Secondary processors include sugar refineries and green energy refineries.

>500 Food and beverage manufacturers

Typically, large national and multinational manufacturers and bottlers with recognised brands.

OUR PRODUCT EXPANSION



ABOUT CZ

MARKETS & STRATEGY

By sticking to our strategy and understanding our markets, we have delivered stellar growth and expect more of the same as we move into year two of our five-year plan.

Our strategy

Our 'broaden and deepen' strategy is simple to communicate, well understood across the business and sense-checked regularly by the Board. Its relevance is strengthened by our deep understanding of local and global market dynamics and our ability to respond quickly and confidently to the risks and opportunities they present.

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.

'BROADEN AND DEEPEN' IN PRACTICE

In 2022, we **broadened** into new markets, reaching new client groups and building relationships, by demonstrating our experience and expertise. Initiatives included:

> **Americas:** citric acid (Mexico), yellow corn (Dominican Republic), tapioca starch (USA)
> **Asia:** cassava starch and pilot of VIVE Climate Action initiative (Thailand)
> **Europe:** transfer of sugar beet pricing tool technology from UK to Denmark, non-GMO soybeans (western Ukraine).

We continued to **deepen** existing relationships, embedding multiple products and services into our clients' supply chains and working more closely to find solutions with individual teams:

> borrowing base extended to support growth in East Africa
> VIVE's first fruit participant joined programme
> supply chain solutions developed for dairy producers, allowing them to finance operations
> explored and expanded packaging options for bottlers (from PET to rPET and glass).

KEY MARKET FACTORS THAT INFLUENCE OUR STRATEGIC ACTIONS

Supply chain disruption and volatility

- Physical delivery challenges, including climate-change-related impacts and rerouting (e.g Ukraine)
- De-globalisation and trade barriers (protectionism)
- Pricing/inflationary pressures (energy and knock-on impacts)
- Concerns for food security
- Structural changes in commodity financing which impact liquidity

Sustainable credentials

- Increasing demand for action, accountability and transparency of environmental, social and governance (ESG) impact reduction in supply chains
- Hot topics include: working conditions and modern-day slavery, carbon reduction (with increased rigour in Scope 3 carbon assessments (see P26)), waste reduction (including single-use plastic) and data security
- Emerging focus on biodiversity and nature

Technology and transparency

- Consumer and supply chain demand for instant, transparent information
- Technological advances in global trading and advanced digital tools, reducing reliance on manual processes
- Advance and impact of blockchain, Artificial Intelligence etc.
- Opportunities for businesses able to integrate technology ahead of competitors

Regulatory and consumer pressures

- Global mental health and obesity concerns leading to regulatory and consumer pressures (e.g. product reformulation taxation and policies)
- Deepening economic inequality and food inflation
- Changing consumer behaviour (e.g. low-sugar, non/reduced-meat/dairy, low-calorie options and products with sustainable credentials)

RECYCLED POLYETHYLENE TEREPHTHALATE (rPET)

In Q1 2022, we executed our first trade of rPET for a global beverage company. This came about as part of our client's strategic decision to review the potential of rPET to address its long-term goal of using less virgin plastic. We have since seen increased demand for rPET in Europe and are expanding rPET flows.

Name	Hayley Humphreys	Gareth Lamb
Position	Programme Manager, VIVE	PET Analyst
Joined CZ	2019	2021

"Given our successful rPET volumes, we are are looking to enhance our expertise in other recycled packaging options in 2023 and beyond."

CZ SERVICES PROVIDED

+ P19 for KPIs that we use to track our strategic progress.

ABOUT CZ

BUSINESS MODEL & VALUE CREATION

Purpose P9

Strategy P12

Culture & values P46 to P48

Risk-taking & management P30 to P45

Governance P46 to P58

Key resources

Things we need to excel at and invest in to keep our business ticking over and to maintain our stakeholder relationships.

→

What sets us apart

We know that our key resources and the way we do business make us different – because our stakeholders tell us so.

→

What we do

We energise global agri-supply chains by finding solutions to source and move products commercially and sustainably.

→

The way we do business

Our day-to-day business is underpinned by strong principles and processes and guided by our purpose and open culture.

Talented people

Experience, know-how and networks

Reputation

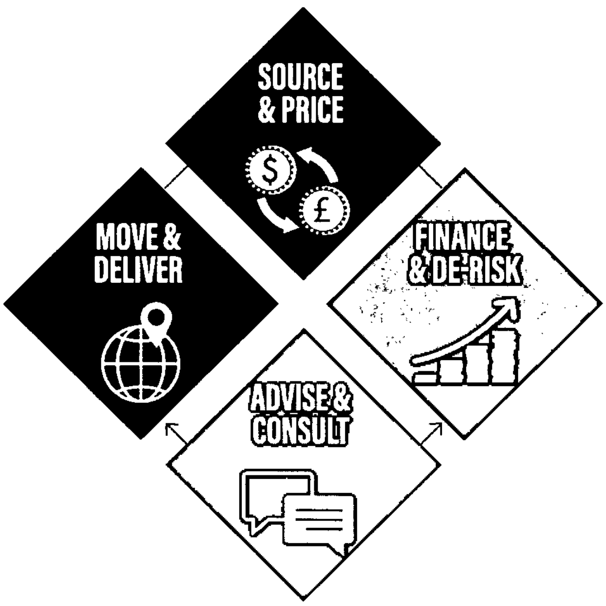
Technological knowledge and application

Trust and integrity

Sustainability expertise

Client service ethos

Our services



+ P37 to P45 for insight into the principal risks and opportunities that could affect our business model.

THE VALUE WE CREATE FOR OUR STAKEHOLDERS

	Stakeholders	*Examples of our value creation in 2022 and ongoing*
Direct supply chain participants (our clients)	*Farmers* *Processors (primary and secondary)* *Food and beverage manufacturers*	– Keeping supply chains moving: vital for the prosperity of agri-businesses which feed the world – Providing technology/tools to help farmers price products and report carbon – Making continuous improvements in ESG practices to improve livelihoods, standards and profitability – Increasing supplies of sustainable product (VIVE-verified): >1 million metric tonnes in 2022 – Opening up opportunities in renewable energy supply
Other supply chain particpants	*Communities*	– Organising local community fundraising and volunteer days, which in 2022 generated US$35,815 in charitable donations – Paying our taxes: in 2022 this equated to US$ 5.2 million in 12 jurisdictions – Engaging with communities to support local employment opportunities
	Logistics partners	– Delivering efficient loading and transportation through supply chain optimisation
	General public	– Indirectly, contributing to the supply of agriproducts to sustain life – Influencing best practices to improve ESG standards and meet rising consumer expectations
Direct business stakeholders	*Employees*	– Committing to investment in training: > US$120,000 in 2022 – Providing global employment opportunities for existing and new colleagues
	Shareholders	– Sustaining a track record of growth, profit and ROCE – 24.48% ROCE in 2022
	Banking/funding partners	– Securing credit lines to fund profitable growth – Linking funds to sustainable best practices

"We must keep moving with the times to become an employer of choice. In 2022, we focused on our new joiner process, improving experiences through technology and targeting careers fairs, including our first involvement with National Student Pride."

Claire Thornton, HR Advisor

We operate in a fast-moving environment, taking decisions for the here and now, while simultaneously creating long-term value for our stakeholders.

+ P56 to P58

FINANCIAL AND OPERATIONAL REVIEW

CEO REVIEW

Global tensions

In last year's report, we announced our five-year plan. Our main focus since then has been executing our strategy for growth and this has been done in an evolving global landscape. Soon after our ambitious announcement, the invasion of Ukraine left the world wondering what the operational and political ramifications would be for businesses and our supply chains. Although, one year on, there is no end in sight to this tragic conflict, we do have visibility of its impact: volatile energy prices and supply (for businesses and households alike), a questioning of the trend to outsource national infrastructure, the stark reality of Europe's dependency on natural gas and, more specifically for our clients, increased logistics costs and the headache of forecasting product demand.

Excellent results

While we do not wish for volatility, we handle it well. It is what we do. Against a very challenging backdrop, we performed well, posting excellent results and making a good start in year one of our growth plan. CZ employees are adaptable, resourceful and skilled at applying experience gleaned over many economic cycles. We are both global and local - well represented and networked about the world - and ready to tackle issues head on to help our clients. To help counter logistical disruptions during the year, for example, we tightened inventory management, found alternative supply sources and routes, and used our local knowledge and presence to focus on 'last-mile logistics'; all of which enabled us to deliver products efficiently and effectively to the factory gate.

"Against a very challenging backdrop, we performed well, posting excellent results and making a good start in year one of our growth plan."

A year of 'firsts'

We also ventured into new product areas and geographies. More often than not, we either have the in-house expertise or the client backing (sometimes both) to mitigate risks. We are also problem-solvers - happy to roll up our sleeves and find a way to get the job done. This year, for example, our Agriproducts team shipped our first cargoes of wheat, soyabeans, non-GMO soybeans and corn, moving goods from Australia to the Middle East, from the USA to Thailand and from Brazil to the Dominican Republic. We anticipate further 'firsts' in early 2023 with shipments of cassava, soybean oil and sorghum.

Our initial expansion into the energy sector in 2021 was validated in 2022. We proved our ability to find alternative energy sources, to sell energy to agri-businesses and to power national Grids with excess production. We now have a dedicated operational team to manage this exciting and growing part of the business.

Finally, on the product side, our Food ingredients & packaging business increased revenue by 18%; a testament to its excellent relationships with our clients, who comprise both national and global food and beverage companies. In 2022, we added three product categories to our portfolio, and in 2023 we are already working on sourcing starch alternatives.

Advising and influencing

Beyond physical products, our Advisory team also performed well. It is in our DNA to help people find solutions and overcome challenges - particularly during turbulent times. To do so successfully, it is essential that we not only develop an understanding of immediate market risks, but also establish our views to create longer-term outlooks. As I alluded to above, the Ukraine war laid bare natural gas dependencies and created short-term shocks. But in the longer term, we see this as an opportunity to help clients invest in more sustainable energy developments, and our advisory services help them make these decisions.

Equally, the trend for job protectionism and de-globalisation - particularly in the USA - can be seen as a short-term economic risk, but we believe it will resolve in the longer term. To date, decisions on where to locate production plants have revolved predominantly around the availability of cheap labour. But as the 21st century progresses, automation and Artificial Intelligence are rendering this factor less important (or even void). A far more relevant consideration is where crops should grow to be most resilient to the impacts of climate change. We see this as a positive development for us: we are able to advise clients both in the field and at a strategic level, and we use our voice to support free trade based on more environmentally sound reasoning. We add value through our advisory services and we generally make the right calls. The more we can do this, the better we can influence our supply chains positively for the longer term.

Supported by digital

We continue to reap the rewards of our investment in IT. We now have 18 in-house developers who are continuously strengthening our digital capabilities to make us more streamlined and efficient. Their work also leads to revenue-generating opportunities through the development of new services and ways to deliver these. Our new decarbonisation tool, for example, can help measure carbon emissions more robustly, allowing clients to generate and publish data with more confidence and pull together more relevant reduction plans.

Looking ahead

We will stay open-minded to opportunistic product and geographical expansion and move quickly to build on successes, while focusing on more strategic developments – biomass, for example. The more we delve into this area the more significant we expect it to be in balancing the world's energy portfolio in the drive towards net zero. We are building on our knowledge to date and committing to R&D in the pelletisation of biomass products to optimise transportation, storage and energy transfer.

In 2022 we opened an office in Colombia (see P5) and we are looking to bolster our local presence in two further targeted areas. We will also continue to research markets, supply chains and socio-economic developments to better inform and advise existing and potential clients on their assets.

We hope that 2023 is less challenging for the planet and its people. But whatever happens, we will continue to be guided by our purpose – to exert a positive sustainable and economic influence in our supply chains – focusing on what we can control, and drawing on our common sense, experience and adaptability in those areas we cannot.

Robin Cave, CEO

ORGANISED FOR GROWTH

We have started to gain critical mass in new product areas that were fledgling ventures just a few years ago.

This growth has afforded us the opportunity to regroup our business more strategically around product characteristics, client requirements and in-house expertise. These new operational lines (see P11 and P20 to P21) will make us more efficient as we grow and give us greater transparency about where we need to invest resource.

The restructuring also allows us to give more responsibilities, management exposure and career development openings to excellent employees who – because of our flat structure and compact teams – have not always had a clear path ahead of them.

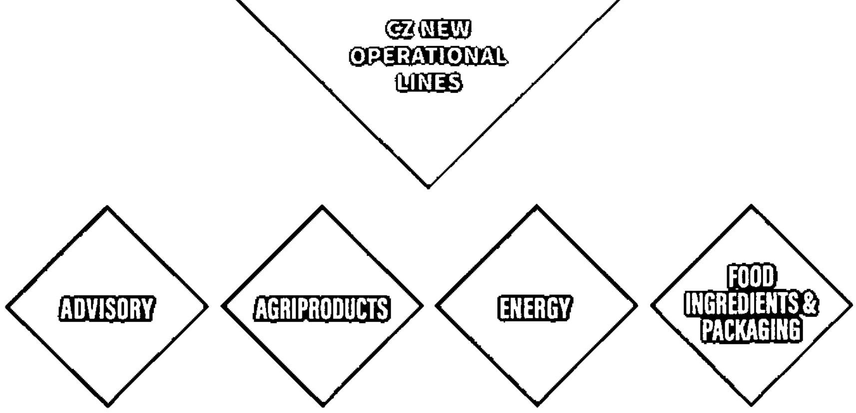
Name	Robin Cave
Position	CEO
Joined CZ	2009
Board	C. Czarnikow Limited (CCL) and Czarnikow Group Limited (CGL) Board member

"Our reported growth in 2022 is in line with our five-year plan, but we have more to do.

We need to develop our best talent in-house and recruit people to fill niche, expert roles.

We will support the business through ongoing investment in digital nous and by working with like-minded funders.

Finally, we must stay open-minded to product and geographical expansion, guided by our purpose and reputation for integrity."



+ P20

FINANCIAL AND OPERATIONAL REVIEW

CFO REVIEW

"As we continue to expand globally, we must maintain our high standards and entrepreneurial culture. Our main capital expenditure is focused on upskilling our people and investing in our systems and data analytics to support our ambitious pace of growth."

Performance overview

In 2022, Czarnikow Group Limited ('CZ' or 'the Group') generated US$76.6 million gross profit (2021: US$67.2) on a turnover of US$4,300 million (2021: US$3,133.3 million), giving a pre-tax profit of US$26.9 million (2021: US$23.1 million). The volume of products handled also grew – from 6.8 million metric tonnes in 2021 to 7.9 million metric tonnes in 2022 and this has continued into the early part of 2023. Overall, this was a very strong performance in the first year of our five-year growth plan as discussed in last year's Annual Report.

Our continued growth in turnover, tonnage and profit is a result of management's disciplined focus on implementing our 'broaden and deepen' strategy, which has led to a deliberate diversification into new geographies and product categories.

Name	Julian Randles
Position	CFO
Joined CZ	2012
Board	C. Czarnikow Limited (CCL) and Czarnikow Group Limited (CGL) Board member

OPERATIONS: POWERING OUR BUSINESS GROWTH

Our global operations team powers the movement of products on behalf of our clients.

Team members are strategically placed to facilitate the most efficient, specialised and proactive logistics services, and they make the most of spanning key time zones and working together to find effective strategies to keep goods flowing. By placing Product Controllers in each key global region, for example, we can manage trade books round the clock in real time. Spread across 10 countries and covering multiple functions,[1] our global operations team reports to Julian Randles, CFO.

Operations team by location

Dubai	11
Guangzhou	7
Tel Aviv	1
London	16
Mexico City	7
Miami	2
Nairobi	5
São Paulo	10
Bangkok	2
Ho Chi Minh City	3
Total	**64**

>22% of CZ employees work in our operations team[1] in 10 countries.

1 Our global operations team encompasses the following functions: IT, compliance, logistics, risk and finance.

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.

	2018	2019	2020	2021	2022
Net revenue	(3.71)%	10.19%	20.41%	29.93%	20.42%
Return on equity (ROE)[1]	6.09%	7.23%	14.15%	21.12%	19.48%
Adjusted return on capital employed (ROCE)[2]	12.19%	14.85%	15.65%	29.19%	24.48%
Number of contractual physical trading counterparties in the period	617	652	655	877	1,321
Available financial facilities[3]	US$732m	US$792m	US$894m	US$977m	US$1,320m
Employee retention rates	-	-	-	-	86%
Scope 1 and Scope 2 emissions	-	-	-	-	165 tCO_2e

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 These figures include consolidated Group bank facilities and broker facilities combined.

To support sustainable growth, our business must be financed and organised efficiently and our employees must feel empowered. In 2022 we continued to invest in these areas, as summarised below.

Equity base

Since 2018 we have doubled our equity base – from US$56 million in 2018 to US$127 million in 2022. In our five-year plan we are set to double this and are currently on track to achieve this. We continue to manage and expand our flexible funding arrangements through transparent engagement with existing and new partners, localised funding lines and the expansion of syndicated facilities: see also P22 to P23.

Overheads and investment

Overheads rose from US$40 million in 2021 to US$50 million in 2022. This increase reflects our geographical expansion – including costs related to our three newest legal entities in Vietnam, Philippines and Colombia – and the importance we place not just on boosting the number of employees we need to get the job done but to protect our culture and to ensure that growth is sustainable. To achieve this we invested in employee training and upskilling, new governance and compliance infrastructures, and enhanced IT systems and processes. Alongside honing our operational lines, we regrouped our global operational functions and reporting lines to better support our business (see box on P18).

The roll-out of our 'Spine' project will be completed in March 2023, signalling a step-change in how we capture, analyse and use more accurate and resilient 'real-time' data to enhance our day-to-day decision-making as well as to inform our strategic direction. By automating key processes, we can better handle higher volumes and the increasing complexity of product flows. We also empower employees – through our culture and organisational structure – to interact across country teams, to pool and develop global expertise and to apply this knowledge to find common solutions to better manage our supply chains.

Revenue analysis

Our four operational lines group our expanding range of products and services by key characteristics and typical supply chain clients. An overview of turnover by each operational line is provided below, with more detailed commentary on P20 to P21.

Gross profit breakdown 2022

	%
Advisory	8
Agriproducts	28
Energy	6
Food ingredients & packaging	58

Agriproducts, Energy and Food, Ingredients and Packaging form part of the Group's trading activities, and includes an immaterial amount of brokerage.

Outlook

We will continue to evolve in the key regions where we need to be to best serve our clients and find and develop growth opportunities, while always equipping our employees with improved tools to do their jobs effectively and protecting our culture. Developing sustainable earning streams remains a priority, which is made possible through continued collaboration with our valued partners. We anticipate further growth through expansion into new product areas and jurisdictions, as we have demonstrated in recent years. In short, expect more of the same.

Julian Randles, CFO

FINANCIAL AND OPERATIONAL REVIEW

Our operational lines

ADVISORY

Our Advisory operational line provides services that wrap around our physical offerings, such as market information, data, consultancy and corporate finance expertise. The team services our clients at all stages of the supply chain (and our CZ internal teams who use these insights to enhance our client services and catalyse new business opportunities. Through Czapp, our client portal, we share our deep in-house knowledge of the food and beverage industry externally.

Market factors

Interest in commodities and their supply chains remained high in 2022, especially in the aftermath of Russia's invasion of Ukraine. Food and energy security immediately became major priorities around the world. So did price inflation, which in turn impacted interest rates. Decarbonisation also remained a strong theme (given its links to energy security), benefiting our corporate finance and consultancy offerings.

Key CZ developments 2022

> Expanded advisory services to support new product areas, including biomass, grains and recycled plastic
> US$100 million in corporate finance mandates
> + 200% companies subscribed to Czapp
> Eight consultancy projects.

US$5.7 million

Net revenue -14% on 2021

Outlook and focus
> Ongoing recruitment to widen our market coverage
> Expansion of corporate finance into Latin America and Asia
> Development of Advisory business model.

AGRIPRODUCTS

Our Agriproducts operational line focuses on moving unprocessed materials from farms and/or primary processors for further processing and use in a range of outputs, including food and beverages, animal feed, energy and fertilisers.

Market factors

In 2022, increased crop yields in Brazil improved the physical supply of several agriproducts categories, which has relieved pressure on the sector heading into 2023. In Thailand, there was a marked preference for growing cassava crops over sugar; this enabled our team to further increase volumes and expertise in this category.

Key CZ developments 2022

> Transacted our first flows of corn and soybeans to solidify our position in the grains market
> Supplied sugar mills with fertilisers in return for sugar
> Developed domestic flows of cassava and molasses in Thailand and bolstered our expertise by hiring a local cassava specialist.

US$21.7 million

Net revenue + 32% on 2021

Outlook and focus
> Ongoing product diversification, with flows of sorghum and soybean oil already booked for 2023
> Continued focus on development of our freight offering.

ENERGY

Our Energy operational line focuses on energy generation from the by-products of food production, used to create renewable processes and/or energy supplied to food and beverage supply chain participants. Since its inception in 2020, this operational line has increased revenue reflecting its widening coverage of energy sources.

Market factors

In 2022, the demand for green energy in Brazil continued to rise due to the increase in the cost of natural gas and greater scrutiny of corporate decarbonisation strategies. Similar trends are prevalent in Asia, where new legislation will impact business strategies and accelerate the adoption of green energy.

Key CZ developments 2022

> Recorded a 74% increase in net revenue from this operational line

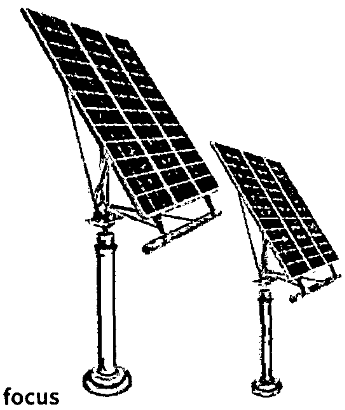
> Ongoing expansion into Asian markets, supported by a growing number of on-the-ground employees

> Set up new ethanol flows from South America

> Worked on co-generation projects across Brazil and Asia, sharing synergistic best practices through cross-team collaboration.

