SEPARATOR SHEET

FRIDAY

AD1CIEIJ

A14 19/04/2024 #32

COMPANIES HOUSE

Unrefined (raw) sugar, Verified sustainable unrefined (raw) sugar, Molasses, Molasses for ethanol, Molasses for animal feed, Molasses for distilling, Molasses for food ingredients, Crystalline fructose powder, Dextrose powder, Dextrose monohydrate, High fructose corn syrup, Liquid glucose syrup, Maltodextrin powder, Maltose syrup, Acesulfame potassium (Ace-K), Aspartame, Sodium saccharine, Sucralose, Xylitol Native maize starch, Modified maize starch, Maize flour, Native tapioca starch, Cassava starch, Wheat starch, Apple, Grape, Lemon, Mango, Orange, Pear, Pineapple, Tomato, Aloe vera, Apricot, Banana, Cherry sour, Guava, Mandarin orange, Carrot, Coconut, Passion fruit, Peach, Nata de coco, Strawberry, Alkalised fat reduced cocoa powder, Blanched split peanut, Chopped peanut, Hulled sesame seeds, Peanut flour, Peanut butter/paste, Peanuts, Sesame seeds, Split peanuts, Whole macadamia nuts, Anhydrous milk fat, Butter, Buttermilk powder, **Czarnikow Group Limited Annual Report and Accounts 2023** Caseinate, Full cream milk powder, Fat-filled milk powder, Skimmed milk powder, Sweet whey powder, Whey protein concentrate, Whole milk powder, AFP rolls, HDPE resin, LDPE resin, LLPDE resin, PP resin, PET resin, PS resin, Opaque white r, rPET flake, rPET resin, rHDPE resin, rPP resin, Glass bottles, Paper, Jumbo rolls, Taurine, Acidity regulators, Citric acid anhydrous, Citric acid powder, Citric acid monohydrate, Malic acid, Malic acid powder, Sodium citrate, Sodium citrate powder, Ascorbic acid, Ascorbic acid powder, Calcium propionate, Calcium propionate powder, Mono sodium glutamate, MSG Powder, Potassium sorbate, Potassium sorbate powder, Sodium benzoate, Sodium benzoate powder, Carboxymethyl cellulose (CMC), Carrageenan, Modified starch, Native corn starch, Pectin, Tapioca starch, Xanthan gum, Green apple flavour, Cool mint, Rice-based glucose syrup, Barley, Cassava chips, Distillers dried grains with solubles (DDGS), Corn, Cotton, Citrus pellets, Fishmeal, Rice, Soya beans, Soya bean meal, Soya bean oil, Sunflower oil, Ammonium nitrate, Blended NPK, NPK, Urea, Bagasse, Bagasse pellets, Coconut husk, Coconut shell, Hybrid tropical grass pellets, Straw pellets, Palm kernels, Rice husks, Rice husk pellets, Wood pellets, Empty fruit bunches, VIVE-verified sustainable biomass, Conventional energy, Incentivised energy (renewable), VIVE- or I-REC-verified sustainable energy credits, Hydrous ethanol, Anhydrous ethanol, Fuel grade ethanol, Industrial grade ethanol, Neutral grade ethanol, Solar energy…

TELLING IT HOW IT IS | CEO REVIEW

Sugar is our catalyst, but it is not our end game.

It is how we built our business over 160 years ago. However, as part of our strategic diversification, we have applied our learned skills to many new product categories, and evolved into a provider of added-value supply chain services.

Irrespective of the number and type of products we handle (for the record, over 75 in 2023) we know that clients choose us for our integrity, problem-solving ability, local knowledge and hands-on approach.

So, in our eyes, being known for the way we do business is what really counts.

We are in year three of our five-year plan, as detailed in our 2021 Annual Report. So far so good. We have hit our revenue targets each year; but we are not complacent. We remain focused on moving goods more efficiently, and helping more people, as we grow.

Performance overview 2023

We had a very strong year in challenging market conditions. Profits continue to be consistent and solid, and overall revenue growth is where we want it to be, although performance has varied sector by sector. Our strategic diversification into new products, regions and services gives us a healthy buffer and we are confident that our business model is working well, with no need to make any major changes.