US$4.7 million

Net revenue +74% on 2021



Outlook and focus

> Expansion of solar energy generation capabilities in Brazil

> Advising clients on decarbonisation strategies.

FOOD INGREDIENTS & PACKAGING

This operational line brings together internal expertise, enabling CZ to act as an external procurement arm to some of the world's largest food and beverage brands, alongside smaller food production companies and bottlers. Typically, the team sources, moves and finances a growing range of food-grade ingredients and packaging that is used in the manufacture of goods for human consumption.

Market factors

During the year, significant flux in the freight markets saw a move from container to breakbulk and back again, as clients favoured flexibility over volume in the shipment of food ingredients. Breakbulk movements for packaging components, however, remained strong. Predicted buoyancy in global demand in 2023 and beyond for r efined sugar will help underpin growth for CZ in this operational line.

Key CZ developments 2022

> Managed trade-off between container and breakbulk shipments to meet client needs

> Record volumes of packaging products shipped, with an uptick in flows of recycled plastic packaging

> Ability to reach critical mass in key product lines increased overall client demand and revenue opportunities, with expanded product ranges leading to new client relationships.

US$44.4 million

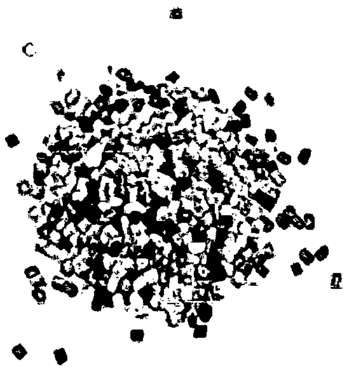
Net revenue +18% on 2021

Outlook and focus

> Ongoing product diversification

> First contracts secured in glass and flexible packaging

> Continued global recruitment to support 'one team' approach.



FINANCIAL AND OPERATIONAL REVIEW

FINANCE REVIEW

Optimising our financing capabilities

As CZ's business pivots to offer a wider portfolio of products and services, we have consolidated our financing capabilities to support associated growth by focusing our attention on three key areas:

Consolidating demand to reflect our widening product portfolio

In line with our strategy to provide a wider range of products to our clients, we must remain agile and be able to meet our clients' supply chain requirements at speed. We operate in areas such as sugar, nutritive sweeteners, milk powders, processed fruit, carbon, energy (biomass, electricity) – and now the glass required to bottle beverages. Our liquidity solutions must transition to become product-agnostic to mirror our expanding offering.

Consolidating financing solutions

To support our long-term growth ambition, we have consolidated some of our structured finance transactions – which to date have been financed bilaterally (see P23 opposite) – into syndicated solutions. This will optimise the use of our resources, making the business more agile and allowing us to scale up volumes to support our clients' needs. By aligning our commercial strategy and financing capabilities, our Trading teams are better placed to offer bespoke purchase or supply solutions.

Extended and new syndicated finance offerings

In June 2022, we increased our borrowing base facility at its first extension from US$85 million to US$105 million. Going forward, the facility will not be limited to servicing sugar flows; its capabilities will be extended to fund, for example, our packaging product lines.

We are in the process of documenting a second borrowing base facility, designed to provide long-term liquidity solutions for our business in East Africa. The facility will financially underpin a secured umbrella of assets in Kenya, Tanzania and Uganda, where CZ has had an on-the-ground presence for over 25 years and where we look to stay.

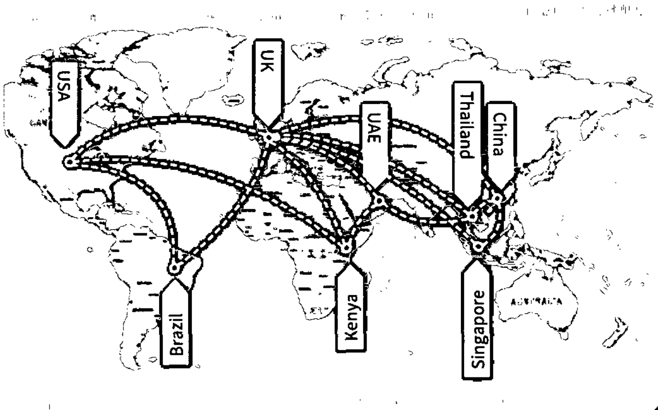
We will also syndicate a non-recourse factoring facility, currently operating in a bilateral form, with our long-standing lender ABN Amro. In 2023, a further aim is work on sustainability linked KPIs, through which we will look to highlight VIVE's sustainable activities to our finance partners.

CONSOLIDATING KNOWLEDGE

Since 2021, traders across our global offices have worked more closely with our financial lenders, participating in structuring transactions from inception.

This is a mutually beneficial partnership. Our lenders instill financial risk awareness in our traders through their involvement in deal structuring from early on in the process, while our traders educate our lenders about the fundamentals of the Group's business on the ground, helping to mitigate and manage risk in a collaborative, informed way. This aligns risk appetite and opportunity, driving organic growth.

Our global Trading team locations



Consolidated Group facilities for the year ended 31 December 2022, US$M

Bank		CGL	Subsidiaries	Alternative lending	Borrowing base	Non-recourse receivable lines	Total
Banco ABC Brasil	^	–	5	–	–	–	**5**
ABC International Bank PLC	^	20	–	–	–	–	**20**
ABN Amro Bank N.V	*	–	–	–	–	160	**160**
Absa Bank Limited	*	13	3	–	–	–	**16**
Alternative lending	*	–	–	37	–	–	**37**
Banco do Brasil	*^	27	44	–	5	–	**76**
Bank of China Limited	*	30	–	–	–	–	**30**
Barclays PLC	*#	13	–	–	–	–	**13**
Bladex	^	–	10	–	–	–	**10**
Banco BMG S.A.	^	–	3	–	–	–	**3**
Banco Bradesco S.A.	^	–	8	–	–	–	**8**
Banco Votorantim S.A.	^	–	3	–	–	–	**3**
Banco C6 S.A.	^	–	4	–	–	–	**4**
China Constructon Bank (Brasil) Banco Multiplo S.A.	^	–	20	–	–	–	**20**
Credit Europe Bank N.V.	*#	48	–	–	–	–	**48**
Banco Daycoval S.A.	^	–	3	–	–	–	**3**
DZ Bank AG	*	10	–	–	10	–	**20**
GarantiBank International N.V.	*^#	40	–	–	10	–	**50**
HSBC	*	80	26	–	–	15	**121**
Banco Industrial do Brasil S.A.	^	–	20	–	–	–	**20**
ING Bank N.V.	^	–	–	–	20		**20**
Itau Unibanco S.A.	^	–	25	–	–	–	**25**
Lloyds Bank PLC	*	20	–	–	–	–	**20**
Mizrahi Tefahot Bank Limited	*	30	–	–	–	–	**30**
Natixis	*^	45	–	–	20	–	**65**
OCBC	*	65	1	–	–	–	**66**
Banco Pine S.A.	^	–	7	–	–	–	**7**
Cooperative Rabobank U.A.	*^#	45	35	–	20	53	**153**
Banco Safra S.A.	^	–	3	–	–	–	**3**
Santander	*^	10	25	–	–	–	**35**
Sicoob Cocred Cooperative de Credito	^	–	10	–	–	–	**10**
Société Générale	*^	60	–	–	20		**80**
Shanghai Pudong Development Bank Ltd	*	–	1	–	–	–	**1**
The Standard Bank of South Africa Limited	*	15	–	–	–	–	**15**
TMBThanachart Bank PLC	*	20	–	–	–	–	**20**
Banco Voiter S.A.	^	–	4	–	–	–	**4**
		591	260	37	105	228	**1,221**
						Broker lines	**100**
						Total	**1,321**

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

Broker lines, 2022

Futures funding lines	**US$M**
Over-the-counter	**53**
Exchange-traded	**39**
Tri-partite agreement	**8**
Total	**100**

These figures have been converted to US dollars at the prevailing foreign exchange rate and rounded to the nearest million dollars.

FINANCIAL AND OPERATIONAL REVIEW

SUSTAINABILITY REVIEW

In creating long-term value we give equal weight to non-financial and financial performance – as one cannot be achieved without the other.

Our approach

Our four corporate goals embody our holistic approach to business. Together with our purpose, which acts as our north star, they demonstrate the importance we place on the interrelation between environmental (planet), social (people) and economic (profitable growth) influences in our own operations and along our supply chains – table on P25.

We hold a unique position

With no major assets in growing, refining or manufacturing we can expend more effort on addressing bigger environmental and social challenges in our supply chains; and increasingly we adopt a leadership position wherever we can.

Influencing from within

Our ethos is to influence from within. Through our VIVE Sustainable Supply Programme (VIVE) we successfully verified the first ever end-to-end shipment of sustainable sugar in 2020, and we are now applying these learnings to other product areas – to increase the available supply of recycled polyethylene terephthalate ('rPET'), for example. In 2022, we increased volumes of biomass and solar-produced energy and we piloted a new VIVE Climate Action initiative. This new service helps our clients target and implement upstream carbon reduction plans, with a focus on insetting rather than reliance on credits.

Sustainable and commercial

Sustainable and commercial success go hand in hand. We strive to bring down the cost of sustainably-sourced products by working with supply chain participants on the ground to reduce their impacts on the planet and to improve their social and governance practices. These actions make their products more commercially viable for industrial end users. By building volume and negotiating discounted green financing to fund future investment we are making headway. But we still have a lot to do – not least keeping an eye on our own environmental impacts as we grow and ensuring that we protect our most valuable asset: our people. We are also actively engaging with clients, funders and new recruits to share more about our ESG practices and, at the start of 2023, we created a new ESG Committee at Board level.

Enacting positive change

As a business, our focus remains firmly fixed on making our supply chains both sustainable and commercial, as that is where we can make the most impact. We often have a better overall visibility of our global supply chains than any other participant. And with that comes a responsibility to enact positive change.

Sustainability review contains:

We welcome constructive feedback on our approach at info@czarnikow.com

OUR HOLISTIC APPROACH TO SUSTAINABILITY

Our purpose

To exert a positive economic and sustainable influence in our supply chains.

Our corporate goals

Monitoring and managing direct impacts

Initiatives and actions in our own operations.

Planet

- Reported tCO_2e GHG Protocol Scope 1 and 2 emissions reduction (see P26)
- Developed Scope 3 emissions data collection and reporting
- Worked on roadmap of actions to reduce operational emissions (including generated waste)
- Disclosed ESOS and SECR data
- Led initiatives for waste reduction.

People

- Invested in values-based:
  - *employee health and wellbeing, hybrid/flexible working initiatives*
  - *employee training, with strong focus on diversity and inclusion*
- Widened employee engagement channels
- Reported gender pay gap analysis
- Renewed focus on volunteering and community investment.

Profitable growth

- Reported strong year one performance against five-year growth plan
- Continued investment in VIVE to increase availability of commercial, sustainably-sourced products
- Progressed future financing/funding plans in line with growth plan
- Approved conversion in 2023 of our borrowing base to a sustainability-linked loan.

Monitoring and managing supply chain impacts

Influences, initiatives and actions in our supply chain operations and through our VIVE Sustainable Supply Programme.

Planet

- Launched VIVE Climate Action initiative - see P27
- Improved farming standards (including pesticides, fertiliser and water usage; biodiversity, soil and pollution improvement; and regenerative agriculture)
- Reported against United Nation's Sustainable Development Goals
- Assisted clients with Scope 3 reporting.

People

- Improved ethical sourcing standards (including human rights, modern slavery avoidance and safe and fair working conditions)
- Improved ethical supply chain governance and processes
- Improved community engagement in supply chains.

Profitable growth

- Improved governance of financial and operational processes of VIVE supply chain participants
- Provided incentives (discounted finance costs) for sustainable activities
- Brokered green finance facilities/bonds with lenders
- Created localised social value by increasing tonnages of sustainably-sourced products.

Our governance

+ P46 to P58

- Purpose-led business with strong culture, values and focus on value creation for all stakeholders
- Shareholder structure that helps foster good communication between CCL and CGL Boards, underpinned by formal committees
- Board committees expanded to include new ESG Committee in 2022
- Ongoing transparent corporate reporting, above statutory requirements
- High ethical standards and integrity grounded in strong governance practices (e.g. voluntary Wates disclosure), policies and whistleblowing arrangements
- Zero tolerance for corruption, fraud, bribery, modern slavery and discrimination
- Holistic approach to risk management, including non-financial/ESG risks and opportunities.

"By committing to continuous improvement in ingredient supply chains, we develop strong relationships with our VIVE participants to create significant commercial advantage through increased volumes, longer-term contracts and new partnerships."

Hayley Humphreys, Programme Manager, VIVE

FINANCIAL AND OPERATIONAL REVIEW

ENVIRONMENTAL REVIEW

Environmental disclosures

As a large UK organisation, we disclose mandatory ESOS (Energy Savings Opportunity Scheme) data and Streamlined Energy 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) recommendations. However, we continue to review the development of TCFD reporting for our industry and our supply chain stakeholders at large, and to analyse potential implications for our operations.

Performance 2022

This report contains information on our Scope 1 and 2 emissions. We aim to publish Scope 3 information later in 2023. In 2022, through engagement with our new partner, Quantis, we adopted improved modelling, assumptions and definitions. The 2021 data reported below may not be entirely comparable to 2022 as they were based on different modelling and assumptions.

Scopes 1 and 2

Our Scope 1 emissions include our direct consumption of natural gas associated with the use of heating (only applicable to our London office) and fugitive emissions associated with refrigerant leakage from operating air conditioning (AC) units for cooling. Fuel emissions associated with direct travel were not calculated in 2022 because they fall outside the GHG Protocol's Scope 1 and 2 boundaries; we can confirm that fuel emissions were immaterial. These will, however, be calculated as part of our Scope 3 emissions reporting, using a new data collection process. Our Scope 2 emissions are associated with the use of purchased electricity for lighting, office technology and cooling for CZ's direct business operations in its owned and leased offices.

Our combined Scope 1 and 2 emissions in 2022 were 163 tCO2e (metric tonnes) and a more detailed breakdown is set out in the table on P27. The reported decrease is mainly due to: overstatement in our 2021 data collection methods; removal of petrol consumption (as explained above); and remodelling based on improved emissions ratios and assumptions.

We have chosen number of employees as a relevant intensity ratio determinant; our largest asset is our people and energy usage is indirectly linked to the number of employees in the business. We are using this intensity ratio to analyse and improve our performance. For example, we are working to introduce energy efficiency audits in targeted offices based on this analysis.

Scope 3

We continue to strive to fully understand our Scope 3 emissions (covering our full upstream and downstream supply chain activity) to make more sustainable decisions in our business and to influence improvements and investments in our supply chains. We are undertaking a deep-dive analysis of our Scope 3 emissions and remain focused on improving in-house data collection in this area, supported by investment in IT. We aim to republish the table on P27 to include Scope 3 data by the end of 2023.

VIVE CLIMATE ACTION

We are rapidly enhancing our capabilities as a provider of climate-related solutions to respond to increased client interest.

In 2022, we launched VIVE's Climate Action initiative – a tool to help clients measure, report and reduce carbon emissions. This was developed through a year-long research and development programme in partnership with industry leader Quantis, leading to two successful pilots in Brazil and Thailand.

This new client service and our relationship with Quantis have significantly enhanced how we approach our own carbon footprint measurement and reporting.

During 2022, we consolidated key learnings from our own supply chains, and worked with Quantis to calculate our Scope 1 and 2 emissions and to scope our reduction strategies. We seek to identify emission hotspots that we can use to inform our longer term decision-making and strategy, and to calculate these as accurately as possible.

CZ SERVICE PROVIDED

Summary of energy consumption and greenhouse gas (GHG) emissions

Energy consumption	2021	**2022**
- Gas, kWh	663,000	405,000
- Purchased electricity, kWh	549,000	378,000
Total electricity and gas consumption, kWh	**1,212,000**	**783,000**
- Transport fuels, litres	13,55	n/a[1]

Emissions information	2021[2]	**2022**
Natural gas (heating)	121	31
Fugitive emissions – refrigerants	123	16
Petrol (mobile combustion)	30	n/a[1]
Total Scope 1 emissions, tCO_2e (metric tonnes)	**274**	**47**
Purchased electricity (market-based methodology)	207	118[3]
Total Scope 2 emissions, tCO_2e (metric tonnes)	**207**	**118**
Total Scope 1 and 2 gross emissions, tCO_2e metric tonnes	**481**	**165**
Activity metrics and intensity ratios:		
Total number of employees[4]	260	310
Intensity ratio: tCO_2e per employee (kilograms)	833	534

1 Fuel emissions associated with direct travel were not calculated in 2022 as they fall outside the GHG Protocol's Scope 1 and 2 boundaries. Absolute fuel emissions were immaterial.

2 2021 and 2022 figures should not be compared on a like-for-like basis. In 2022 we adopted improved modelling, assumptions and definitions, following a change in service provider.

3 CZ is reporting purchased electricity using market-based methodology, as this makes it easier to compare future performance. In 2022, emissions from purchased electricity calculated using location-based methodology were 103 tCO2e (metric tonnes).

4 Employee numbers calculated as at year end.

Methodology and assumptions

The table above shows CZ's annual energy consumption and GHG emissions, including data for our SECR reporting. The GHG accounting and reporting procedure of CZ's inventory is based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard – Revised Edition (the 'GHG Protocol') and the complementary Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These are the most widely used international accounting tools to quantify and manage GHG emissions. Our methodology includes a focus on the GHG Protocol's guidance on the division of emissions into food, land and agricultural activities (FLAG) and those that sit outside this category (non-FLAG).

CZ has collected primary data for the consumption of natural gas (space heating) and fuels or mobile and stationary combustion (in kWh or litres) from its global offices. Electricity consumption figures have been collected from each of CZ's sites and the associated emissions calculated based on the GHG Protocol's 'Scope 2 Guidance'. Local emissions factor datasets have been applied to ensure accuracy and relevance. Emissions estimates from purchased electricity have been reported in Scope 2 and calculated and reported using both the location-based 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. Key assumptions used were as follows:

Scope 1

> Refrigerants across all offices based on:
- 20 British Thermal Unit (BTU) of Air Conditioning (AC)/square foot
- 1 tonne of AC per 1,200 BTU of AC
- 4 lbs of refrigerant per tonne of AC
- 10% of refrigerant in AC unit leaks annually based on 2006 IPCC Guidelines for Greenhouse Gas Inventories
- For offices outside the United Kingdom, based on the National Renewable Energy Laboratory (NREL) report on the dominant refrigerant used by region and by equipment type, R-140A is most prominently used. This was confirmed using available data from our São Paulo office.

Scope 2

Electricity consumption for Mexico, Guangzhou and Mexico City was based on reported values in 2020 and 2021 and kWh per employee of offices with similar average annual temperatures.

FINANCIAL AND OPERATIONAL REVIEW

VIVE REVIEW

Influencing change in our supply chains

Through our VIVE Sustainable Supply Programme (VIVE), we use our unique position in the supply chain to stimulate supply flows that meet high, verified standards. Our work accelerates global capacity to meet increasing market demand for sustainably-sourced, commercially viable products by engaging VIVE participants – from farmers to industry buyers – in a programme of continuous improvement.

As supply chain participants, we also hold ourselves accountable: our operations are third-party-assessed through VIVE; we report our Scope 1 and 2 greenhouse gas (GHG) emissions (see P26); and in 2023 we aim to publish our Scope 3 emissions, having developed our modelling and refined our data collection with our new partner, Quantis.

VIVE
SUSTAINABLE SUPPLY PROGRAMME

Key figures[1]

23
Number of participants

14
Number of countries

> 80
Buyers Supporting VIVE members

> 1 million metric tonnes
Volumes of VIVE-verified product

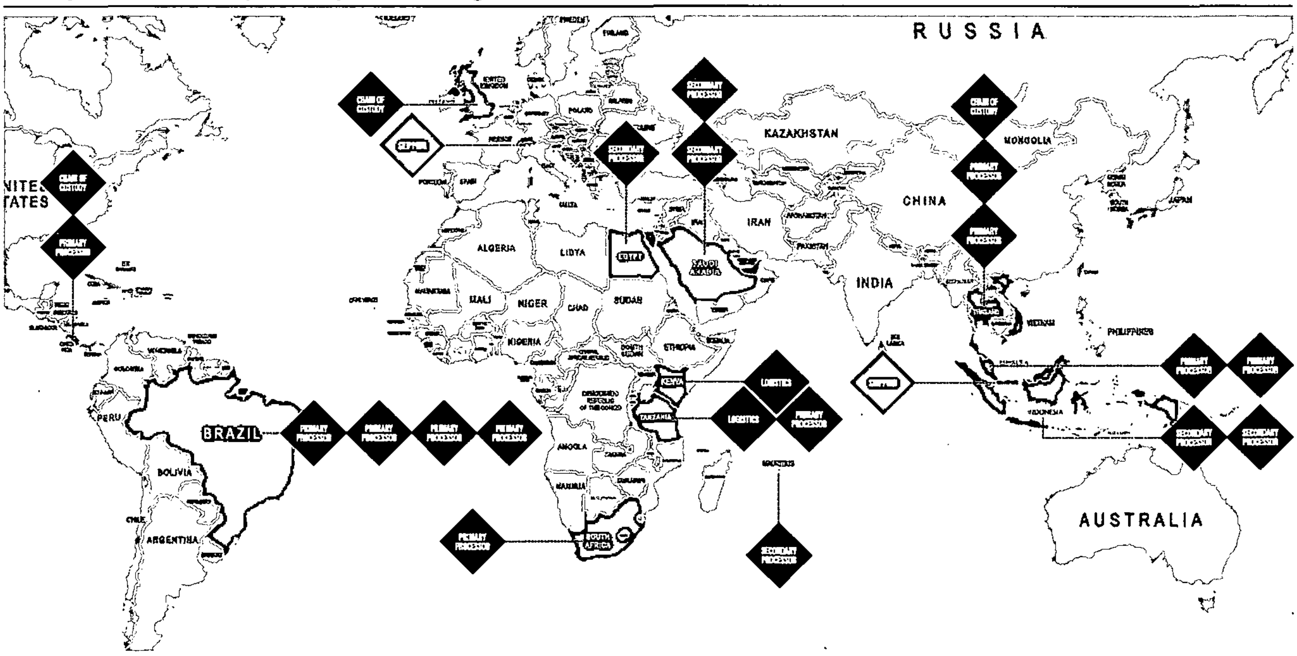
VIVE programme

VIVE is a collaboration between CZ and our partner Intellync. It combines our detailed understanding of complex, global supply chains and Intellync's ESG expertise and auditing skills. VIVE supports supply chain participants through three-year cycles that provide bespoke improvement plans and third-party sustainability verification. Our aim is for VIVE to be the leading programme in the agricultural sector. More information is available on www.viveprogramme.com

Key assessment metrics

VIVE's assessment modules are based on five key ESG pillars: Governance and policies, Company facilities, Crops, People, and Environment. Assessment data is gathered under each pillar, via a comprehensive set of questions designed to allow a granular investigation of sustainable practice, and tailored to the participant's place in the supply chain. Areas such as water use, biodiversity, fair pay, carbon emissions and land use are just some of the elements included under the VIVE umbrella.

VIVE participants by supply chain stage



Please note some organisations have more than one participant in the programme.

1 Figures as of March 2023

+ More information is available on www.viveprogramme.com

Innovative financing models

By interacting with VIVE participants 'on the ground', CZ can directly improve processes, procedures and the commercial viability of products. These actions benefit people's livelihoods and welfare, as well as their local communities, through improved standards and reinvestment.

To stimulate growth in sustainable development, we have developed a mass balance transfer and credits system, which enables the transfer of sustainable sugar credits where physical flows are impossible due to logistical challenges. This ensures that VIVE participants committed to sustainable development are compensated for their investment and can continue increasing the availability of sustainable products.

Our approach extends to finding solutions to fund, finance and incentivise sustainable product flows. VIVE has long-standing relationships with Rabobank and OCBC Bank and these partners can reward VIVE participants with discounted finance rates subject to commitment and performance. In 2022, we laid the groundwork to add a sustainability-linked loan to our borrowing base, which we will launch during 2023.

This will increase the availability of green capital and liquidity for activities associated with VIVE. We will be able to assist in financing accredited flows, attract new participants, and increase volumes of sustainable agriproducts to meet growing demand.

Key developments in 2022

Supporting clients in science-based decarbonisation

The ability to measure and reduce carbon in long, complex supply chains is a pressing challenge for our clients. We tackled this strategically by partnering with Quantis – a global leader in corporate climate action – to develop VIVE's Climate Action initiative, which we are piloting in Brazil and Thailand.

Through this module, we engage with key supply chain players (farmers, producers, banks and logistics providers) to improve the quality of carbon reporting data. We will share this data annually with our clients and, more importantly, use it to support the design, funding and implementation of bespoke intervention programmes to reduce supply chain GHG emissions using science-based pathways that focus on insetting rather than relying on credits.

Growing the VIVE programme

In early 2022, the Mediterranean Shipping Company was the first business to participate in VIVE's new Containerised Shipping Module, which will enable VIVE to facilitate more verified sustainable flows of containerised refined (white) sugar and other food ingredients, bringing new opportunities in regions and markets that are more reliant on container movements.

Expanding our buyer network

VIVE's Buyers Supporting VIVE (BSV) platform is designed to give our end buyers (typically large and very large national and multinational companies) the opportunity to positively influence their supply chains by connecting them with VIVE-verified participants and products.

In 2022, market leaders Nestlé, Barry Callebaut and CJ CheilJedang committed to supporting the VIVE programme, increasing the number of buyers to over 80.

This is an important development, because as BSV numbers grow a significant pull-through effect is generated in upstream supply chains.

OUR GROWING SUSTAINABILITY TEAM

To manage increased demand and opportunity, in 2022 Ben French was appointed as Senior Manager – VIVE Sustainable Supply. He joins Hayley Humphreys, Programme Manager, bringing his 11 years of experience in CZ's Commercial team to inform future plans. Keziah Cardoza also joined the team as Sustainability Analyst. The VIVE team is further supported by 12 CZ sustainability specialists around the world.

Name	Ben French
Position	Senior Manager VIVE Sustainable Supply
Joined CZ	2011
Location	London

"I joined CZ in 2011, starting in the Agriproducts team chartering dry bulk vessels before moving to the Africa and Middle East, then Asia Trading desks. After a few years, I took the opportunity to work in the Singapore office for seven years before recently returning to the UK."

FINANCIAL AND OPERATIONAL REVIEW

OUR HR PILLARS

Getting ready for global growth

In 2022, we expanded our HR structure to support our global growth aspirations, as shown in the graphic below. Our Group HR team bases its work on three pillars – recruitment, learning and development, and pay and benefits.

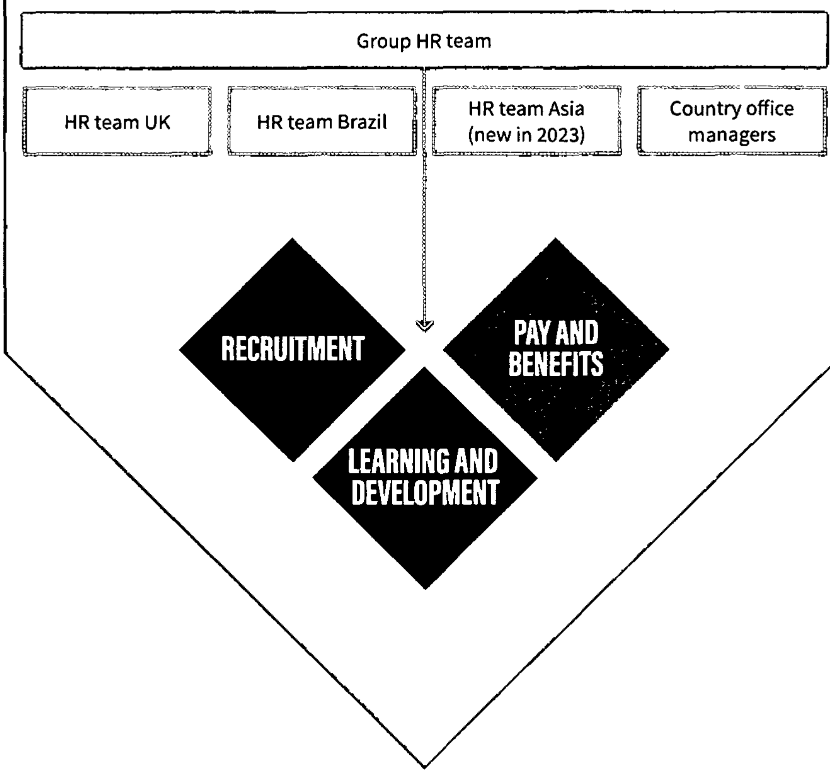
These reflect the strategic HR focus that will be required to deliver our ambitious five-year plan.

> US$102,000

Investment in training

Name	Sharon Blore-Rimmer
Position	Head of Human Resources
Joined CZ	2012
Committee	Charity committee

"We are a global business, committed to creating an exciting place to work that is diverse, inclusive and dynamic. We work hard to listen to our employees, to capture their views and to act on them when taking business decisions."



PEOPLE REVIEW

Recruitment

Culture first

We are on a rapid recruitment drive. In 2022, we had 310 employees – a record. However, our brand is not yet a household name so we continue to build its recognition, especially among students and younger potential recruits. We partner with universities and business schools around the world, targeting specific and relevant courses, and we strongly promote our ethical and sustainable practices – which are 'must-haves' for potential joiners.

To ensure we do not risk diluting our values and culture as we expand, we recruit for culture first – striving to attract candidates who are likely to thrive naturally in our entrepreneurial and culturally-rich workplace. We search from a diverse talent pool: most recently, for example, seeking people who speak multiple languages to fulfil our business requirements. Our recruitment has been enhanced through ongoing diversity and inclusion (D&I) awareness training (see below) and investment in our HR systems. We also routinely ask for feedback from joiners and candidates to improve this process further.

Fast-tracking opportunities

In 2022, we introduced a successful fast-track associate programme, complementing our graduate and internship programmes. This additional recruitment strand enables us to fill global roles faster by hiring international, multilingual people with relevant industry experience. We continue to place great value on internships, taking on nine interns in the London office and 13 in Brazil in 2022, and pride ourselves that many interns have since come back to take on permanent employment. We actively encourage career moves – across functions and between countries.

In this way we aim to live up to and promote our corporate goal of creating an exciting place to work.

Retention and satisfaction

Our employee retention has remained relatively stable since 2018 at 86%. During 2022 there were no redundancies; however, we experienced a slightly higher employee turnover at 19% . We conduct in-depth exit interviews to understand why people may choose to leave CZ and during 2022 we found that most moves were motivated by circumstances we could not influence. We use Glassdoor scores as a proxy satisfaction measure and in 2022 we were rated 4.7 out of 5 (2021: 4.5). We have a 'open door' policy and we employ various engagement methods to track employee sentiment, which we see as crucial to our success as we grow (see P33).

Learning and development

Future-fit skills

In 2022, we invested >US$102,000 in learning and development (2021: >US$100,000), which enabled us to deliver around five training hours/ employee (2021: c.10 training hours/ employee). Alongside D&I training (see below), we are focused on developing 'future-fit' skills to bolster our five-year growth plan, for example by increasing in-house expertise in new product areas such as grains and energy.

Diversity and inclusion

We strive to achieve a balanced workforce, which in turn will help us improve diversity of thought and decision-making (for our diversity and inclusion statement, please see policy on our website). During the year we continued our dignity@work training, which promotes stellar behaviours, respect and standards, and every UK employee was invited to attend these sessions, which were run by Equitura and in 2022 focused on equality and fairness. Employee feedback from these sessions is shared in the table on P33. We also rolled out a year-long D&I training programme in our Brazil office (see P34).

We collect and collate diversity information (some offered voluntarily) from our people to know them better. We are rich in cultural diversity and understanding, with at least 32 different languages spoken across nine time zones. Our ongoing relationships with upReach in the UK and the HR consultancy EmpregueAfro in Brazil shore up our commitment to value individuals with a broad range of skills and social backgrounds. We are also experimenting with virtual career events that promote diversity, and we took part in our first Student PRIDE fair in February 2023.

Pay and benefits

We offer competitive pay and employee benefits, including a discretionary bonus scheme, health insurance, gym subsidies and generous annual leave. These sit alongside plentiful learning and development programmes, social events, sports teams and networking opportunities. We are focused on maintaining our position as an attractive employer in a challenging marketplace.

Gender diversity, gender pay gap and equal pay

Our overall gender split has remained stable over several years (see graph on P2); in 2022, around 44% of our global workforce was female. Our gender pay gap information is published voluntarily (see table below) and further gender analysis information is provided on P50.

Gender pay gap 2018-2022, %

Our gender pay gap had been steadily improving since 2018. Therefore we were disappointed to record an increase from 26% in 2021 to 31% in 2022. This was due predominantly to recruiting more men in higher-paid roles (such as developers), which is an industry trend. We aim to address imbalances where we can by raising awareness of common workplace challenges for women, upskilling employees and introducing new policies such as our first menopause policy in 2022.

We help parents ease back into work after paternity/maternity leave and have traditionally had a high number of returning female employees; in 2022, we achieved 100%. Nonetheless, we currently have more male than female employees in more senior positions and in more expensive locations – factors which negatively impact our gender pay gap and are difficult to address quickly.

To support women to stay in work and become leaders of the future we offer: enhanced maternity pay, a menopause policy, mentoring for female employees. We are committed to providing equal pay for equal work.

Health and wellbeing

We promote the importance of physical and mental health and wellbeing, with initiatives across the Group ranging from expert speakers on specific topics such as burnout and financial stress to the provision of free fruit, and office social events such as a children's day and beach tennis.

Our HR team shares ideas and information through newsletters on our intranet, and plans to launch a 2023 wellbeing calendar that ties in with global events such as World Mental Health Day.

Recognising current financial pressures, we are also researching discounts and food vouchers to add to our intranet resources, which already include pensions advice and cost-saving tips, alongside our Employee Assistance Programme.

FINANCIAL AND OPERATIONAL REVIEW

FOCUS ON CZ BRAZIL

We have had an office in Brazil since 2005. It is our second largest office and home to 60 employees.

D&I training in CZ Brazil

Following a dignity@work launch in January 2022, our HR team in CZ Brazil ran a year-long D&I training programme that included formal presentations, videos and workshops, with more than 12 follow-up communications. Topics included equality and equity, microaggressions, empathy, race, ethnicity and gender. Every employee in the Brazil office took part in the training, which will soon be mandatory for all new joiners. Having raised awareness of the value of a diverse workforce and reinforced expected behaviours, the HR team is working to address the under-representation of ethnic minorities in the Brazil office through its inaugural work with Brazil's leading HR consultancy on ethnic racial diversity.

Gender representation,
(Brazil office)

60 employees

38% Female 62% Male

21 leadership positions

33% Female 67% Male

39 other positions

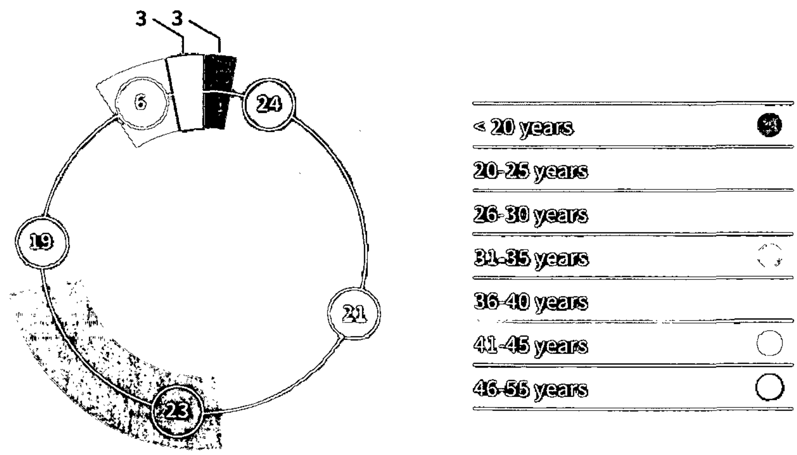
41% Female 59% Male

Charity fundraising and volunteering
Our in-person UK charity fundraising and volunteering work has taken a knock since the global pandemic, though we ran two virtual fitness fundraising initiatives in 2022. Such activities benefit local communities and improve employee engagement, and we intend to renew our focus in this area with the formation of a Charity Committee in early 2023.

"We plan to treble the number of employees in the Brazil office over four years, largely driven by our expanding energy business. We nurture excellent relationships with other CZ offices through our internships, mentoring and dignity@work programmes."

Aline Momi, Office Manager, Brazil

Age distribution of employees, (Brazil office) %



In 2022, charity donations amounted to US$35,815. In partnership with our social mobility partner, UpReach, CZ employees volunteer to mentor young people seeking career advice and to provide 'insight days'. We make no political donations.

Ethics and integrity
During the year we updated our compliance handbooks and policies to support our growing, global teams and to reinforce our commitment to acting responsibly wherever we work. We respect human and employment rights, as guided by the Universal Declaration of Human Rights and core International Labour Organization conventions, and we have zero tolerance for slavery and human trafficking, corruption, bribery and facilitation payments. Key policies are kept updated on our website.

ACTIVE LISTENING - EMPLOYEE ENGAGEMENT CHANNELS

From onboarding onwards, we encourage our employees to express and consider different viewpoints and we give them many opportunities to do so (see summary in table below and stakeholder engagement information on page 56). We listen actively, using employee feedback to stay aware of sentiment and to implement proposed ideas - for example, running more CEO and Director lunches and modernising our mentoring framework. We are currently evaluating the merits of introducing a formal employee engagement survey to complement our 'open door' culture and existing engagement channels as we grow.

Employee engagement channels	CZ INTRANET	'ALL HANDS' MEETINGS	CEO/DIRECTOR LUNCHES	ANNUAL STRATEGY WEEK	WHISTLE-BLOWING PROCEDURE	EXIT INTERVIEWS
How information is collected and used	On-site analytics used to record number of employees accessing information, most popular posts, etc.	Monthly meetings run by topic with Q&A follow up, to encourage employees to challenge and debate Group strategy and decision-making. Key topics / questions raised collated and actioned by HR.	Regular small-group sessions with CEO to encourage idea generation and open discussions; now also held by other senior managers.	Annual event held in person and online; all open sessions recorded, see also P48. Feedback collated and acted upon.	Channel for employees, who may feel unable to raise issues with manager (preferred route). Information gathered and escalated by Compliance team.	Set of questions asked confidentially by HR at earliest possible opportunity; logged on HR system and reviewed by management.

Actions and outcomes

- Improved employee content and communication
- Clearer explanation of CZ in pre-interview materials
- New employee engagement initiatives, including Director lunches

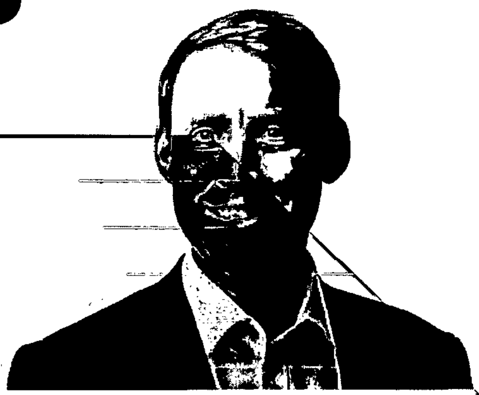
UK dignity@work key findings

	Things we do well	Things we could do better
Positive response to cultural change	○	
Approachable leadership	○	
Flexible career paths	○	
Structures to support staff	○	
Lack of rigid hierarchy	○	
Integrate new joiners better/faster		○
Protect our culture during times of rapid hiring		○
Increase capacity of managers to balance competing demands on their time		○
Improve transparency around decisions		○
Improve diversity at senior levels		○

At our dignity@work sessions (see P31 and P32), we gathered feedback from employees. Where key findings from this exercise (shared in the table opposite) and information from other employee engagement channels tallied, we prioritised these improvement areas for future implementation.

FINANCIAL AND OPERATIONAL REVIEW

RISKS & OPPORTUNITIES



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.

Focus and priorities 2022

In recent years, owing to CZ's successful business growth we have expanded our product range, and are handling much larger volumes and building economies of scale – particularly through increased product aggregation. However, our growth and changing business profile have added 'stress' to some of our systems and services. External factors brought about by global conflict have also forced us to think differently about trade flows and partners. Combined, these factors increased pressure on our risk systems across the board, but in particular on our credit risk.

To mitigate these risks the CZ Risk team focused on specific areas during the year:

1. We challenged and updated existing processes, and created a best practice guide with standardised procedures for key aspects of our business, including credit control and broker and counterparty checks. With business changing rapidly, we plan to review and benchmark all procedures annually, to ensure they are fit for future growth and support us to operate as efficiently as possible. We have introduced new metrics to score credit risk, and additional quantitative measures such as stock and inventory turnover days.
2. The Risk team increased its scrutiny of our discharge operations – i.e. when goods are unloaded after transport. We did this by appointing discharge surveyors to ensure that the quality control and product handling at this stage of the process match our high loading standards, especially for new, high-value product lines.
3. We have grown our team and spent more time in our operating regions around the world to share experience, expertise and best practice.

Hayden March, Head of Risk

Our risk appetite in practice

Appetite		
Zero/Very Low	O	Zero/very low appetite for exposure to risks that would lead to legal action, default, employee or public harm, reputational harm.
Low	O	Low appetite for risk exposure that would damage values and culture, or ability to recruit and retain high-calibre people.
Balanced	O	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 types of products handled and geographies).
High	O	Willing to consider limited number of bolder, more complex trades/deals in anticipation of higher financial returns.
Very High	O	Open to selected, mitigated-only, higher-risk trades in pursuit of very-high-return opportunities.

Our line of business does not reward the risk-averse. 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.

INTEGRATED RISK MANAGEMENT FRAMEWORK

Setting the tone from the top

C. Czarnikow Limited (CCL) Board

Three common members in 2022

Czarnikow Group Limited (CGL) Board

P51

Committees that support CCL Board – CCL members

Committees/teams that support CGL Board

Risk Committee

Reports at least quarterly to CCL Board

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

Reports at least quarterly to Risk 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

Reports to operational boards

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

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.

310

Number of employees in 2022

Integral to our risk management culture

Corporate values	Training	Risk appetite	Clear risk tolerance levels

Individual and collective responsibility

FINANCIAL AND OPERATIONAL REVIEW

Risk management culture

Our risk management culture guides how we operate – individually and collectively. It is championed through top-down leadership; enabled through our risk management framework; complemented by our corporate culture, values and training; and codified in our clearly articulated risk appetite and risk tolerance levels. Our risk management framework is presented on P35.

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. We do not allow actions that would harm the Group; nor will we tolerate behaviour which fails to meet our standards of best practice.

We hold ourselves accountable to agreed standards; and we also comply with all sanction regulations and clearly indicate where products are incompatible with our business ethos.

Risk appetite, tolerance and opportunities

We comment on our overall risk appetite in the table on P34. We have tolerance limits in place for each principal risk (see P38 to P44). By understanding these, we are best placed to identify and evaluate growth opportunities.