Macro trends and pressures

The macro-economic environment was and continues to be tough. High inflation rates persisted throughout 2023, despite governments maintaining high interest rates to try and contain inflation, and hopes of any reversal were dampened by the ongoing war in Ukraine and heightened conflict in Gaza. At the time of writing, major supply chain routes are impacted by retaliatory attacks in the Red Sea, with port loading restrictions in key markets, such as Brazil, adding further pressure. It is no surprise that many businesses are moving from just-in-time operations to just-in-case stockpiling to alleviate global food security concerns.

Business as usual

We have been around long enough, however, to know that we can come through volatile times successfully – we have ridden out many economic cycles by sticking to our strategy. Managing and mitigating risk is what we do – it

+ Front cover: a selection of product lines that we have supplied in recent years, demonstrating our increasingly diversified portfolio is in our DNA. We are agile, client-centric solution-seekers who look to apply experience, best practice and new technology to overcome short- and long-term challenges. And our talented people love doing this, working in a dynamic, open culture that we protect resolutely. By managing risks we also have the opportunity to find new solutions for our clients and to alleviate supply chain impacts. In 2023, for example, we moved into brand-new product categories such as animal nutrition, grains and solar development, and we rebranded our successful advisory and consultancy services. We also developed new tools to help clients monitor and accelerate their decarbonisation plans.

Outlook

Our breadth of positions in many new geographical regions, added-value services and product sectors gives us confidence for the future. We see significant opportunities to develop these and to improve our margins further, while continuing to leverage our unrivalled reputation in the sugar markets. However, in our eyes, it is the way that we do business that really matters and will drive growth. We hope you enjoy reading about our developments and business approach in this year's report.

Robin Cave, CEO

IN THIS REPORT

TELLING IT HOW IT IS | STRATEGIC FRAMEWORK

Our purpose...

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

...influences our 'broaden and deepen' strategy

To 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.

To 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.

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.

Backed up by our corporate goals

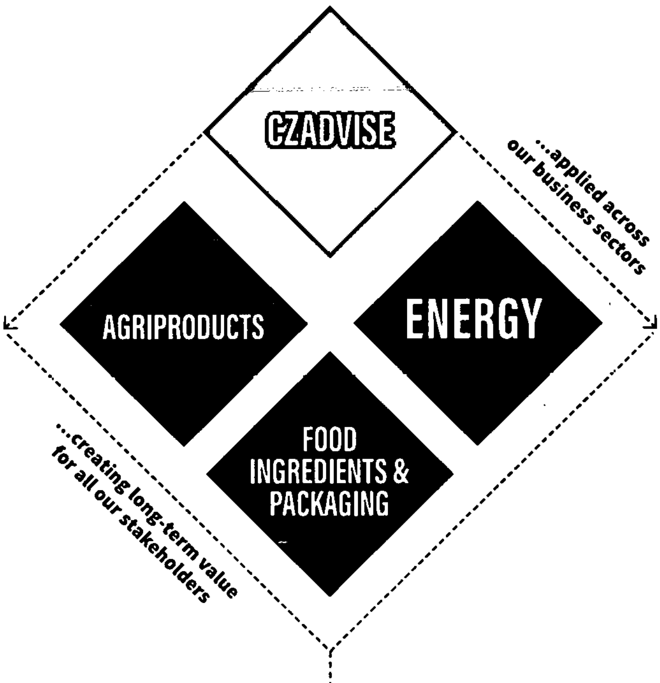
These provide the link between our longer-term strategy and near-term business objectives for all our employees.

+ P19 for return on capital employed (ROCE) definition

...which we deliver through our business model

Our services

1. Consultancy/corporate finance
2. Logistics
3. Procurement
4. Risk management
5. Trade finance
6. Sustainability



Clients

1. Farmers
2. Primary processors
3. Secondary processors
4. Food and beverage manufacturers

...to add value for our stakeholders.

Direct supply chain participants (our clients)

Farmers
Primary processors
Secondary processors
Food and beverage manufacturers

Direct business stakeholders

Employees
Shareholders
Banking/funding partners

Other supply chain participants

Communities
Logistics partners
General public
Governments

+ P6 Shareholder value creation

TELLING IT HOW IT IS | STAKEHOLDER VALUE CREATION

People often ask us how we make money...