Risk management framework

Through our integrated risk management framework, illustrated on P35, there are formal channels for communicating risks to the CGL and CCL Boards, to inform their decision-making. The framework seeks to limit adverse effects on the Group's financial and non-financial performance.

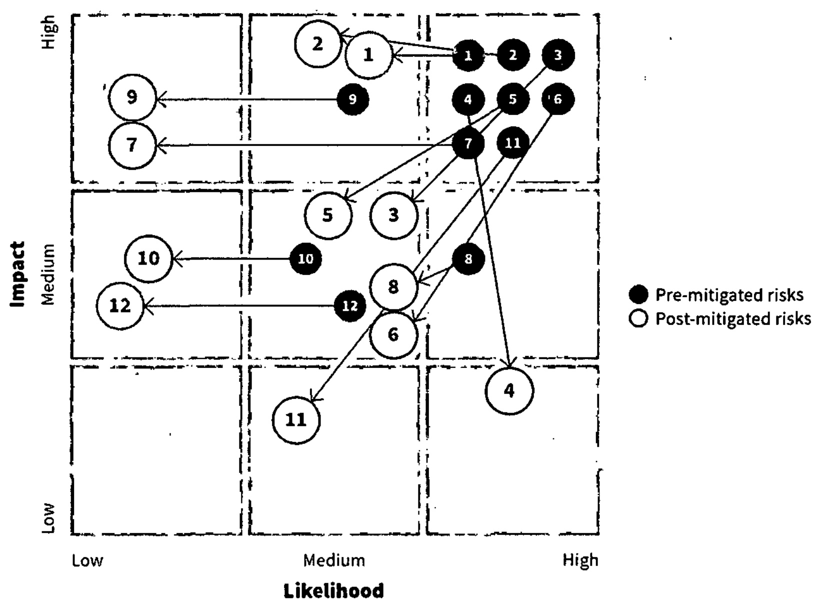
Group policies and limits are set and reviewed regularly by CCL (which has delegated the responsibility for managing the Group's principal risks to its Risk Committee), by the CEO of CGL, and by relevant CGL management. In addition, managers operate an 'open door' policy and we have arrangements for employees and contractors to raise concerns confidentially about possible wrongdoing or oversight. Please see our whistleblowing policy and Code of Conduct, available on our website www.czarnikow.com.

Risk assessment

We use a risk 'heat map' approach as set out below to help assess our 12 principal risks against both their likelihood of emerging, and their potential impact on our ability to achieve our target budget and operate our business model. We plot our pre-mitigated ('gross') and post-mitigated ('net') risks, to demonstrate how our mitigation strategy will soften any impacts and bring the risks in line with our risk appetite.

We also disclose any 'emerging risks'. These are important enough to be monitored, but not material enough to be currently considered immediate principal risks.

Risk heat map



Post-mitigation risk profile changes

During the year under review, post-mitigated risks to our business changed as follows:

Increased ↑

2. Credit risk
3. Interest rate risk
4. Political risk

Remained stable →

1. Liquidity risk
9. Systems risk
12. Key employee risk

Decreased ↓

5. Reputational risk
6. Shipment risk
7. Price risk
8. Currency risk
10. Regulatory risk (including financial crime)
11. Employee health and wellbeing risk

PRINCIPAL RISKS AND UNCERTAINTIES

At a glance

In the table below, we summarise our principal risks and key changes for the year under review. The Group considers these to be of primary relevance to CZ's business activities. In the following pages, we provide more information about each principal risk and our mitigation strategy, including key responsibilities, an indication of the most likely impact each risk would have on our ability to achieve our corporate goals, tolerance levels, business opportunities that our risk management may elicit, and the likely speed of the risk materialising.

	Principal risk	Year-on-year change	Overview
1	**Liquidity risk**	→	Linked to increased price risk, this risk remained stable in 2022; we mitigate it through our strong, diverse relationships and innovative funding approach.
2	**Credit risk**	↑	Increased given rising shipment volumes, and new product lines and geographies. Mitigated by our agile approach and robust credit procedures.
3	**Interest rate risk**	↑	Increased substantially in 2022 owing to global interest rate hikes. Through daily review and a wide range of mitigation strategies, our Trade and Structured Finance teams provide stability in a volatile market.
4	**Political risk**	↑	During the year under review the global political landscape changed, partly due to Russia's invasion of Ukraine and the knock-on effects elsewhere. However, we have very limited business in the region so did not experience adverse direct impacts.
5	**Reputational risk**	↓	The continued expansion into new products and geographies increases our risk profile. However, through our ESG strategy and VIVE Sustainable Supply Programme, we can have a positive influence on the sustainability of our business and supply chains.
6	**Shipment risk**	↓	Decreased due to less volatility in the freight markets, coupled with our ability to offer optionality to counterparties as we have increased our aggregate shipping capabilities and volumes.
7	**Price risk**	↓	Global markets remain volatile, yet we continue to mitigate this risk through our hedging strategies.
8	**Currency risk**	↓	The currency market was volatile in 2022, though this risk has slightly decreased as the majority of our flows are US$-denominated and we hedge all non-US$-denominated exposure.
9	**Systems risk**	→	We continue to hone our IT systems and are benefiting from recent investments and our migration to the cloud.
10	**Regulatory risk (including financial crime)**	↓	To mitigate exposure to global regulations as we grow, we continue to review all compliance processes, policies and training activities in each jurisdiction.
11	**Employee health and wellbeing risk**	↓	Even though the direct risk of COVID-19 has receded, we continue to focus on employee health and wellbeing initiatives and to offer support in this area.
12	**Key employee risk**	→	To achieve our high-growth plans we remain focused on creating an exciting and rewarding place to work for our employees.

Emerging risks

Emerging risk	Overview
Climate change risk	We continue to study climate-change-related risks and opportunities in our supply chains and their potential impact on our longer-term business model, and we summarise these on P45. Our VIVE Sustainable Supply Programme , supports this work.

FINANCIAL AND OPERATIONAL REVIEW

PRINCIPAL RISKS IN MORE DETAIL

1. Liquidity risk

Year-on-year change
→

Key responsibility
Risk, Treasury and Derivatives teams have joint responsibility for managing liquidity risk, reporting to the CFO and, where required, the CCL Board.

Relevance to corporate goals

What this risk means to us
The risk of exposure to requests to meet payment obligations as they are due, including margin calls on derivative financial instruments used to mitigate price risk.

Year-on-year change
Although stable, liquidity risk remains top of our risk agenda as we work to ensure a stable, balanced and diverse range of funding sources to power our operations and to realise our ambitious five-year growth plan.

Mitigation strategy
We use a risk mitigation 'ladder' to help manage liquidity risks. The first step consists of daily reports to model and forecast liquidity requirements based on value-at-risk and cash flow measurements. The Group maintains transactional finance secured on underlying business, with maturity dependent on the tenor of the physical transaction.

We nurture long-term relationships with a diverse set of funding partners to secure reliable, balanced funding sources and avoid reliance on any one party. The Group also monitors the expected cash flow requirement of derivative financial instruments used to mitigate price risk, and will switch to alternative solutions if necessary. Our expanding borrowing base facilities and structured financing form a key part of our strategy. We take an increasingly innovative and diverse approach to non-banking partnerships to widen the portfolio of available liquidity to manage our growing business in new product areas and geographies (see P22).

Risk tolerance and opportunities
Medium – The Group must be able to meet funding requirements in volatile commodity markets; our approach is to manage risk accordingly, as we cannot take high risks in this area. As we extend our borrowing base facilities, we provide financing opportunities to strengthen liquidity for future business growth.

Speed of materialising
Slow to fast – Variation margin is updated daily by the markets, meaning sudden movements in our major traded markets can quickly impact our liquidity risk profile. However, our firm relationships with financial and funding partners enable us to plan strategically for longer-term changes to financing and liquidity at a macro level.

2. Credit risk

Year-on-year change
↑

Key responsibility
Credit Risk team and Credit Committee

Relevance to corporate goals

What this risk means to us
The risk of our counterparties failing to meet their contractual obligations under the payment terms we offer them.

Year-on-year change
During the year our exposure to this risk increased. At a macro level, increasing cost pressures on global supply chains (from the impact in recent years of COVID-19, container displacement and the war in Ukraine, compounded by the unavailability of US dollars, for example) made it harder for counterparties to fulfil their obligations. Rising interest rates placed a further layer of pressure on an already squeezed environment.

In 2022, we moved our largest volume of products to date, across a wider range of geographies and product categories, and worked with more counterparties to operate our core business. While this expansion is necessary to realise the Group's five-year plan for ambitious, purpose-led growth, an increase in credit approvals increases the level of potential credit risk.

Mitigation strategy
We have a dedicated Credit Risk team and Credit Committee who are responsible for reviewing, approving and monitoring all credit exposure in line with CGL's credit policies, including credit insurance. The Credit Committee meets and reports to CCL's Risk Committee weekly, working alongside the Risk team to assess risks using a multi-layered approach. This ensures CZ is best placed to meet credit risk challenges as they arise.

The entire payment cycle, from business origination to repayment, is rigorously monitored. At the credit assessment stage, the Risk team determines and quantifies the exact nature, timescale and amount of credit risk exposure which has been proposed: namely, the precise terms and conditions of the transaction; credit support; shipping and insurance; funding requirements; and counterparty due diligence.

We analyse risks identified through this procedure against our key criteria (type, tenor and amount of proposed exposure; risk mitigation; financial standing of the counterparty; and rationale and business strategy) before accepting or rejecting the counterparty.

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.

In 2022, we continued to sharpen our focus in this area by tightening our credit policies, enhancing credit limit monitoring and improving due date protocols. For example, the Risk team added new metrics to score and understand credit risk, which are included in papers shared quarterly with the CCL Board, adding a more quantitative approach through analysis of stock and inventory turnover days.

Risk tolerance and opportunities
Medium – We are prepared to increase our gross credit risk exposure in pursuit of growth, but not at any cost. Our increased scrutiny and actions to mitigate this risk demonstrate our balanced approach to exploring and realising business growth opportunities.

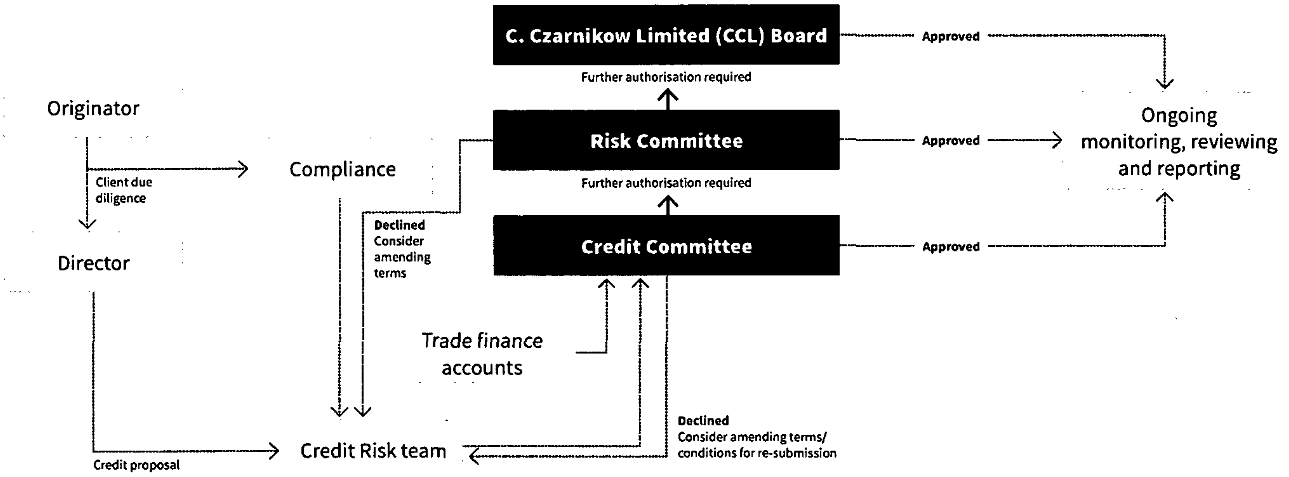
Speed of materialising
Slow to medium – Failure of counterparties to meet obligations is often the result of ongoing difficulties that can be foreseen over time. However, increased pressures at the macro level accelerated the materialisation of credit risks in the year under review.

Counterparty analysis by risk category 2022

Risk category	New counterparties approved (total)	New counterparties approved with whom we traded
Extremely weak (0-10)	0	0
Vulnerable (11-30)	162	113
Speculative (31-40)	54	34
Uncertain (41-50)	94	58
Adequate (51-60)	40	27
Good (61-70)	12	8
Strong (71-80)	3	3
Very strong (81-90)	0	0
Extremely strong (91-100)	0	0
	365	**243**

At year end 2022, we had traded with 243 newly-approved counterparties (2021: 165) from a total of 365 successful submissions (2021: 292). Around 16% (2021: 17%) 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 and 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.

Credit Committee



FINANCIAL AND OPERATIONAL REVIEW

3. Interest rate risk

Year-on-year change

↑

Key responsibility

Julian Randles, CFO

Relevance to corporate goals

What this risk means to us
The risk of interest rates rising, which could significantly impact our credit risk exposure and cost of internal funding.

Year-on-year change
Interest rates rose significantly during 2022 as many governments sought to tackle rising global inflation. This exposed our business to higher borrowing costs and increased the credit risk of our clients. This tighter environment saw our interest rate risk rise during the year under review.

Mitigation strategy
We actively monitor interest rates and communicate changes and potential impacts to our clients. The Group's mitigation strategies in the year included the trading of interest rate swaps, forming a new, effective strategy for weathering a period of high interest rates. We drew on in-house skillsets to manage this strategy, proving our ability to problem-solve and remain agile in changing markets.

Our structured finance approach provides us with a range of funding options that further mitigate direct risks in this area.

Recent developments
Interest rates have risen significantly during the year under review to tackle rising global inflation, bringing interest rate risk higher up our risk profile as we are exposed to higher borrowing costs. We communicate closely with clients on changes in interest rates to maintain transparency and manage their credit risk.

Risk tolerance and opportunities
Low - Our business model limits direct exposure to interest rate risk, but we remain committed to managing this with vigilance on behalf of our clients. The increased transparency and service we offer in this area further strengthens our long-term business and funding relationships.

Speed of materialising
Fast - During times of economic turbulence, as experienced in 2022, funding rates can change quickly. Therefore, we monitor interest rates on a daily basis and act as needed to mitigate their impact.

4. Political risk

Year-on-year change

↑

Key responsibility

Robin Cave, CEO

Relevance to corporate goals

What this risk means to us
The risk of instability arising from a change in government, legislative bodies, foreign policymakers, or military action.

Year-on-year change
This risk increased owing to Russia's invasion of Ukraine in February 2022, the ongoing war in the region and more recent tensions between the USA and China. Although we have very limited business in Ukraine and have identified no material impacts elsewhere to date, these developments remained high on our radar.

Mitigation strategy
Compliance, due diligence, insurance and local knowledge are employed to ensure that the Group carefully manages any trading activity in politically volatile locations.

We mitigate political risk through the enactment of our core value of acting responsibly and with integrity, with the agility we have become known for and through careful consideration of our choice of counterparties, products and geographical activities.

Through our global presence and deep understanding of global markets, we can often find alternative products, supply routes and transit methods to avoid the direct impacts of changing political landscapes. This ability, along with our operating structure and lack of physical assets, help to reduce the potential impact of political risk.

Our Risk team continues to monitor and evaluate how events in Russia, Ukraine, the USA and China are developing and considers any emerging events in other areas that might affect us.

Risk tolerance and opportunities
High - As a global business we acknowledge that we will at times be exposed to political risk around the world. Our diverse locations, local knowledge, client-centric ethos and agility allow us to act quickly to identify alternative strategies and supply routes, helping to find solutions to deepen client relationships.

Speed of materialising
Medium to fast - The speed at which political risks develop can range from a few days to years, but we remain prepared for materialising risks at all paces.

5. Reputational risk

Year-on-year change
↓
Key responsibility
Robin Cave, CEO

Relevance to corporate goals

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.

Year-on-year change
Our product portfolio continues to expand into new areas. This presents a positive growth opportunity, but can also bring a wider remit of risk. By demonstrating our capacity to work with a range of different commodities with due care and consideration, we believe this risk to have decreased.

Mitigation strategy
The Group is committed to best practice in corporate governance and this is a central part of our mitigation strategy, alongside robust counterparty due diligence (see Credit risk), employee training (see Regulatory risk), a transparent communications strategy, rigorous Board approval processes and our leadership role.

Through our VIVE Sustainable Supply Programme, we are independently assessed as a supply chain participant, and as its co-manager we influence positive change and best practice throughout the supply chain.

Our Quality team is also accountable for maintaining our high product standards. We continue to evaluate closely the reputational risks associated with any new product offering versus its commercial opportunities.

Risk tolerance and opportunities
Low to medium – Our relationships power our business. It is of utmost importance that we consider and handle business developments sensitively and with our reputation in mind. However, we are also prepared to operate in new supply chains and take on associated risk to influence them positively, create growth opportunities and deepen client relationships.

Speed of materialising
Slow to fast – We are able to manage the selection of new business areas in the medium to longer term, allowing us to consider all information available. However, reputational risks to our clients that impact us by association can move at a faster pace.

6. Shipment risk

Year-on-year change
↓
Key responsibility
Julian Randles, CFO

Relevance to corporate goals

What this risk means to us
The risk of costs being incurred in the course of delivering physical products to clients and/or the risk relating to changes in freight costs, service levels and potential environmental impacts.

Year-on-year change
During 2022, pressures on the global freight market intensified, with bottlenecks, high prices and unavailability of containers causing problems for our clients. We continued to use our flexibility and wide range of freight options to find solutions to manage the situation and, overall, this risk decreased.

Mitigation strategy
Our operational flexibility reduces the impact of this risk, as we are able to aggregate our shipping capabilities within a tight container market and offer a range of options to clients. Our IT investment gives us a clear global view of shipping movements and further mitigates this risk. Ongoing collaboration with shipping partners has led to new ways of moving goods by sea, and we use freight hedging tools to further mitigate price risk in this sector. We implement our advanced systems and processes to deal with these risks as they emerge, and draw on our strong operational capabilities to manage challenges.

Risk tolerance and opportunities
Medium – We are prepared to take on increased risks associated with the shipment of food ingredients, as this business also brings new avenues of growth, for example, the development of our new VIVE Containerised Shipping Module.

Speed of risk materialising
Medium – The nature and transit speed of our physical shipments mean that issues typically take several weeks to fully materialise.

7. Price risk

Year-on-year change
↓
Key responsibility
CCL's Risk Committee

Relevance to corporate goals

What this risk means to us
CZ manages exchange-traded and over-the-counter derivatives and is therefore exposed to fluctuations in the price of the underlying commodities that give value to these financial instruments. Volatility in cross-currency pairs also poses a risk.

Year-on-year change
Despite CZ handling a higher volume of new products in 2022, our Risk team managed to keep our price risk stable by applying and refining hedging strategies for the new products in our trade book. Price risk associated with sugar was stable as prices remained in a tight collar

FINANCIAL AND OPERATIONAL REVIEW

for most of 2022, and we also benefited from limited exposure to energy price volatility, meaning we were largely unaffected by the rise in fuel prices.

Mitigation strategy
CCL's Risk Committee oversees and approves the price risk limit of the Group's activity, working to a set of principles established under a defined price risk management framework and using derivatives contracts to mitigate as much risk as possible.

In 2022, we included energy price risk management in contracts for some of our clients.

We will continue to design innovative hedging structures to maintain our track record of responsible risk management.

Risk tolerance and opportunities
Low – We have a low tolerance for price risk and use derivatives to manage it. Given our expertise in this area, we are also able to offer the same service to our clients, which can help to win and retain business.

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

8. Currency risk

Year-on-year change
↓

Key responsibility
Julian Randles, CFO

Relevance to corporate goals

What this risk means to us
The Group's transactions are US$-denominated, and therefore we are exposed to currency risk in relation to our overheads.

Year-on-year change
Overall, this risk remained stable as our US$ denomination meant we had limited exposure to the more volatile currency markets in 2022. In 2022, the pound sterling hit a record low against the US dollar. This made expenses in our London office cheaper and temporarily increased the price of sugar beet in the UK. Volatility in the Brazilian real (BRL) had minimal effect on us as we took fewer BRL positions in 2022.

Mitigation strategy
We have strategies and procedures to hedge exposure to non-US$ trades with forward contracts.

Risk tolerance and opportunities
Low – We have a low tolerance for currency risk and will continue to hedge our exposure to currency volatility by balancing our positions in different currencies as they relate to our trading positions and overheads, where necessary. By reducing risks relating to a major trading currency, such as BRL, we have taken the opportunity to deepen strategic partnerships in this region.

Speed of materialising
Fast – Currency markets are fast-moving and frequently fluctuate.

9. Systems risk

Year-on-year change
→

Key responsibility
Stuart Durrant, Head of Technology

Relevance to corporate goals

What this risk means to us
The risk of failure of core processes, technologies and systems that the business relies on for the smooth functioning of daily activities, and threats to cybersecurity.

Year-on-year change
Despite increasing investor focus on cybersecurity, business continuity and data protection we consider this risk to be stable. This is as a result of our ongoing investment in remote working systems and cybersecurity.

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 for key services such as internet connections, telephone lines and cloud-based tools. We continue to develop our own internal systems and software, managed by a dedicated in-house team. This approach gives us greater control over our key data flows and improves our ability to respond fast to issues.

During the year, systems associated with our hybrid working arrangements became more established across the Group and our Technology team continued to improve remote functionality and mitigate associated risks. In 2022 we increased our investment in cybersecurity and this will be a key focus for our Technology team in 2023.

We continued 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.

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 our business processes and build a system that aligns with our specific business needs and strengthens our competitive advantage.

Speed of risk materialising
Fast – Damage to our systems could have an immediate impact upon our ability to perform and execute business.

10. Regulatory risk (including financial crime)

Year-on-year change

↓

Key responsibility
Robin Cave, CEO

Relevance to corporate goals

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 when trading with counterparties – including financial crime, fraud, theft, bribery or money laundering.

Year-on-year change
Despite increasing regulation, demand for transparency and our expansion into new jurisdictions, we consider this risk to have decreased year on year given our ongoing focus on and actions in this area.

Mitigation strategy
We operate comprehensive sanctions, anti-bribery and anti-money-laundering policies and procedures, and provide mandatory 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.

During 2022, we continued our emphasis on reviewing and, where necessary, updating 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 on developments.

We also continued implementing new requirements introduced by the UK Financial Conduct Authority's Investment Firm Prudential Regime (IFPR), which came into force on 1 January 2022. We completed the IFPR's Internal Capital and Risk Assessment (ICARA) which has been reviewed and approved by the Board. C. Czarnikow Sugar Futures Limited falls into the Small and Non-Interconnected (SNI) category of the IFPR.

Risk tolerance and opportunities
Zero – We operate a zero-tolerance policy towards any regulatory risk. We consider costs associated with meeting our regulatory obligations as a values-led investment; our reputation is strengthened and our ability to work with larger clients, in particular, is enhanced.

Speed of risk materialising
Slow – Regulations are typically slow to emerge as they are subject to a consultation process and subsequent approval by legislative bodies.

11. Employee health and wellbeing risk

Year-on-year change

↓

Key responsibility
Sharon Blore-Rimmer, Head of Human Resources

Robin Cave, CEO

Relevance to corporate goals

What this risk means to us
As we are a service business, our people are our most important and significant asset. The healthier and happier our employees are, the better they can contribute to the long-term growth and prosperity of the Company and to their own fulfilment. The impact of modern lifestyles and pressures on mental and physical health and wellbeing is growing, and we intend to be at the forefront of the debate on how best to support employees.

Year-on-year change
During the year, health and wellbeing risks directly attributable to COVID-19 receded, but we saw increasing financial pressures and related stress on society from global cost-of-living impacts. Overall, however, through our efforts we are increasingly equipped to mitigate this risk and therefore consider our exposure to it to have decreased during the year under review. It remains, however, high on our agenda.

Mitigation strategy
Through our HR team we work to catch any decrease in employee wellbeing early and provide appropriate support. For example, we have embedded personal and wellbeing 'check-ins' into standard HR practices: managers hold regular such 'check-in' meetings with their direct reports, and confidential employee meetings are also held regularly with the HR team.

In 2022, we continued to promote the importance of physical and mental health and wellbeing, and we report on various initiatives implemented around the Group on P31. We will continue to raise awareness of the importance of employee health and wellbeing in 2023, with a renewed focus on physical health.

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. We consider our efforts in this area to be an integral part of our overall employee strategy to retain and recruit the best people needed for growth.

Speed of risk materialising
Slow to fast – The speed of this risk materialising can swing dramatically depending on the effect of planned or unexpected external events on individual employees. Overall, by raising awareness of our employee policies and support, we aim to address any issues as early and quickly as possible.

FINANCIAL AND OPERATIONAL REVIEW

12. Key employee risk

Year-on-year change

→

Key responsibility

Sharon Blore-Rimmer, Head of Human Resources

Relevance to corporate goals

What this risk means to us

Our main assets are the intellectual property and strong culture generated by our employees. A significant loss of key personnel could impair our ability to achieve our high-growth plans.

Year-on-year change

Due to our ongoing focus and investment in maintaining and developing an attractive workplace environment, we consider this risk to have remained stable.

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, and encourage cross-team training. We provide competitive benefits and long-term remuneration and we focus on 'growing our own talent' to help build a strong employee pool to ensure smooth succession in the event of personnel moves, and have developed a robust values-led recruitment process to attract external candidates who fit our culture.

In 2022, we strengthened our HR team to give further support to our employees as we grow, focusing on training, remuneration and recruitment. We continued to help our employees transition to our hybrid working structure, and we rolled out training to reinforce our diverse and inclusive workplace environment: see P31.
A significant development was the introduction of cross-Group operational boards that give our employees early exposure to leadership, and we have renewed our focus on mentoring.

Risk tolerance and opportunities

Low – Given the importance we place on our culture, it is imperative that we retain and develop our valuable, talented people, alongside implementing the recruitment drive necessary to deliver our high-growth plan. We are 'active listeners' – keen to understand and respond quickly to employee feedback – and see the insights gained from this work as an opportunity to further hone our progressive and modern workplace, so we can both attract and retain a high calibre of talent.

Speed of risk materialising

Medium to fast – Key employees leaving the organisation can have an immediate to medium-term impact on our operations – depending on their function, our ability to recruit from within, and external employment market conditions.

Name	Azeez (Ade) Aderintu
Position	Risk Analyst
Joined CZ	2022 (as intern)
Location	London

"I began my internship in the Risk team and found it to be a rewarding experience. As I progressed into a full-time analyst role, I have gained an in-depth understanding of the different processes within the Risk and Credit functions and have developed strong relationships with my colleagues by embracing change and fostering an entrepreneurial mindset."

EMERGING RISKS

Climate change

Relevance to corporate goals

Short-term risks and opportunities
We consider climate-change-related risks as a major global long-term threat to people and the planet. However, our evaluation indicates that these risks will not directly impact our ability to do business in the short term; our immediate exposure is low, as we are a service company and own no physical assets.

In our supply chain, which is more likely to be affected in the short term, we have a strong track record of keeping the physical supply of goods moving in times of crisis - due to our significant global reach and relationships, our agile approach and our problem-solving ethos - and we will continue to deploy these assets.

Through our VIVE Sustainable Supply Programme (VIVE), we are also in a position to advise our clients in related areas such as water management and renewable energy, and have developed the VIVE Climate Action initiative specifically to help monitor and manage carbon emissions reporting and reduction.

Medium- to long-term risks and opportunities
We recognise that many participants in our supply chain will be adversely affected by climate change in the medium to long term, with intensifying extreme weather conditions (droughts, floods, high temperatures) highly likely to change the way that agriproducts are grown, handled and transported.

We will continue to study these risks and their potential impact on our longer-term business model; as well as address the opportunities to hone our relationships and deploy our strengths, so we can find value-adding solutions to keep supply chains connected and vital products moving.

Strategic Report 2022

The report from P2 to P45 was reviewed and signed by order of the Board on 23 March 2023.

Robin Cave, CEO

CLIMATE CHANGE RISKS AND OPPORUNITIES

	Risks	Opportunities
Short-term	- Low immediate impact on CZ operations - Increasing impact on supply chain availability, price and ability to move product - Increased scrutiny/regulation - Potential loss of talent if sustainable/ESG credentials are not communicated.	- Deployment of current ethos/approach - Bespoke advice and consultancy - Continuous improvement in related areas through VIVE, and attractive proposition for existing and new employees.
Medium- to long-term	- Crop failures/substitutions for growers; changing growing patterns/locations/methods - Increased operational impediments for shippers, hauliers and manufacturers - Potential evolution of supply chain partners (e.g. lab-grown food, emerging technologies) - Increased competition for talent, with the most resilient companies winning.	- Expansion of product portfolio to meet changing demand - Ongoing consultancy (sustainability and market knowledge) - Diversification of supply chain participants - Opportunity to position CZ as a solution to the crisis to attract and retain the best talent.

GOVERNANCE

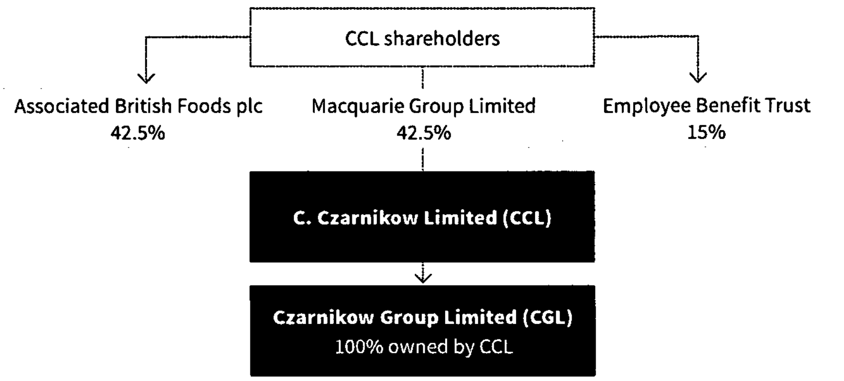
GOVERNANCE REPORT

Transparency as standard. This is our fifth voluntary governance review, using the Wates Principles and guidance (the 'Principles') as an informal framework to share our governance approach and to demonstrate good and emerging practices.

Overview

C. Czarnikow Limited (CCL) is the parent company of Czarnikow Group Limited (CGL). CGL is 100% owned by CCL and is its principal operating company. CCL's shareholding structure is summarised below and CCL and CGL Directors are listed on P51. Both CCL and CGL are registered in England and qualify as large private companies as defined by the Companies Act 2006.

C. Czarnikow Limited shareholder structure



About CCL's shareholders

- Associated British Foods plc is a diversified 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 a select group of CZ employees.

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."

Our purpose

We are united by a common purpose that is used to guide and promote CZ's long-term success.

Our purpose is to exert a positive economic and sustainable influence in our supply chains. This shapes CZ's overall approach – including its business model, strategy, operating practices and approach to risk – and the holistic long-term value that the business creates. A summary of how our purpose, strategy, corporate goals, core strengths and values work together is set out on P47.

The CGL Board is responsible for communicating the agreed purpose and strategic direction across the Group and through dialogue with stakeholders. Examples of stakeholder engagement can be found in the Stakeholder engagement section from P55 to P58, including decisions which have been influenced by stakeholders' views and inputs.

Our values

Our values represent 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 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 benefit.

> 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.

Our culture and behaviour
Our culture is innovative and entrepreneurial, but never at the expense of compliance, nor model corporate behaviour, and is guided by our purpose and supported by our values. 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 we place on employee dialogue. In the People review on P33, we discuss how we engage our employees to promote diversity of thought and improve decision-making. We uphold our positive work environment policy, which promotes a harmonious workplace, and we have introduced dignity@work training (see P31 and P32) to reinforce our behaviour expectations.

Both CCL's and CGL's Boards have a zero-tolerance approach to misconduct and unethical practices, and this is upheld across the range of jurisdictions and local laws that govern us. Among others, we monitor compliance against: MiFID II, the GDPR, the Modern Slavery Act 2015, the FCA's Market Abuse Regulation and Senior Managers and Certification Regime.

CGL Board members are responsible for setting the tone from the top, demonstrating our values through their behaviour and safeguarding our culture.

ACTING RESPONSIBLY AND WITH INTEGRITY

"We ask all CZ employees to act responsibly and with integrity at all times – holding themselves accountable for their own behaviour, helping other colleagues to make the best decisions, and having the confidence to call it out when they see or hear something that does not feel right. Only then do we start to capture the spirit of what we stand for – our CZ brand, our amazing people and our collective, competitive strengths."

Natalia Dziedzic, Compliance Manager, London

How our strategic elements work together

Element	What this element is	What this element means to CZ
Purpose Why we do what we do	To exert a positive economic and sustainable influence in our supply chains	This is our reason to exist – why we do what we do, for both financial and non-financial reasons.
Strategy What guides us	Broaden and deepen – see P12 for a full explanation	This is the high-level approach we will use to be successful. Our strategy helps guide our business decisions and actions.
Our corporate goals How we measure our success	- Reinforcing the CZ brand - Delivering on ROCE - Creating an exciting place to work - Providing unmatchable client satisfaction	These set out what we want to achieve at an organisational level. We use the goals to understand how successful we are at implementing our strategy.
Our core strengths What sets us apart and what we must continue to excel in	- Client service - Supply chain - Sustainability - Risk management - Technology - Finance	These are the areas in which we have world-leading expertise that we need to retain in order to be successful. We use our core strengths to identify the key areas where we need to invest and develop.
Our values What binds us together in action, behaviour and culture	- Building strong relationships - Embracing change - Investing in our team - Acting responsibly and with integrity	These embody the culture which underpins our success as an organisation. We use our values to support and drive all our business activities.

GOVERNANCE

Principle one: *continued*

We share unabridged, online employee views on our working environment through Glassdoor (see P31). Other metrics used to monitor culture are listed in our stakeholder engagement information on P56 and in our People review on P31.

Whistleblowing
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 will 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.

Strategy
Our 'broaden and deepen' strategy is simple, well understood around the Group and sense-checked regularly by the Board. Examples of progress made in 2022 are presented on P12. As reported last year, CZ has embarked upon an ambitious five-year growth plan which involves a significant drive to bring on board new employees and funding.

Year one performance against our plan was the theme of our 2022 Strategy Week – an event which involves the whole Group and allows CZ employees to present and challenge business developments (see box below).

Keeping our house in order
Corporate information can be accessed by all employees through the Group's intranet, where CGL's Compliance team posts news, regulatory updates, policies and briefings. All employees undertake annual mandatory compliance training, with further relevant training given to individual employees and departments.

In 2022, we reviewed our policies and put more into the public domain, responding to increased requests for environmental, social and governance (ESG) information. Our new and updated policies are available on www.czarnikow.com.

STRATEGY WEEK 2022

Each November, we run our Group-wide Strategy Week. This is a pivotal moment of the year that brings together all CZ employees – some in person, some online – and gives them the chance to hear (and challenge) first hand business developments and the Board's latest thinking. Having launched and refined our five-year plan during Strategy Week 2021, the running thread in 2022 was performance against plan in year one. Topics included:

> an overview from each operational line (Advisory, Agriproducts, Energy and Food Ingredients & Packaging) on 2022 performance against budget, objectives and key results (OKRs), milestones achieved, 2023 budgets and future projects
> speakers (mainly associate directors and senior traders) from key regions
> three days of 'open sessions' with two sessions run daily, averaging c.100 employees per session; one day was a 'closed session' with management only
> planned time for questions at the end of most sessions; the majority of employee questions were about business decision rationales and the thinking behind different projects.

After the week, feedback was gathered. One perceived downside was that 'back office' teams did not present in 2022, as they had done in the past. As 2022's theme was commercially focused, this change was understood, but greater involvement from these teams was noted as something to reintroduce next year. Debriefing and analysis concluded that Strategy Week 2022 led to a greater Group-wide understanding of CZ's aims, as well as clearer expectations of our operational business lines; it also forged relationships and enabled the sharing of ideas, leading to further collaboration.

"Since joining CZ in 2021, the business has made it easier for employees across all time zones to take part in our Annual Strategy Week. We are definitely encouraged to debate and challenge what is presented and I feel that our comments are valued and considered."

Adeoti Ogunsola, Marketing Associate

+P33

An international and diverse culture
As a Group, we are naturally rich and experienced in multicultural working practices and have a strong pipeline of talent. We have a clear understanding of the benefits of nurturing a diverse and inclusive employee base, as expressed in our diversity and inclusion statement (available on our corporate website), and we share examples of initiatives to promote gender and social inclusion neither CGL nor CCL operates on P31 to P32.

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."

Balance and diversity
In 2022 the CCL Board comprised three CGL Directors and four Nominated Directors (two on behalf of Macquarie Group Limited and two on behalf of Associated British Foods plc) (see P51). The Chair is appointed by CCL's Directors on a rotating basis and may not hold the office of either Managing Director or CEO.

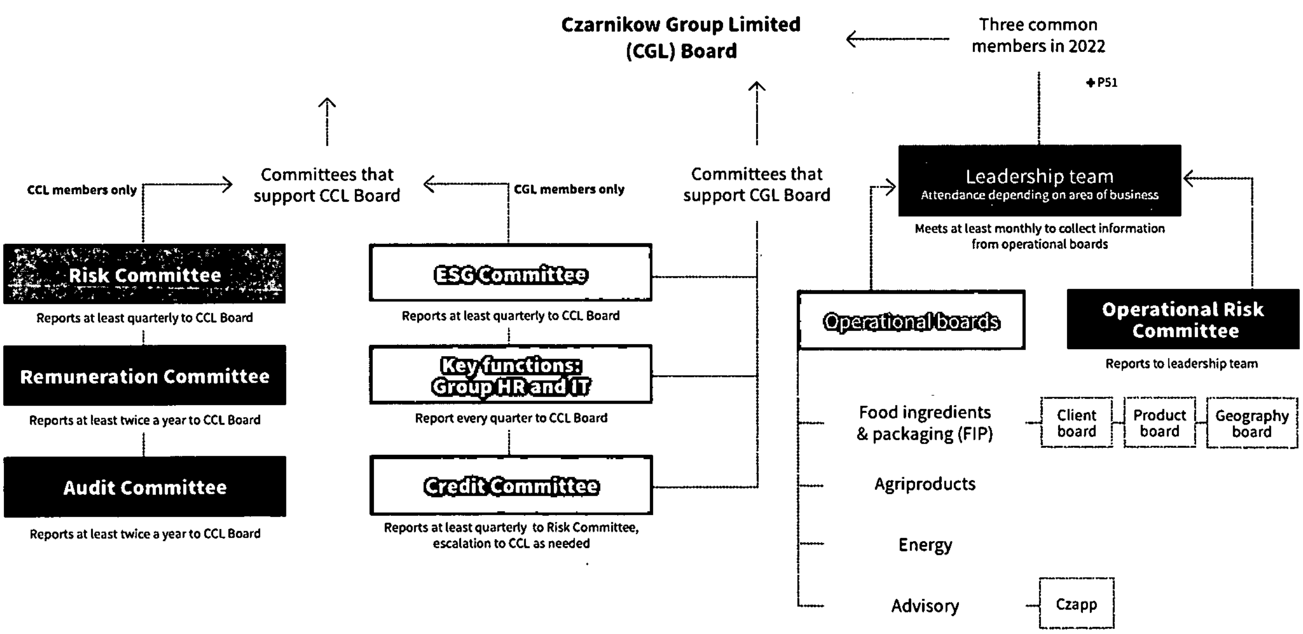
As neither CGL nor CCL operates a Board that is subject to regular appointments of independent Directors (or permanent Chairs), we currently have no set targets relating to balance of gender, ethnicity, age or social background at this level. Nonetheless, we recognise that the current profiles of the CCL Board and CGL Board reflect neither the diversity of the world in which we operate, nor that of our next layer of management or, indeed, our group of global employees.

To ensure that diverse thinking is shared with and acted upon by the CCL and CGL Boards, in 2022 we evolved our operational and reporting structure. This included a new ESG Committee and newly-defined operational boards to support the CGL and CCL Boards, as set out in the graphiC below. Our new operational boards:

- give opportunities to a wider, more diverse cross-section of CZ employees to share views, experience chairing and be part of more formal committees
- pool talented people from across the business with relevant skills, experience and enthusiasm to help make the best decisions at the operational level
- create more formal and regular lines of communication to the CGL and CCL Boards about key operational activities, to better inform Board decision-making
- allow decisions to be made at the faster pace needed to execute our five-year plan.

An overview of Board structures and supporting committees for 2023

C. Czarnikow Limited (CCL) Board



GOVERNANCE

Principle two: *continued*

Gender analysis

Our gender analysis is summarised in the table below and a summary of our gender pay gap data, provided on a voluntary basis, can be found on P31.

Gender analysis 2022

	Female	%	Male	%
CCL Board	0	0	7	100
CGL Board	0	0	5	100
CGL managerial positions	25	35	46	65
CGL all employees	136	44	174	56

CCL and CCL Board sizes and structures

In 2022, we had seven CCL Board Directors, three of whom sat on the CGL Board. The CGL Board comprised five members in total. For both Boards, 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 and ensuring that CZ shareholder interests are communicated and considered. Some CCL Board functions are delegated to committees, which consider specific issues on behalf of both the CCL and CGL Boards. We do not have any independent directors.

Effectiveness

We do not formally evaluate the effectiveness of the CCL and CGL Boards as a whole. However, for the common members of the CCL and CGL Boards (and other members of the CGL Board), each individual is evaluated collaboratively through an internal 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 Board committee arranges for periodic reviews of its own performance and, at least annually, reviews its constitution and terms of reference to ensure they are operating effectively. Any changes are recommended to the CCL Board for approval.

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 the CGL Board are set out in each Board's 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

During the year, the CCL Board had three supporting committees to help with the consideration of certain matters: the Risk Committee, Remuneration Committee and Audit Committee. More information about these committees is in the table on P52. Additionally, CGL's Credit Committee reported at least weekly to CCL's Risk Committee. Both the CCL and CGL Boards retain responsibility for final decisions. In carrying out their duties, all committees have regard to the Group's developed purpose, values, strategy and culture.

Towards the end of 2022 and in Q1 2023, new committees and reporting regimes were created to better support the CCL and CGL Boards in 2023, including a new ESG Committee. We aim to share more details about the structure and remit of these new committees in next year's report.

All Board 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.

Conflicts of interest

All Board members must declare potential conflicts of interest at the start of each quarterly meeting.

Integrity of information

CCL's Audit Committee is charged primarily with monitoring and reviewing the integrity of CZ's financial information. As such, it is responsible for reviewing the effectiveness and integrity of the Group's internal financial control, internal control systems and internal audit, and quality of information.

Our long-term investment in IT systems has increased our ability to use high-quality data more effectively to inform strategic thinking and long-term value creation. Through ongoing strategy work, the CGL Board monitors and challenges the relevance of performance indicators used across the Group. CZ's KPIs are shown on P19, and other metrics used in relation to stakeholder engagement are set out on P56 to P58. Internally, we set and share goals based on objectives and key results (OKR) methodology. All employees can view these on our internal IT system to promote an overarching understanding of individual, team and departmental objectives.

Information circulation

Information is circulated before each CCL Board and CCL committee meeting to ensure Directors can carry out their duties as effectively as possible. For CCL, the notice of meeting, agenda and supporting papers are forwarded to committee members and invitees at least five working days in advance.