While we strive to grow profit (and have done so for the last ten years), this is just part of the overall value creation for people in our supply chains and linked to our business.

Client revenue

Our income streams are diverse and vary based on levels of client service and risk. Most of our business with multinational companies is fee-based and covers areas such as risk management and environmental, social and governance (ESG) consultancy, bespoke supply and distribution strategies, derivatives, execution, and mergers and acquisition activity.

This is how we do it...

> We stick to our strategy

> We engage with our stakeholders

> We invest in key resources (especially people and tech) to become more efficient

> We balance risks and return

> We create long-lasting value for our supply chains.

...and this is who benefits from our business.

Direct supply chain participants (our clients)

We engage directly with clients along our supply chains.

These are complex networks and include clients whose integrated operations span multiple supply chain stages.

Stakeholders

> Farmers
> Primary processors
> Secondary processors
> Food and beverage manufacturers.

Examples of how we create value

> Keeping vital food and energy supply chains moving
> Informing participants to improve decision-making
> Investing in tech tools to mitigate price risk
> Improving ESG practices to promote better livelihoods and profitability
> Opening up new business opportunities.

>1,100

clients served in over 100 countries

Direct business stakeholders

We engage directly with other stakeholders whom we need to support our business.

Stakeholders

> Employees
> Shareholders
> Banking/funding partners
> Sustainability partners
> Logistics partners
> Communities
> Suppliers
> Governments.

Examples of how we create value

> Investing in our people (careers, health and rewards)
> Generating long-term growth, profit and returns
> Securing credit lines to fund long-term growth
> Linking funds to sustainable best practices
> Optimising logistics and transportation efficiencies
> Supporting communities through job creation and fundraising
> Paying taxes and invoices on time.

US$137 thousand

invested in employee learning and development

Other supply chain participants

We neither sell nor market finished products for final consumption.

However, we keep an eye on the organisations that do and the market trends that influence our long-term supply chain activity.

Stakeholders

> General public
> Retailers
> Foodservice providers
> Business-to-consumer (B2C) companies such as energy distributors.

Examples of how we create value

> Contributing to the supply of agriproducts to sustain life
> Developing lower-impact services (e.g. renewable energy)
> Improving ESG standards to meet rising consumer expectations.

>400

food and beverage manufacturers supplied by CZ

+ P56 Stakeholder Engagement (Section 172) Statement

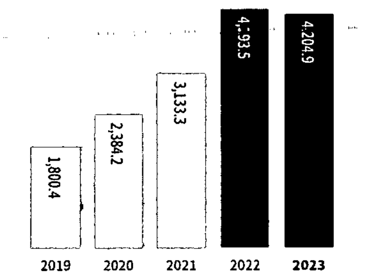
TELLING IT HOW IT IS | OUTCOMES AND GROWTH

Financial key figures.

Turnover, US$M

4,204.9

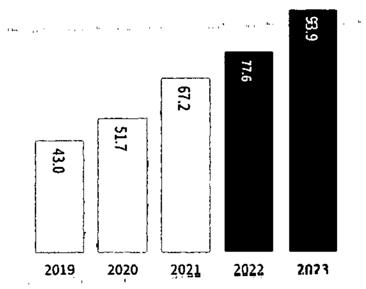
-2.1% on 2022



Gross profit, US$M

93.9

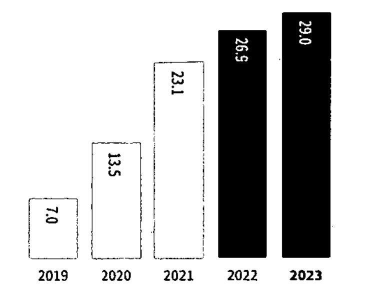
+21.0% on 2022



Profit before tax, US$M

29.0

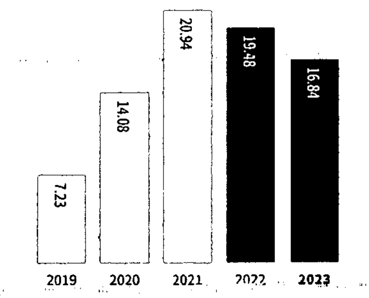
+7.8% on 2022



Return on equity (ROE), %

16.8

-2.6 PPT on 2022



"The delivery of another year of record profit before tax in 2023, despite ongoing challenges in global commodity markets, confirmed the strength of our diversified business model across our supply chains."