ABOUT OUR BOARDS

CCL and CGL Boards

CGL appoints its own Executive Directors to the CCL Board (a minimum of one and a maximum of five) and CCL's Nominated Directors are appointed by its Qualifying Members.

Key decisions made by the CCL and CGL Boards during the year are summarised on P55 as part of our Stakeholder Engagement (S.172) Statement. As at the publication of this Annual Report, the CCL Board composition is as follows:

CCL AND CGL BOARDS

Board member	CCL Board position	Date appointed	Other key positions held
Matthew Booth	Nominated Director on behalf of Macquarie Group Limited	27/11/2018	Senior Managing Director at Macquarie Group Limited; Non-Executive Director of Connected Energy and MGT Teesside
Robin Cave*	Executive Director	01/07/2009	CEO of CGL
Richard Morrison	Nominated Director on behalf of Associated British Foods plc	03/11/2017	Business Performance Director, Associated British Foods plc
Charles Noble **	Nominated Director on behalf of Associated British Foods plc	03/03/2023	Group CFO, AB Sugar (part of Associated British Foods plc)
Julian Randles*	Executive Director	11/07/2014	CFO of CGL
William Rook*	Executive Director	21/11/2016	Director of CGL
Paul Weston	Nominated Director on behalf of Macquarie Group Limited	10/05/2013	Managing Director, Macquarie Bank Limited

* During the year under review, Robin Cave, Julian Randles and William Rook were also Directors of the CGL Board, alongside Adam Leetham and Jonathan Williams.

** On 3 March 2023, Daniel West (Nominated Director on behalf of Associated British Foods plc) resigned from the CCL Board and Charles Noble was appointed.

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 fewer than two Directors.

The CCL Board meets at least quarterly.

GOVERNANCE

Principle three: *continued*

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 the CGL Board, 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.

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

In last year's Annual Report and Accounts, we set out our ambitious purpose-led five-year growth plan – a reflection of our entrepreneurial culture and the Directors' commitment to preserving and creating long-term value for the Group. Through its ongoing strategy work to achieve this plan, the CCL and CGL Boards identify opportunities for growth and task CGL's operational boards every year to develop forward-looking plans.

Risks

Our integrated risk management framework is presented on P35 and provides an overview of responsibilities for managing risk across the Group. As set out in the graphic on P49, both the CCL Board and CGL Board have supporting committees with clear accountabilities that oversee risks to the business and manage them effectively, including financial, non-financial and reputational risks.

Information on our risk appetite, principal and emerging risks, tolerance levels and opportunities associated with the effective operational management of each principal risk, together with insight into the work of CGL's Risk team and Operational Risk Committee, is shared in the Risks & Opportunities section from P34 to P40.

CCL Board committees 2022

	Audit Committee	**Risk Committee**	**Remuneration Committee**
Principal purpose	To provide 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.	To provide 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 to maintain 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.
Chair	Appointed by the CCL Board each meeting, on a rotating basis between shareholder Directors.	Appointed by the CCL Board each meeting on a rotating basis between shareholder Directors.	Appointed by the CCL Board on a rotating basis each meeting between shareholder Directors. CGL employees are not eligible.
Membership	At least three members, including at least one representative of each CCL shareholder. Other people by invitation.	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 the 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.
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 twice a year, before and after the audit process.	At least quarterly, in advance of CCL Board meetings.	At least twice a year.

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 determines and agrees the framework and broad policy for the remuneration of employees of CGL and its subsidiaries - see also the table on P52. 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 2022 is set out in the table below.

Objectives of our remuneration 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
> ensuring alignment to the Company's long-term strategic goals.

Gender pay analysis

We analyse and publish gender pay gap data on a voluntary basis. In 2022, our gender pay gap was 31% (2021: 26%). Further details can be found on P31 in our People review.

Relative importance of spend on pay

In the table below, we show how our Directors' year-on-year remuneration compares with other financial expenditure in 2022. As a comparison, the UK inflation rate (as measured by the Consumer Price Index including owner-occupiers' housing costs) rose by 9.2% in the 12 months to December 2022.[1]

Remuneration information 2022 (audited), US$'000

	2017	2018	2019	2020	2021	**2022**
Staff costs						
Wages and salaries	17,724	19,465	20,846	26,390	26,916	**32,206**
Social security costs	1,828	2,278	2,310	2,420	3,034	**3,205**
Pension costs	1,205	823	815	911	1,093	**1,232**
Total	20,757	22,566	23,971	29,721	31,043	**36,643**
Directors' emoluments						
Total emoluments	3,526	2,946	2,305	2,199	2,871	**3,239**
Total Company contributions to money purchase pension schemes	10	207	–	–	–	**–**
Share-based payments	–	–	488	769	622	**1,105**
Total	3,733	2,956	2,793	2,968	3,493	**4,344**
Highest-paid Director						
Emoluments	596	744	542	440	692	**765**
Share-based payments	–	–	72	299	132	**278**
Total	596	744	614	739	824	**1,043**

Please refer to note 7 to the financial statements on P78.

2022 comparative data, year-on-year % change

	2019 v 2018	2020 v 2019	2021 v 2020	**2022 v 2021**
UK and overseas taxation payable	+35.6	+53.4	+78.3	**+62.4**
Expenditure on intangible assets	+35.0	+25.3	-2.8	**+25.4**
Total staff costs	+6.2	+24.0	+4.4	**+18**
Directors' total emoluments	-5.5	+6.3	+17.7	**+24.4**
Directors' total emoluments (excluding highest-paid Director)	+1.5	+2.3	+19.7	**+23.7**
Highest-paid Director (total emoluments)	-17.4	+20.4	+12.9	**+26.5**

1 Source: www.ons.gov.uk.

GOVERNANCE

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 operational management and the CCL and CGL Boards, key decision-makers are better able to understand the social, environmental and economic impacts that CZ has on its stakeholders - and vice versa.
On P13 we set out some macro market factors that shape our strategic thinking, and on P56 to P58 we list our key stakeholders and provide an overview of issues that affect them.

Stakeholders

Information about our key stakeholders, how we communicate with them and how any information and feedback gleaned is channelled to key decision-makers is presented below as part of our Stakeholder Engagement (S172) Statement and related information.

Additionally, through our corporate website, which houses our annual reports, statutory information and core policies, all key (and prospective) stakeholders can access a fair, balanced and understandable assessment of CZ's position and prospects.

Workforce

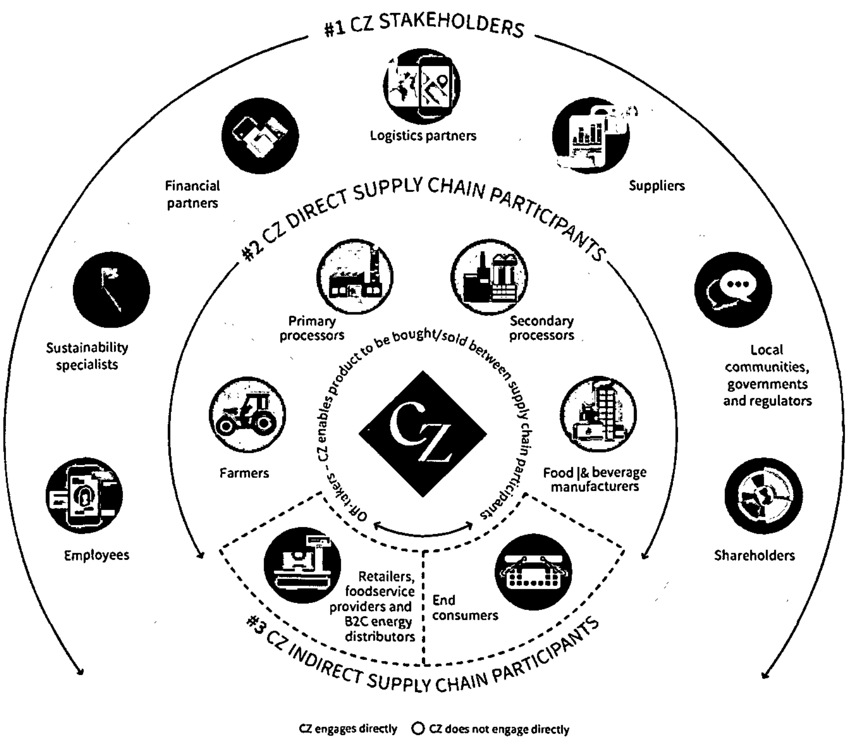
CZ is a company with no material physical assets, so our employees - who bring their skills, knowhow, integrity, entrepreneurship and loyalty - are a vital stakeholder group. An overview of how we engage with our employees and the outcomes of this engagement is presented on P33 in our People review, and below on P56.

CZ stakeholders at a glance

#1 CZ stakeholders
We engage directly with a range of stakeholders outside our supply chains who are instrumental in supporting our services.

#2 Direct CZ supply chain participants (our 'clients')
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. See also P10.

#3 Indirect CZ supply chain participants
We do not sell or market to the people who consume the products we handle, nor to the retailers, foodservice or energy providers who supply finished products. However, we keep a close eye on them, as these stakeholders have a significant influence on our long-term supply chain activity.



Stakeholder Engagement (Section 172 ('S172')) Statement

As required by the Companies (Miscellaneous) Reporting Regulations 2018, we confirm that the Directors have promoted the long-term success of CCL and CGL respectively for the benefit of their 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 mandatory reporting requirements under S172 of the Companies Act 2006.

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:

> implementing new CGL operational boards to share opportunities and responsibilities and to improve employee communications - see P21

> agreeing to establish a new ESG Committee to report into the CCL Board - see P3 and graphic P49

> approving the extension of our existing borrowing base and the launch of a second one borrowing base - see P22

> setting up a full office presence in Colombia (following the Colombian office's incorporation in 2020) with two permanent, local members of staff - see P5

> starting to work within a new supply chain (glass) - see P10.

In making the above decisions, the Directors considered both the impacts on key stakeholders, informed by stakeholder engagement, and the longer-term consequences of these decisions on the business in relation to the environment and our reputation. Areas assessed included associated financial and non-financial risks and opportunities, and the likely stakeholder 'trade-offs' 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))

On P56 to P 58, we summarise how we engage with key stakeholders at an operational level, our understanding of key stakeholder issues, and how this information is communicated to the CCL and CGL Boards to assist in their strategic decision-making.

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

Through engagement, we gain a better understanding of the importance that our key stakeholders place on our environmental and local community impacts. 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. 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 take more holistic decisions, which include non-financial and ESG implications and the consideration of views from our banks, clients and supply chain participants. Much of this work is carried out through our VIVE Sustainable Supply Programme; as well as via our partnership with climate change solutions company Quantis, which helps us document, analyse and reduce our carbon emissions. We are keenly aware that many of our supply chain participants are likely to be adversely affected by climate change and environmental risks in the longer term. As it is in our mutual interests to mitigate these risks, the CCL and CGL Boards anticipate environmental considerations will become more central to key investment decisions. Further information is available in the Environmental review on P24 to P25, , in our commentary on climate change risks and opportunities on P45 and our Sustainability review on P24 to P25.

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

We report on our culture, values and expected behaviours on P46 to P47. We confirm that decision-making by both the CCL and CGL Boards takes place within the strict parameters of our self-imposed high standards of business conduct.

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

In 2022, three members of the CGL Board sat on the CCL Board. This set-up facilitates an effective flow of information, ensuring that shareholders' interests are communicated and considered in an equitable manner. CCL Board meetings are held quarterly, 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.

GOVERNANCE

STAKEHOLDER ENGAGEMENT

Employees

Main engagement methods
> team and line managers
> 'open door' policy
> employee intranet
> HR 'check-ins'
> strategy updates
> regular global 'All hands' meetings
> Director lunches
> employee surveys (in development).

Why?
> corporate goal #3: Creating an exciting place to work
> core values: Investing in our team and Acting responsibly and with integrity
> employee expansion required to support ambitious five-year growth plan.

Informing the Board
> regular HR update with CEO and CFO
> review of monthly employee KPIs
> HR team presents each quarter to CCL Board
> CEO and CFO regularly attend Director lunches.

Expectations
> fair, progressive pay and 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.

Examples of metrics
> annual change in employee numbers
> average length of service
> Glassdoor scores
> # interns who return after graduation
> # employees who return after maternity leave
> # interns and graduates recruited
> overall gender split (also by seniority and office); gender pay analysis
> average hours and amount spent on training and development
> succession/talent pipeline monitoring.

Long-term value creation
> creating a more exciting workplace, including benefits and culture
> improving recruitment, retention and rewards
> promoting efficiencies and innovation through teamwork, engagement and communication.

Business outcome
Improves ability to retain and recruit high-quality people, enabling delivery of five-year growth plan.

Clients[1]

Main engagement methods
> Trading, 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 commercial teams and key clients
> close working relationship with procurement and quality control teams of industrial consumers
> use of Czapp to communicate market movements.

Why?
Strategy: broaden into new markets and deepen existing relationships.

Informing the Board
Key client-facing members of operational boards (see P 49) report quarterly to CGL Board, updating on growing portfolio of products, markets and clients by operational line.

Expectations
> bespoke, value-added knowledge-sharing and problem-solving
> optimal price, logistics, financing and sourcing solutions
> overall supply chain risk mitigation and reduced negative impacts, including relating to ESG issues.

Examples of metrics
> number of new counterparties – see P39
> evaluation of alternative energy sources.

Long-term value creation
> deeper understanding of client business to provide more added-value solutions
> valued services for our clients
> robust financial platform to support growth plans and opportunities.

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?
Corporate goal #2: Delivering on ROCE.

Informing the Board
CGL's Leadership team reviews banking lines and facilities regularly.

Expectations
> transparent, reliable and timely information; meeting agreed targets
> financial platform to support growth plans and opportunities
> ESG reporting.

Examples of metrics

1 We work primarily with farmers/growers, primary and secondary processors, and food and beverage manufacturers, many of whom are multinational companies. 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 through our off-taking service. For the record, at CZ we define suppliers as people who provide services, not products.

+P54

- reporting to SECR and reporting on greenhouse gas (GHG) emissions
- return on capital employed (ROCE)
- return on equity (ROE)
- number of counterparties and risk profile (see P39).

Long-term value creation
Ensuring a financial platform to support growth plans and opportunities.

Business outcome
Improves ability to fund future expansion, enabling delivery of five-year growth plan.

Logistics partners

Main engagement methods
- daily interaction with container shipping partners
- frequent communication with trucking, bulk shipping and warehouse partners.

Why?
- our purpose: To exert a positive economic and sustainable influence in our supply chains
- strategy: broaden into new markets and deepen existing relationships.

Informing the Board
- CFO attends Operational Risk Committee
- IT systems allow open access to 'live' shipping and logistics activities
- individual issues/updates escalated by operational boards.

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.

Long-term value creation
- ensuring the safe and timely delivery of goods to support food security
- 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.

Business outcome
Accelerates development of partnerships in new geographies.

Suppliers[1]

Main engagement methods
Via various teams, e.g. Accounts, Marketing and IT.

Why?
Core value: Building strong relationships.

Informing the Board
Best practice in working with suppliers is shared through operational boards and annual Strategy Week.

Expectations
- open dialogue to improve added-value services
- fair and prompt payment terms (see table below).

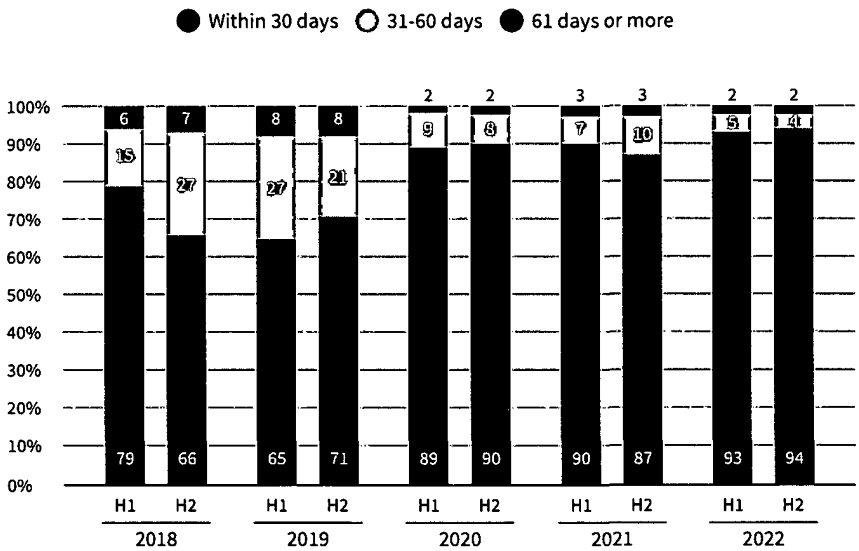
Example of metric
Prompt payment statistics.

Long-term value creation
- shared understanding of long-term plans
- greater efficiencies through engagement and collaboration.

Business outcome
Impacts choice of future partners.

A responsible payment culture

We recognise that we must help keep our vital supply chains running smoothly, and a key aspect of this is to pay promptly and fairly. We share our five-year history on supplier payment below. 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.



Note: Company information as submitted to UK government website.

1 At CZ we define 'suppliers' as people who provide services (e.g. legal and auditing) and non-supply chain products (e.g. office consumables, etc.).

GOVERNANCE

Shareholders

Main engagement methods
Quarterly CCL Board meetings.

Why?
Corporate goal #2: Delivering on ROCE.

Informing the Board
Three members of the CGL Board were members of the CCL Board in 2022.

Expectations
> ROCE improvements
> transparent, reliable and timely information
> meeting other agreed targets and sharing long-term aspirations.

Examples of metrics
> ROCE
> ROE
> net revenue growth
> SECR reporting/GHG emissions.

Long-term value creation
Shared understanding of and support for long-term aspirations.

Business outcome
Underpins the shareholder approval vital to delivery of ambitious, purpose-led growth.

Sustainability specialists

Main engagement methods
VIVE team, Trading teams, Marketing team

Why?
Our purpose: to exert a positive economic and sustainable influence in our supply chains.

Informing the Board
> ESG Committee reports directly to CCL Board
> annual audit performance reported.

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 Sustainable Supply Programme.

Examples of metrics
> increase in VIVE participants
> increase in members of Buyers Supporting VIVE platform
> tonnage of VIVE-verified product.

Long-term value creation
> creating the most impactful, commercially-driven sustainability programme for food and beverage supply chains
> improved supply chain governance and processes.

Business outcome
Supports licence to operate and expansion of VIVE-verified products.

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.

Informing the Board
> regulatory updates and training via Compliance and Risk teams
> charity and community engagement shared via intranet and 'All hands' meetings.

Expectations
> business that operates responsibly and with integrity
> local economic development and responsible operations.

Examples of metrics
> tax paid
> charity/fundraising donations.

Long-term value creation
> timely tax returns/payments in local jurisdictions
> goodwill through local job creation/charity support and improved community engagement
> engaged employees through increased sense of purpose.

Business outcome
Reinforces reputation for integrity and transparency, improving ability to set up in new geographies.

OTHER STATUTORY INFORMATION

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 2022.

General information

Czarnikow Group Limited is a global supply chain management company in the food and beverage sector. The Group sources and prices, moves and delivers, and finances and de-risks goods along its supply chains. It also advises and consults clients on how best to manage supply chains to ensure they are both commercial and sustainable, 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.

Future developments

The Directors have begun acting upon ambitious ambitious five-year growth plan for the business that started in 2021. This plan 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 type of business activity over this time period. The Strategic Report contains details of likely future developments within the Group.

Results and dividends

The consolidated profit for the year after taxation was US$20,611,000 (2021: US$17,717,000). No dividend was declared during the year (2021: US$nil). The Directors have prepared the financial statements on a going concern basis. Refer to note 1 to the financial statements for more information.

Directors

The Directors who served during the year are as follows:

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

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 2022 on 2 to P45. The Strategic Report 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 Governance report on P55. For ease of reference, other key reporting areas are summarised below:

Reporting area	Report sections	Page number
About CGL/Principal activities	Understanding our business	P2
Key performance indicators and analysis	Financial and operational review 2022	P31
Principal risks	Risks and opportunities	P37 to P45
Market conditions and outlook	- Macro market trends and strategy	P12
	- CEO review	P16 to P17
	- CFO review/Operational lines	P18 to P21
Environmental (SECR) information	Environmental review	P27
Section 172 Statement and related information	Governance report	P54 to P58

OTHER STATUTORY INFORMATION

Directors' indemnities

From the beginning of the 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$35,815 (2021: US$60,495) 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 CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson) will therefore continue in office. Evelyn Partners' registered office is 45 Gresham Street, London EC2V 7BG, United Kingdom.

This report from P2 to P58 was reviewed and signed by order of the Board on 23 March 2023.

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.

evelyn
PARTNERS

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 2022 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 2022 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 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. 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 65, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. 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, 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 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.

evelyn PARTNERS

FINANCIAL STATEMENTS AND NOTES

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.

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 FRC'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.

G. Swarbreck

Guy Swarbreck
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC27 7BG

Date: 24.3.23

FINANCIAL STATEMENTS AND NOTES

Consolidated statement of profit or loss and other comprehensive income, US$'000

for the year ended 31 December 2022	Notes	2022 $'000	2021 $'000
Revenue	4	**4,293,455**	3,133,250
Cost of sales		**(4,215,900)**	(3,066,090)
Gross profit		**77,555**	67,160
Administrative expenses		**(49,473)**	(40,181)
Operating profit		**28,082**	26,979
Finance costs	8	**(32,278)**	(16,629)
Finance income	9	**31,130**	12,829
Profit before taxation		**26,934**	23,179
Taxation	10	**(6,323)**	(5,462)
Profit for the year		**20,611**	17,717
Other comprehensive income			
Exchange movement on foreign net investment		**(585)**	(325)
Total comprehensive income for the year		**20,026**	17,392

The notes on pages 72 to 95 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 2022	Notes	2022 $'000	2021 $'000
Non-current assets			
Property, plant and equipment	11	**5,480**	6,729
Intangible assets	13	**4,982**	4,563
Investment in joint venture	15	**839**	902
Deferred tax assets	22	**1,394**	1,319
Total non-current assets		**12,695**	13,513
Current assets			
Inventories	16	**207,976**	152,173
Trade and other receivables	18	**551,205**	453,949
Financial assets held for trading	33	**162,036**	298,431
Current tax assets		**1,525**	89
Cash and cash equivalents		**12,112**	12,170
Total current assets		**934,854**	916,812
Total assets		**947,549**	930,325
Non-current liabilities			
Trade and other payables	20	**2,311**	3,561
Deferred tax liabilities	22	**2,514**	1,678
Total non-current liabilities		**4,825**	5,239
Current liabilities			
Trade and other payables	20	**708,942**	671,057
Financial liabilities held for trading	33	**101,904**	145,333
Current tax liabilities		**4,655**	2,866
Total current liabilities		**815,501**	819,256
Total liabilities		**820,326**	824,495
Net assets		**127,223**	105,830
Equity			
Share capital	24	**1,511**	1,511
Share premium account		**6,611**	6,611
Foreign currency translation reserve		**(5,482)**	(4,897)
Retained earnings		**120,643**	100,357
Share-based payments reserve		**3,940**	2,248
Total equity		**127,223**	105,830

The notes on pages 72 to 95 form an integral part of these financial statements. The financial statements were approved by the Board on 23 March 2023.

R Cave
Chief Executive Officer
Registered number: 2650590

FINANCIAL STATEMENTS AND NOTES

Consolidated statement of changes in equity,
US$'000

for the year ended 31 December 2022	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Retained earnings $'000	**Total equity $'000**
1 January 2021	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**
Profit for the year	-	-	-	-	20,611	**20,611**
Other comprehensive income for the year						
Exchange movement on foreign net investment	-	-	(585)	-	-	**(585)**
Total comprehensive income for the year	-	-	(585)	-	-	**(585)**
Share-based payments	-	-	-	1,692	(325)	**1,367**
31 December 2022	1,511	6,611	(5,482)	3,940	120,643	**127,223**

The notes on pages 72 to 95 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 2022	Notes	2022 $'000	2021 $'000
Net cash (used in)/generated from operating activities	24	**(16,856)**	(180,128)
Investing activities			
Purchase of property, plant and equipment	11	**(713)**	(1,847)
Lease additions	11	**-**	(641)
Development of intangible assets	13	**(3,323)**	(2,649)
Investment in joint venture	15	**-**	(65)
Net cash (used in)/ generated from investing activities		**(4,036)**	(5,202)
Financing activities			
Proceeds/(costs) from financing arrangements		**22,917**	185,556
Principal element of lease payments		**(1,331)**	(604)
Interest element of lease payments	8	**(269)**	(329)
Net cash generated from/(used in) financing activities		**21,316**	184,623
Net decrease in cash and cash equivalents		**424**	(707)
Cash and cash equivalents at the beginning of the year		**12,170**	13,141
Effects of foreign exchange differences on cash and cash equivalents		**(482)**	(264)
Cash and cash equivalents at the end of the year		**12,112**	12,170

The notes on pages 72 to 95 form an integral part of these financial statements.

Interest paid and received have been reclassified as operating activities rather than investing or financing, with the prior year cash flow statement restated to reflect this re-classification. This has had no impact on the net assets or profit of the Group.

FINANCIAL STATEMENTS AND NOTES

Statement of financial position – Company, US$'000

as at 31 December 2022	Notes	2022 $'000	2021 $'000
Non-current assets			
Property, plant and equipment	12	**2,347**	3,245
Intangible assets	13	**4,982**	4,563
Investment in subsidiaries	14	**11,850**	11,438
Deferred tax asset	23	**883**	569
Total non-current assets		**20,062**	19,815
Current assets			
Inventories	17	**128,487**	110,450
Trade and other receivables	19	**488,241**	419,479
Financial assets held for trading	34	**156,427**	295,175
Cash and cash equivalents		**2,882**	4,884
Total current assets		**776,037**	829,988
Total assets		**796,099**	849,803
Non-current liabilities			
Trade and other payables	21	**958**	1,750
Deferred tax liabilities	23	**1,072**	991
Total non-current liabilities		**2,030**	2,741
Current liabilities			
Trade and other payables	21	**588,378**	618,913
Financial liabilities held for trading	34	**99,401**	144,710
Current tax liabilities		**3,284**	1,992
Total current liabilities		**691,063**	765,615
Total liabilities		**693,093**	768,356
Net assets		**103,006**	81,447
Equity			
Share capital	24	**1,511**	1,511
Share premium account		**6,611**	6,611
Share-based payments reserve		**(2,250)**	-
Retained earnings		**97,134**	73,325
Total equity		**103,006**	81,447

The Company's profit after taxation for the year was $21,907,000 (2021: $15,315,000). The Company had no other comprehensive income (2021: $nil).

The notes on pages 72 to 95 form an integral part of these financial statements. The financial statements were approved by the Board on 23 March 2023.

R Cave
Chief Executive Officer
Registered number: 2650590

FINANCIAL STATEMENTS AND NOTES

Statement of changes in equity – Company, US$'000

for the year ended 31 December 2022	Share capital $'000	Share premium $'000	Share-based payments reserve $'000	Retained earnings $'000	**Total equity $'000**
1 January 2021	**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**
Profit for the year	-	-	-	21,907	**21,907**
Total comprehensive income for the year	-	-	-		
Share-based payments	-	-	(2,250)	1,902	**(348)**
Balance at 31 December 2022	**1,511**	**6,611**	**(2,250)**	**97,134**	**103,006**

The notes on pages 72 to 95 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 2022	Notes	2022 $'000	2021 $'000
Net cash generated from/(used in) operating activities	26	**39,054**	(145,402)
Investing activities			
Purchase of property, plant and equipment	12	**(196)**	(1,215)
Development of intangible assets	13	**(3,323)**	(2,649)
Additional investment in subsidiaries	14	**(412)**	(1,435)
Net cash generated from investing activities		(3,931)	(5,299)
Financing activities			
Proceeds/(costs) from financing arrangements		**(36,595)**	150,488
Principal element of lease payments		**(164)**	(739)
Interest element of lease payments		**(74)**	(11,867)
Net cash (used in)/generated from financing activities		(36,833)	132,882
Net (decrease)/increase in cash and cash equivalents		**(1,709)**	(869)
Cash and cash equivalents at the beginning of the year		**5,073**	6,207
Effect of foreign exchange differences on cash and cash equivalents		**(481)**	(265)
Cash and cash equivalents at the end of the year		**2,882**	5,073

The notes on pages 72 to 95 form an integral part of these financial statements.

Interest paid and received have been reclassified as operating activities rather than investing or financing, with the prior year cash flow statement restated to reflect this re-classification. This has had no impact on the net assets or profit of the Group.

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 and incorporated in England and Wales. The address of its registered office is Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB and its registered number is 2650590.

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, cash flows, capital requirements and resources and key financial ratios over a period of no less than 12 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 2t and 2u 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 or amended Standards or Interpretations have been adopted by the Group or Company in the current year.

(b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2023 but not currently relevant to the Group and Company

There are amendments to IAS 1, IAS 8 and IAS 12 effective from 1 January 2023 which may have an impact on the Group and Company's financial statements.

IAS 1 has been amended to apply the concept of materiality to the disclosure of accounting policies. Information in an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can be reasonably expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements. Immaterial accounting policies can still be prepared if these do not obscure material accounting policy information. Consequently, some accounting policies may be removed from these financial statements where they are not considered to meet the definition of material. Amendments to IAS 8 include clarifications on the definitions of accounting estimates and accounting policies.

The Group enters into lease arrangements where IFRS requires simultaneous recognition of assets and liabilities, and consequently, there are also offsetting taxable temporary differences. Prior to amendments, 'IAS 12 - Income taxes' was unclear on whether deferred tax was required to be recognised on these temporary differences or whether the initial recognition exemption applied. The initial recognition exemption prohibits an entity from recognising a deferred tax asset or liability on initial recognition of an asset or liability in a transaction that is not a business combination and neither affects profit or loss. The amendments issued provides an exception to the initial recognition exemption where transactions give rise to equal taxable and deductible temporary differences and will therefore require careful consideration whether such temporary differences exist. Accordingly, some immaterial deferred tax assets and liabilities may be offset in future where the requirements are met.

There are several other new and amended Standards and Interpretations effective from 1 January 2023 which are not currently relevant to the Group and Company and are not expected to have a material impact on the financial statements.

(c) New and amended Standards and Interpretations effective from 1 January 2023 which are not currently relevant to the Group and Company and are not expected to have a material impact on the financial statements.

Other new and amended Standards and Interpretations may be relevant to the Group and Company in future years but have not yet been endorsed for use in the United Kingdom. These include amendments to IAS 1 regarding the classification of liabilities as current or non-current.

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 $1.2083 :£1 (2021: $1.3499:£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 product or service and payment from customers are one year or less no adjustment for a financing component has been made.

Revenue relating to activities, such as the sale of agriproducts, food, ingredients and packaging and energy is recognised when delivered and control has passed, which is considered to be when the risks and rewards have transferred.

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.

For advisory and corporate finance the transaction price is negotiated in advance and agreed in a fixed price

FINANCIAL STATEMENTS AND NOTES

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 is recognised in accordance with contractual entitlement.

g. Finance costs
The Group enters into short-term transaction financing loans with institutional lenders, being for less than a period of a year, for which the interest on the loans is charged to profit or loss over the term of the debt. Finance costs also includes interest charged by brokers in relation to derivative contracts, which is recognised in profit or loss over the life of the instrument, and interest charged on leases which is recognised in profit or loss over the life of the lease.

h. Finance income
The Group embeds a finance element into its contracts for the sale of energy and physical goods based on the term of the underlying arrangement and market rates of interest and recognises the interest received from this in profit or loss at the point in time at which the underlying transaction flow is settled.

i. 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.

j. 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 profit or loss. 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.

k. 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.

l. 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 recognised 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 amortised on a straight-line basis over their applicable expected useful lives, which are typically three years. Where no internal-use intangible asset can be recognised, development expenditures are expensed as incurred. Costs associated with maintaining computer software are expensed as incurred. Amortisation is not recognised on work in progress.

m. 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 and 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.

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

o. Joint ventures
The Group's share of the results of its joint ventures CZ Energy Comercializadora de Etanol S.A. and 2C Energia Ltda 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.

p. 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.

q. Cash and cash equivalents
Cash and cash equivalents include cash at 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.

r. 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 all 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.

s. Leases
A right-of-use asset and a lease liability have been recognised for all leases except leases of low-value assets, which are considered to be those with a fair

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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 using 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 in profit and loss if the right-of-use asset is already reduced to zero.

t. 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 arising on a mark to market basis charged or credited to profit or loss in the period they arise. Forward contracts for the sale and purchase of energy and 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.

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 include 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 12 months. Otherwise, they are presented as non-current liabilities.

The Directors consider that the carrying amounts 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 by 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.

u. 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, in order 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 arm's- length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for 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.

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 certain revenue streams of the Group the Directors have made specific judgements as follows:

Revenue on advisory fees is considered on a case-by-case basis and is recognised in accordance with the contract.

Revenue on sales of energy and physical goods, such as agriproducts and food, ingredients and packaging is recognised on the date when substantially all the risks and rewards of owning the product are transferred to the counterparty, the date of which is determined with reference to the contract of that specific trade.

Forward contracts for the sale and purchase of energy and physical goods 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.

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 uncollectable. The provision for doubtful receivables at year end was $585,000 (2021: $619,000).

Fair value of financial assets and liabilities held for trading
As at 31 December 2022, 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.

The discount rate used in the valuation of the finance leases is determined on inception of the lease. The Group only re-measures the lease liability using a revised discount rate when there is a change in the lease term, or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset, or there is a change in floating interest rates which results in a change in future lease payments.

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.

Valuation of non-deliverable forward contracts
The Group enters into non-deliverable forward contracts to hedge currency exposure on its underlying trading activities. Such forward contracts are often long-term in nature to reflect the length of the underlying arrangement. These forward contracts are marked to market at the balance sheet date and recognised at fair value through profit or loss. A portion of the value of this mark to market element has not been recognised in the profit or loss account since the directors consider this better reflects the timing of the exposure given the volatility in currency markets and length of the underlying trade's arrangement. This has been estimated based on the directors' knowledge and experience of the markets in which the Group operates and is subject to regular review.

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4. Revenue

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

	2022 $'000	2021 $'000
Advisory, Agriproducts, Energy, FIP	**4,293,455**	3,133,250

The Group continues to operate in Europe, North America, South America, Asia and Africa. FIP is food, ingredients, and packaging. 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	2022 $'000	2021 $'000
Cost of physical goods		**4,173,671**	3,019,090
Depreciation of property, plant and equipment	11	**1,939**	1,967
Amortisation of intangible assets	12	**2,874**	2,363
Staff costs	7	**36,643**	31,043
Net foreign exchange (gains)/losses		**501**	(478)
Operating lease rentals		**144**	63

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

6. Auditor's remuneration

	2022 $'000	2021 $'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**294**	235
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	**83**	190
- Other services relating to taxation	**302**	218
- All other services	**13**	15
	692	658

Fees payable to the Company's auditor 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. Subsidiary audit fees have decreased because during the year the Group's auditor joined the CLA network and left the Nexia network, therefore the Nexia network firms are no longer considered associates of the Group's auditor, CLA Evelyn Partners Limited.

7. Staff costs and Directors' emoluments

Staff costs for the Group were as follows:

	2022 $'000	2021 $'000
Wages and salaries	**32,206**	26,916
Social security costs	**3,205**	3,034
Pension costs	**1,232**	1,093
	36,643	31,043

The pension scheme is a defined contribution scheme. Pension costs of $180,000 were accrued for as at 31 December 2022 (2021: $124,000). The average number of persons employed by the Group, including Directors, during the year analysed by category was:

	2022 Number	2021 Number
Commercial	**122**	116
Operational	**115**	99
Administration	**49**	45
	286	260

Staff costs for the Company were as follows:

	2022 $'000	2021 $'000
Staff costs:		
Wages and salaries	**17,959**	13,388
Social security costs	**2,144**	1,833
Pension costs	**821**	753
	20,924	15,974

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

	2022 Number	2021 Number
Commercial	**55**	49
Operational	**60**	60
Administration	**24**	21
	139	130

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

	2022 $'000	2021 $'000
Directors' emoluments		
Total emoluments	**3,239**	2,871
Share-based payments	**1,105**	622
	4,344	3,493

Five Directors were granted share awards during the year (2021: five). The share price at date of exercise was $104.25 (2021: $83.68). Total contributions to defined contribution pension schemes were $nil (2021: $nil).

	2022 $'000	2021 $'000
Highest paid Director		
Emoluments	**765**	692
Share-based payments	**278**	132
	1,043	824

The highest paid Director was granted share awards in the year (2021: one).

8. Finance costs

	2022 $'000	2021 $'000
Interest payable on transaction financing loans	**32,009**	16,300
Interest payable on lease liabilities	**269**	329
	32,278	16,629

9. Finance income

	2022 $'000	2021 $'000
Interest receivable	**31,130**	12,829

10. Taxation

	2022 $'000	2021 $'000
Current tax		
UK tax in respect of the current year	**5,005**	2,909
Adjustment in respect of prior years	**(576)**	(481)
Overseas tax charge in respect of the current year	**1,098**	1,674
	5,527	4,102
Deferred tax		
In respect of the current year	**763**	962
In respect of the prior year	**101**	398
Effect of changes in tax rates	**(68)**	-
	796	1,360
Total taxation charge	**6,323**	5,462

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Tax has been calculated using an estimated annual effective tax rate of 23.5% (2021: 23.6%) 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:

	2022 $'000	2021 $'000
Reconciliation of effective tax rate		
Profit before taxation	**26,905**	23,137
Tax using the Company's domestic taxation rate of 19% (2021: 19%)	**5,112**	4,396
Taxation effects of:		
Deferred tax not recognised	**368**	24
Non-taxable and non-deductible items	**546**	(88)
Foreign exchange differences	**60**	(58)
Fixed asset differences	**(17)**	468
Other differences	**(28)**	(215)
Differing tax rates in different jurisdictions	**(359)**	566
Current year losses	**35**	(114)
Short-term timing differences	**573**	176
Adjustments in respect of prior years	**33**	307
	6,323	5,462

11. Property, plant and equipment - Group

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

	2022 $'000	2021 $'000
Property, plant and equipment owned	**2,915**	3,168
Right-of-use assets	**2,565**	3,561
	5,480	6,729

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 2021	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**
Additions	11	191	214	297	-	**713**
Disposals	-	(82)	(79)	(49)	(6)	**(216)**
Transfers	-	-	-	-	-	**-**
Retranslation	-	24	(8)	12	-	**28**
At 31 December 2022	11	2,220	2,160	4,195	-	**8,586**
Depreciation						
At 1 January 2021	-	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**
Charge for the period	-	404	273	290	-	**967**
Disposals	-	(62)	(70)	(51)	(6)	**(189)**
Retranslation	-	(5)	(1)	6	-	**-**
At 31 December 2022	-	863	1,433	3,375	-	**5,671**
Net book amount						
At 31 December 2021	-	**1,561**	**802**	**805**	-	**3,168**
At 31 December 2022	**11**	**1,357**	**727**	**820**	-	**2,915**

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 2021	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**
Additions	-	-	**-**
Depreciation	(965)	(7)	**(972)**
Disposals	-	(24)	**(24)**
At 31 December 2022	2,563	2	**2,565**

The Group leases buildings for its office space. The lease of office space typically runs for a period of five to ten 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

	2022 $'000	2021 $'000
Property, plant and equipment owned	**1,119**	1,491
Right-of-use assets	**1,228**	1,754
	2,347	3,245

Property, plant and equipment owned

	Leasehold improvements $'000	Furniture and equipment $'000	Computer assets $'000	Motor vehicles $'000	**Total $'000**
Cost					
At 1 January 2021	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**
Additions	22	7	167	-	**196**
Disposals	-	-	-	-	**-**
Transfers	-	-	-	-	**-**
At 31 December 2022	1,124	569	3,166	-	**4,860**
Depreciation					
At 1 January 2021	40	244	2,415	-	**2,699**
Disposals	-	-	-	-	**-**
At 31 December 2021	213	323	2,636	-	**3,172**
Charge for the period	257	84	228	-	**569**
Disposals	-	-	-	-	**-**
At 31 December 2022	470	407	2,864	-	**3,741**
Net book amount					
At 31 December 2021	889	239	363	-	**1,491**
At 31 December 2022	654	162	303	-	**1,119**

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.

Buildings	**2022 $'000**	2021 $'000
At 1 January	**1,754**	2,203
Additions	**-**	83
Depreciation	**(526)**	(532)
At 31 December	**1,228**	1,754

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13. Intangible assets - Group and Company

	Work in progress $'000	Software $'000	**Total $'000**
Cost			
At 1 January 2021	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**
Additions	3,323	-	**3,323**
Disposals	(30)	-	**(30)**
Transfers	(2,507)	2,507	-
At 31 December 2022	1,360	11,630	**12,990**
Amortisation			
At 1 January 2021	-	2,687	**2,687**
Amortisation charge	-	2,447	**2,447**
Disposals	-	-	-
At 31 December 2021	-	5,134	**5,134**
Amortisation charge	-	2,874	**2,874**
Disposals	-	-	-
At 31 December 2022	-	8,009	**8,009**
Net book amount			
At 31 December 2021	574	3,989	**4,563**
At 31 December 2022	1,360	3,622	**4,982**

14. Investment in subsidiaries - Company

	2022 $'000	2021 $'000
Cost and net book value		
At 1 January	**11,438**	10,003
Additions	**412**	1,435
Impairment	-	-
At 31 December	**11,850**	11,438

Details of the investments which the Company holds directly at 31 December 2022 are as follows:

Company name	**Country of incorporation**	**Parent company**	**% holding 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) S.A. de C.V.	Mexico	CGL	100%
Czarnikow Servicios Personales (Mexico) S.A. de C.V.	Mexico	CGL	100%
C. Czarnikow Sugar (India) Private Limited	India	CGL	100%
C. Czarnikow Sugar (Guangzhou) Company Limited	China	CGL	100%
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 S.R.L.	Italy	CGL	100%
Czarnikow Tanzania Limited	Tanzania	CGL	100%
Czarnikow Thailand Limited	Thailand	CGL	100%

	Country of incorporation	Parent company	% holding and voting rights
Czarnikow Vietnam Limited	Vietnam	CGL	100%
Czarnikow Supply Chain Sales for Food and Beverage Ingredients Bahrain S.P.C.	Bahrain	CGL	100%
CZ Philippines Inc.	Philippines	CGL	100%
Czarnikow Colombia S.A.S	Colombia	CGL	100%

*dormant company

The principal activities of all subsidiaries are the same as those of the Group.

Registered addresses for subsidiaries are disclosed in note 42.

15. Joint venture

						2022 $'000	
Subsidiary	Country	Holding	Assets	Liabilities	Equity	Cumulative losses	Equity method
CZ Energy	Brazil	49%	7,093	5,247	1,846	84	41
2C Energia	Brazil	50%	11	(142)	(131)	46	23

Investment movement in joint venture

	2022 USD $'000	2021 USD $'000
Equity		
Investment in joint venture	902	902
Additions	4	-
Equity method – profit/(loss) in year	(107)	(65)
Foreign currency gain on retranslation of the investment	40	65
Net book value	**839**	902

16. Inventories – Group

	2022 $'000	2021 $'000
Physical goods	**207,976**	152,173

17. Inventories – Company

	2022 $'000	2021 $'000
Physical goods	**128,487**	110,450

18. Trade and other receivables – Group

	2022 $'000	2021 $'000
Trade receivables	**539,815**	447,572
Less: provision for doubtful receivables	**(585)**	(619)
Net trade receivables	**539,230**	446,953
Amounts owed from parent company	**2,965**	1,586
Other receivables and prepayments	**9,010**	5,402
	551,205	453,941

Trade receivables and other receivables are the only financial assets held at amortised cost. The Directors consider that the carrying amounts 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. See note 32 for details of credit risk management.