Julian Randles, CFO

Non-financial key figures.

Total number of employees

382 at 2023 year end

+23% on 2022

Total Scope 1 and 2 gross emissions

190 metric tCO2e

+15% on 2022

Volume of VIVE-verified product

>2 million metric tonnes

> 1 million metric tonnes in 2022

Number of product categories covered by VIVE Sustainable Supply Programme (VIVE)

7 product categories

Maize and fruit added since 2022

Our rolling five-year plans

In our 2021 Annual Report, we shared our five-year plan using 2021 figures as a baseline and setting out our aspirations for 2026. Since then, each year during Strategy Week we revisit and revise our plans to check they still make sense for our business. We provide a summary update on progress below.

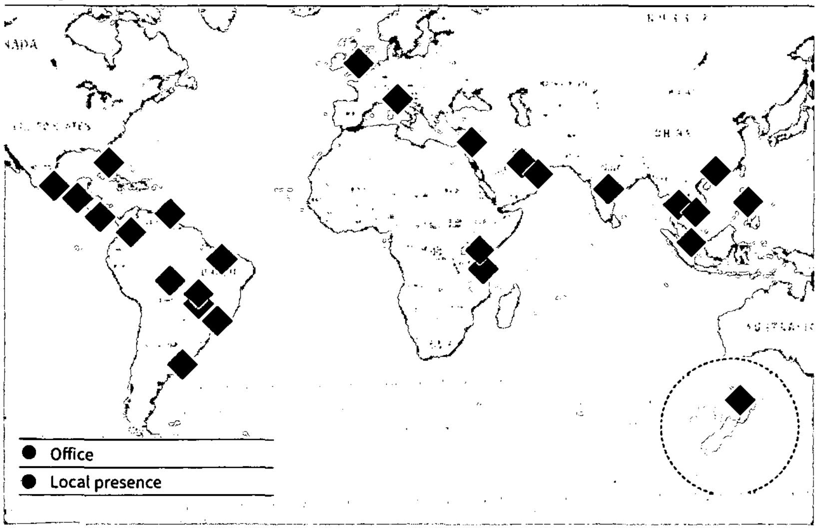
Locations (offices and local presences)

- 2021: 16 locations
- **2023: 23 locations**
- 2026: Expansion planned in Asia and South America

+ P61 for definitions of Scopes 1 and 2; P28 VIVE review

Our global operations.

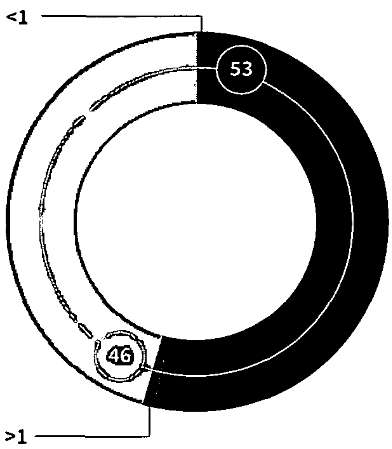
Our global operations



Employees by location[1]

CZ presence	2023	2022	+/-
Auckland	**1**	–	+1
Bangkok	**30**	16	+14
Dubai	**14**	16	-2
Guangzhou	**18**	13	+5
Ho Chi Minh City	**9**	7	+2
London	**165**	138	+27
Makati City	**3**	–	+3
Medellín	**3**	–	+3
Mexico City	**11**	11	–
Miami	**12**	12	–
Nairobi	**13**	12	+1
San José	**1**	–	+1
São Paulo	**73**	60	+13
Singapore	**23**	19	+4
Tel Aviv	**6**	6	-
Total	**382**	310	+72

Turnover by operational line, %



Organised for growth

We organise our business into operational lines to promote accountability and speed to market, by matching skillsets with business requirements to better serve our clients. These lines form our revenue streams, allowing us to compare performance across the different sectors and services we work within (see P20 to P23).