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

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As at 31 December 2022, trade receivables of $17.5 million (2021: $14.1 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2022 $'000	2021 $'000
Up to 3 months past due	**15,113**	12,221
3 to 6 months past due	**832**	735
Over 6 months past due	**1,568**	1,112
	17,513	14,068

19. Trade and other receivables - Company

	2022 $'000	2021 $'000
Trade receivables	**430,215**	387,114
Less: provision for doubtful receivables	**(585)**	(619)
Net trade receivables	**429,630**	386,495
Amounts owed from parent company	**2,965**	1,586
Amounts owed from affiliated companies	**51,875**	28,705
Other receivables and prepayments	**3,771**	2,688
	488,241	419,474

As at 31 December 2022, trade receivables of $16.3 million (2021: $11.2 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2022 $'000	2021 $'000
Up to 3 months past due	**14,966**	10,223
3 to 6 months past due	**805**	487
Over 6 months past due	**571**	445
	16,342	11,155

20. Trade and other payables - Group

	2022 $'000	2021 $'000
Transaction financing loans	**481,105**	458,187
Trade payables	**212,133**	199,007
Other payables and accruals	**14,636**	12,715
Leases – Current	**1,068**	1,149
Total current trade and other payables	**708,942**	671,058
Leases – Non-current	**2,311**	3,561
	711,253	674,619

21. Trade and other payables - Company

	2022 $'000	2021 $'000
Transaction financing loans	**313,739**	350,334
Trade payables	**169,076**	180,339
Amounts owed to affiliated companies	**91,554**	78,298
Other payables and accruals	**13,367**	9,235
Leases – Current	**641**	706
Total current trade and other payables	**588,377**	618,912
Leases – Non-current	**958**	1,750
	589,335	620,662

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 2021	(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)**
Credited/(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)**
Adjustments to prior period	(101)	24	-	**(77)**
Charged directly to profit or loss	34	(851)	135	**(683)**
At 31 December 2022	(1,057)	(198)	136	**(1,119)**
Deferred tax asset	16	1,242	136	**1,394**
Deferred tax liability	(1,074)	(1,440)	-	**(2,514)**

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 2021	(160)	619	-	**459**
Deferred tax asset	-	619	-	**619**
Deferred tax liability	(160)	-	-	**(160)**
Adjustments to prior period	(440)	42	-	**(398)**
Credited/(charged) 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)**
Adjustments to prior period	(101)	-	-	**(101)**
Credited directly to profit or loss	20	314	-	**334**
At 31 December 2022	(1,072)	883	-	**(189)**
Deferred tax asset	-	883	-	**883**
Deferred tax liability	(1,072)	-	-	**(1,072)**

24. Share capital

	2022 $'000	2021 $'000
Authorised, allotted, issued and fully paid		
1,000,000 ordinary shares of £1 each	**1,511**	1,511

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25. Cash flow information – Group

(a) Net cash generated from/(used in) operating activities

	2022 $'000	2021 $'000
Profit before tax	**26,938**	23,179
Depreciation	**1,883**	1,967
Amortisation	**2,874**	2,447
Loss on disposal of property and equipment	**29**	11
Loss on disposal of intangibles	**30**	16
Loss on disposal of leases	**24**	-
(Increase)/decrease in inventories	**(55,803)**	(35,560)
(Increase)/decrease in trade and other receivables	**(97,476)**	(154,767)
Decrease/(increase) in financial assets held for trading	**136,395**	(102,719)
Increase/(decrease) in trade and other payables	**15,049**	72,979
Decrease/(increase in financial liabilities held for trading	**(43,429)**	11,533
Exchange profit/(loss) on elimination of Group assets and liabilities due to retranslation of subsidiaries	**(120)**	27
Lease interest payments	**270**	330
	(13,339)	(180,558)
Income tax paid	**(5,209)**	(3,391)
Elimination of non-cash share-based payment	**1,692**	3,821
Net cash generated from/(used in) operating activities	**(16,856)**	(180,128)

Interest paid and received have been reclassified as operating activities rather than investing or financing, with the prior year cash flow statement restated to reflect this re-classification. This has had no impact on the net assets or profit of the Group.

(b) Reconciliation of liabilities arising from financing activities

	Transaction financing loans $'000	Leases – current and non-current $'000	**Total $'000**
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)**
At 1 January 2022	(458,187)	(4,666)	**(462,853)**
Cash flow	(22,918)	1,556	**(21,362)**
Interest	-	(269)	**(269)**
At 31 December 2022	(481,105)	(3,379)	**(484,484)**

26. Cash flow information - Company

(a) Net cash (used in)/generated from operating activities

	2022 $'000	2021 $'000
Profit before tax	**26,065**	18,516
Depreciation	**1,095**	922
Amortisation	**2,904**	2,447
Loss on disposal of intangibles	**-**	16
(Increase)/decrease in inventories	**(18,037)**	(25,478)
(Increase)/decrease in trade and other receivables	**(68,771)**	(146,159)
Decrease/(increase) in financial assets held for trading	**138,748**	(103,459)
Increase/(decrease) in trade and other payables	**5,243**	93,500
(Decrease)/increase in financial liabilities held for trading	**(45,309)**	15,593
Exchange loss on elimination of cash and cash equivalents	**481**	265
Lease interest payments	**74**	106
	42,493	(143,731)
Income tax paid	(3,099)	(1,917)
Elimination of non-cash share-based payment	(340)	246
Net cash generated from/(used in) operating activities	**39,054**	(145,402)

Interest paid and received have been reclassified as operating activities rather than investing or financing, with the prior year cash flow statement restated to reflect this re-classification. This has had no impact on the net assets or profit of the Group.

(b) Reconciliation of liabilities arising from financing activities

	Transaction financing loans $'000	Leases - current and non-current $'000	Total $'000
At 1 January 2021	(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)**
Cash flow	36,595	930	**37,525**
Interest	-	(73)	**(73)**
At 31 December 2022	(313,739)	(1,599)	**(315,338)**

27. Lease liabilities - Group

Contractual undiscounted cash flows of lease liabilities are as follows:

	2022 $'000	2021 $'000
Due:		
Within one year	**1,246**	1,394
Within two to five years	**2,260**	3,617
After five years	**134**	292
	3,640	5,303

Lease liabilities included in the Statement of financial position at 31 December:

	2022 $'000	2021 $'000
Current	**1,068**	1,149
Non-current	**2,311**	3,561
	3,379	4,710

FINANCIAL STATEMENTS AND NOTES

28. Lease liabilities - Company

Contractual undiscounted cash flows of lease liabilities are as follows:

	2022 $'000	2021 $'000
Due:		
Within one year	**686**	786
Within two to five years	**987**	1,870
After five years	**-**	-
	1,673	2,656

Lease liabilities included in the Statement of financial position at 31 December:

	2022 $'000	2021 $'000
Current	**641**	706
Non-current	**958**	1,750
	1,599	2,456

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:

	2022 $'000	2021 $'000
Pension cost recognised in the year:		
Defined contribution scheme	**1,232**	1,093

No amounts were outstanding at the Consolidated statement of financial position date (2021: $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 related party relationships with its parent company, its subsidiaries and its Directors. The Group did not have material transactions with, or year-end balances owed to or from, its Directors in the year ended 31 December 2022 (2021: none). 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:

	2022 $'000	2021 $'000
Sales to subsidiaries on normal trading terms	**113,967**	67,713
Purchases from subsidiaries on normal trading terms	**(241,107)**	(173,467)
Administrative revenue - management fee at arm's length	**(225)**	(1,661)
Administrative expenses - management fee at arm's length	**5,471**	6,491
Inter-Company interest expense	**413**	239
	(121,481)	(100,685)
Amounts owed from parent	**2,594**	1,586
Amounts due to affiliated companies	**(39,674)**	(49,593)
	(37,080)	(48,007)

A list of the Company's subsidiaries as at 31 December 2022 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 Benefit 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 (2021: 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. They were equity-settled and were exercisable at nil cost to the employee.

The charge to the profit or loss account, is adjusted based on an estimate of awards that will lapse prior to vesting. It is estimated that the proportion of lapses will be 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:

	2022 Number	2021 Number
Outstanding at the beginning of the period	**43,556**	20,312
Granted during the period	**44,423**	36,784
Exercised during the period	**(27,677)**	(13,540)
Outstanding at the end of the period	**60,302**	43,556
Exercisable as follows:		
Immediately exercisable	**-**	-
Exercisable March 2022	**-**	27,677
Exercisable March 2023	**42,724**	15,879
Exercisable March 2024	**17,578**	-
	60,302	43,556

33. Financial instruments - Group

The principal financial risks to which the Group is exposed are commodity price risk, foreign currency exchange rate risk, 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	Notes	Fair value through profit or loss $'000	Amortised cost $'000	**Total carrying value $'000**
31 December 2022				
Trade receivables	18	-	539,230	**539,230**
Other receivables and prepayments	18	-	9,010	**9,010**
Financial assets held for trading		162,036	-	**162,036**
Transaction financing loans	20	-	(481,105)	**(481,105)**
Trade payables	20	-	(212,133)	**(212,133)**
Financial liabilities held for trading		(101,904)	-	**(101,904)**
Other payables and accruals	20	-	(14,636)	**(14,636)**
Leases - current and non-current	20	-	(3,379)	**(3,379)**
		60,132	(163,013)	**(102,881)**
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)**
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)**

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Amortised cost
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 value obtained by measuring loans at amortised cost. They are not discounted due to their short-term nature.

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 value obtained by measuring leases at amortised cost.

Fair value through profit or loss
All financial assets and liabilities held for trading 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).

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.

Futures are priced based on available market data and accordingly, are designated as 'Level 1' financial instruments in the fair value hierarchy. Instruments designated at 'Level 2' in the fair value hierarchy, which includes forward contracts for the sale and purchase of energy and physical goods, forward foreign exchange contracts and interest rate swaps, are marked to market by product and origin and the best estimate is primarily derived from the daily quoted settlement price of the derivative contract, but includes adjustments made for premiums in relation to the quality of the product, the location and timing of shipment, and costs incurred by the Group in relation to logistics, elevation, and freight. All of these adjustments are recognised based on observable market data.

All other instruments, which are designated at 'Level 3' in the fair value hierarchy and includes forward contracts for the sale and purchase of food, ingredients and packaging, are marked to market by product and the best estimate is derived from management's own valuation of prices based on recent trading of these products with knowledgeable and active market participants, considering market data where available.

Below is the classification of the financial instruments valued at fair value, classified under the fair value hierarchy.

Group fair value hierarchy 31 December 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Total carrying value $'000**
Financial assets held for trading	31,050	109,718	21,268	**162,036**
Financial liabilities held for trading	(8,470)	(78,049)	(15,385)	**(101,904)**
	22,580	31,669	5,883	**60,132**

Group fair value hierarchy 31 December 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Total carrying value $'000**
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

There were no transfers between levels during the period.

Sensitivity analysis

For financial instruments held, the Group and Company have used a sensitivity analysis technique that predicts the changes in fair value of the Group and Company's financial instruments in response 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 operate could cause gains or losses to exceed the amounts projected. This method of analysis is designed 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 the US dollar 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.

Group		Fair value change: favourable/(unfavourable)			
		Exchange rate movement		Commodity price movement	
At 31 December 2022	**Fair value**	**+1% $'000**	**-1% $'000**	**+5% $'000**	**-5% $'000**
Trade receivables	539,230	(1,250)	1,250	-	-
Financial assets held for trading	162,036	(2,226)	2,226	61,127	(61,127)
Trade payables	(212,133)	511	(511)	-	-
Financial liabilities held for trading	(101,904)	2,458	(2,458)	(61,091)	61,091
Transaction financing loans	(481,105)	523	(523)	-	-
	(93,876)	16	(16)	36	(36)
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)

34. Financial instruments - Company

The principal financial risks to which the Company is exposed are commodity price risk, foreign currency exchange rate risk, 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	Notes	Fair value through profit or loss $'000	Amortised cost $'000	**Total carrying value $'000**
31 December 2022				
Trade receivables	19	-	429,630	**429,630**
Other receivables and prepayments	19	-	3,771	**3,771**
Financial assets held for trading		156,427	-	**156,427**
Amounts owed from parent company	19	-	2,965	**2,965**
Amounts owed from affiliated companies	19	-	51,875	**51,875**
Amounts owed to affiliated companies	21	-	(91,554)	**(91,554)**
Transaction financing loans	21	-	(313,739)	**(313,739)**
Trade payables	21	-	(169,076)	**(169,076)**
Financial liabilities held for trading		(99,401)	-	**(99,401)**
Other payables and accruals	21	-	(13,367)	**(13,367)**
Leases - current and non-current	21	-	(1,599)	**(1,599)**
		57,026	(101,094)	**(44,068)**

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Company classification	Notes	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)**

Refer to note 33 for Company classifications on the assets and liabilities above.

Company fair value hierarchy 31 December 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total carrying value $'000
Financial assets held for trading	30,826	104,334	21,267	**156,427**
Financial liabilities held for trading	(8,470)	(75,547)	(15,384)	**(99,401)**
	22,356	28,787	5,883	**57,026**
31 December 2021				
Financial assets held for trading	21,549	267,757	5,869	**295,175**
Financial liabilities held for trading	(10,383)	(129,877)	(4,450)	**(144,710)**
	11,166	137,880	1,419	**150,465**

There were no transfers between levels during the period.

Sensitivity analysis
Refer to note 32 for sensitivity analysis commentary.

Company		Fair value change: favourable/(unfavourable)			
		Exchange rate movement		Commodity price movement	
		+1%	-1%	+5%	-5%
At 31 December 2022	**Fair value**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	429,632	(965)	965	-	-
Financial assets held for trading	156,427	(1,990)	1,990	61,127	(61,127)
Trade payables	(169,076)	156	(156)	-	-
Financial liabilities held for trading	(99,401)	2,268	(2,268)	(61,091)	61,091
Transaction financing loans	(313,739)	422	(422)	-	-
	3,843	(109)	109	36	(36)
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)

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 maturities for its non-derivative financial liabilities. The tables have been drawn up based on the discounted cash flows of the financial liabilities as at 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 2022			
Non-interest-bearing	20	(212,133)	**(212,133)**
Variable interest rate instruments	20	(481,105)	**(481,105)**
		(693,238)	**(693,238)**
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)**

The following table details the Group's expected maturities for its non-derivative financial assets. The table has 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 2022			
Non-interest-bearing	18	539,230	**539,230**
As at 31 December 2021			
Non-interest-bearing	18	446,953	**446,953**

37. Liquidity and interest risk tables – Company

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the discounted cash flows of the financial liabilities as at 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 2022			
Non-interest-bearing	21	169,076	**169,076**
Variable interest rate instruments	21	313,739	**313,739**
		482,815	**482,815**
At 31 December 2021			
Non-interest-bearing	21	180,339	**180,339**
Variable interest rate instruments	21	350,334	**350,334**
		530,673	**530,673**

The following table details the Company's expected maturities for its non-derivative financial assets. The table has 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 2022			
Non-interest-bearing	19	429,632	429,632
As at 31 December 2021			
Non-interest-bearing	19	386,495	386,495

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38. Credit risk management

Credit risk is considered a principal risk to the Group's commercial activities. However, the Group has taken steps to mitigate that risk by adopting robust credit procedures. The Group reviews its overall trading commitments with its counterparties regularly, assessing the proportions attributable to forward commitments, priced and unpriced, and realised business. A dedicated Credit Risk team and Credit Committee are responsible for monitoring credit risk at all stages of the payment cycle, both prior to contracting with a counter-party and during and after contract performance. Credit policies and monitoring processes continue to improve and evolve, with metrics reported quarterly to the Board.

Because of these mitigating procedures and the low level of debt overdue by more than 6 months and debt default experienced by the Group, sensitivity analysis has not been presented. An ageing analysis of credit receivables is detailed further in note 16. The carrying value of assets is the Group's maximum exposure to credit risk.

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 its 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

At 31 December 2022 the Group had outstanding guarantees to banks and financial institutions of $157.8 million (2021: $8.7 million).

41. Contingent liabilities

At 31 December 2022, the Group had no contingent liabilities (2021: $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 Building, 048693, Singapore
C. Czarnikow Sugar (Mexico) S.A. de C.V. Czarnikow Servicios de Personal, S.A. de C.V.	Jaime Balmes #8 Loc. 3-A, Los Morales Polanco, Ciudad de Mexico 11510, 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
Czarnikow Brazil Ltda	Av. Pres. Juscelino Kubitschek 2041 – Torre D, 11 andar, Vila Olímpia, São Paulo - SP, São Paulo, Brasil
Czarnikow Italia S.R.L.	Via Borgogna 2, 20122 Milano, Italia
Czarnikow Tanzania Limited	7th Floor, Amani Place, Ohio Street, PO 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. 2C Energía Ltda	Av. Pres. Juscelino Kubitschek 2041 – Torre D, 11 andar, Vila Olímpia, São Paulo - SP, São Paulo, Brasil
CZ Philippines Inc	5/F Don Jacinto Builidng, Dela Rosa Cor. Salcedo Streets Legaspi Village San Lorenzo Makati, City of Makati, National Capital Region, Philippines
Czarnikow Colombia S.A.S	Calle 16 Sur #43 A – 49, Medellin, Antioquia, Colombia

C. Czarnikow Sugar (Mexico) S.A. de C.V. and Czarnikow Servicios de Personal, S.A. de C.V. merged on 1 January 2022. The impact on the Group is not material.

Sucris Limited was dissolved on 12 January 2022. The impact on the Group is not material.

CZ Philippines Inc. was incorporated on 22 March 2022.

Czarnikow Colombia S.A.S was incorporated on 20 October 2022.

CORPORATE INFORMATION

The following pages do not form part of the audited financial statements.

GLOSSARY

Educating and influencing. A list of common terms, acronyms and their explanations frequently used in this Annual Report and our industry. In addition, please refer to our blogs and regular deep dives into supply chain topics and developments on our social media pages. See the back cover of this report for details.

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 amount of funds which a trader or organisation can borrow to purchase commodities in a larger volume than they would otherwise be able to, using the underlying commodity as collateral.

CCL

C. Czarnikow Limited. Parent company of Czarnikow Group Limited.

CGL

Czarnikow Group Limited. Principal operating company of C. Czarnikow Limited.

Co-generation

A process in which a mill generates both sugar and ethanol from crushing sugar cane, and uses the ethanol generated to power its operations.

Demurrage

Compensation cost for delay when, for example, a commercial vessel is prevented from loading or discharging cargo within the contracted 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.

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 FCA regulates the conduct of around 50,000 firms in the UK to ensure that the UK's financial markets are honest, competitive and fair. Further information can be found at www.fca.org.uk.

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.

Green financing

A type of structured funding to support business activities that do not negatively impact the environment; this may be green bonds, capital expenditure or working capital for sustainable initiatives.

Hedging

Mitigating or decreasing the risk of trading a commodity.

Industrial consumers

For CZ, these are defined as food and beverage manufacturers and ethanol processors.

Insetting

Taking action within a company's own operations or supply chains to reduce carbon emissions, as opposed to 'offsetting', where carbon credits are used to avoid/reduce emissions in projects unrelated to the business's value chain.

Light assets

Small or medium-sized assets/ infrastructure, typically warehouse facilities or sugar silos, facilitating logistics operations.

Mass balance position

The total volume that a supply chain participant has of a certain commodity. For VIVE participants, this is their volume of VIVE-verified sustainable sugar.

MiFID (Markets in Financial Instruments Directive)

A European Union 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.

Module

For our VIVE Sustainable Supply Programme, the criteria used to assess the performance of VIVE participants based on the position they occupy within their supply chain. Each Module focuses on the specific elements of sustainability that apply.

MT and MTRV

Metric tonnes and Metric tonnes raw value.

Non-recourse line

A contract in which the lender cannot claim the loan amount if the contract is not fulfilled, 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 or arrange the sale of portions of the producer's future production.

Optionality

The value of additional investment opportunities that arise following an initial investment.

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 and which are recorded in the company's balance sheet, even if they are not currently due.

Scope 1 emissions

The greenhouse gases directly emitted as a result of an organisation's actions, for example business travel. These must be disclosed by CZ as per SECR legislation.

Scope 2 emissions

The greenhouse gases emitted from energy sources purchased by an organisation, for example electricity and gas. These must be disclosed by CZ as per SECR 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 for CZ.

SECR (Streamlined Energy and Carbon Reporting)

A policy implemented by the UK government that requires qualifying UK organisations to report their energy usage and climate impact.

Suite

CZ's in-house customer relationship management software, designed to track all movements of goods on behalf of our clients.

Synthetic ownership/assets

Ownership/assets 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 inventory, demand, forecasting and delivery parameters – to the benefit of both parties.

CORPORATE INFORMATION

The following pages do not form part of the audited financial statements.

OFFICES & CONTACTS

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- For media enquiries, please contact media@czarnikow.com
- For Czapp enquiries, please contact support@czapp.com

To stay connected and informed, please check our corporate website, social media pages and Czapp, where we regularly share corporate and market information.

www.czarnikow.com/blog

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- Czapp.com

Regional offices and local presences

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Dubai
Guangzhou
Ho Chi Minh City
Hyderabad
London
Makati
Mexico City
Miami
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Nairobi
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CONTACT US

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- For Czapp enquiries, please contact **support@czapp.com**

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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