CZADVISE	●
Agriproducts	●
Energy	●
Food ingredients & packaging	○

Expanding our global footprint

As we expand into new regions, our global network strengthens. We act as one global team, providing the same standard of service regardless of location, while recognising the competitive edge that can be gained from local expertise and on-the-ground capabilities.

Our expansion in 2023 focused on: Colombia, a gateway to South America; the Philippines, an additional major Asian market to complement existing regional assets; and Brazil, to support our increasing focus on grains.

People

- 2021: 260 employees
- **2023: 382 employees**
- 2026: Forecast 500+ employees

Products and services

- 2021: 14 product categories
- **2023: 17 product categories; CZADVISE rebranding (P21) and energy investment (P23)**
- 2026: Further product expansion

Funding

- 2021: US$977 million available financial facilities[2]
- **2023: US$1,448 million available financial facilities**
- 2026: Aim to double 2021 funding levels

1 Employee numbers at year end.
2 See P19 for definition.

TELLING IT HOW IT IS | SECTORS AND SERVICES

Differentiating between what we do and where we focus.

As part of our annual strategy review, we realised we could explain more clearly the difference between the product sectors we work in and the services we provide, to help people better understand our business.

Here goes:

Services

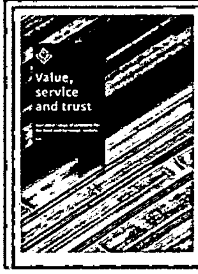
We provide a range of supply chain services that help our clients' businesses, see P11.

Product sectors

We work in product sectors, which we group by in-house expertise and the scale of business we develop in each, see P11.

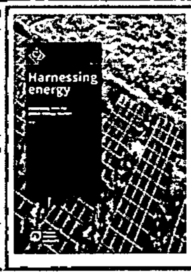
Track record

We have proved that we can transfer our services very successfully from one product sector to another.



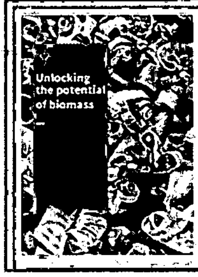
Value, service and trust

Our full product list that we update regularly.



Harnessing energy

An insight into how we are expanding in the global energy market.



Unlocking the potential of biomass

A focus on opportunities in the biomass market.

+ Brochures available on our corporate website

The services and expertise we offer.

We currently work across three product sectors.

When the opportunities arise, expect us to move into – or develop – new sectors.

AGRIPRODUCTS
Unprocessed agricultural products

ENERGY
Renewable energy products

FOOD INGREDIENTS & PACKAGING
Food-grade products

NEW SECTOR

CZADVISE
This includes: **Analysis, Consulting, Market and business intelligence, and Corporate finance**

LOGISTICS
This includes: **Warehousing, Stock management, Vendor-managed inventory, Logistics and Freight pricing**

PROCUREMENT
This includes: **Product sourcing and Physical supply**

RISK MANAGEMENT
This includes: **Price risk management and hedging at all stages in the supply chain.**

FINANCE SOLUTIONS
This includes: **Pre-payment financing, Pre-crop financing, Extended payment terms, and Inventory Finance**

SUSTAINABILITY (VIVE)
This includes: **Consultancy, Benchmarking, Bespoke improvement plans and Verification of supply chain practices**

+ P28 VIVE review

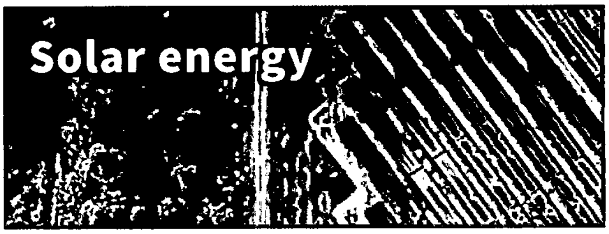
TELLING IT HOW IT IS | OUR CHANGING CLIENT BASE

Deepening relationships...

Client trust and strong relationships have been key to our diversification, leading us to move into new product areas and markets as opportunities arise.

On the surface we seem to have strayed from our heritage. But dig deeper and it is an exciting yet logical progression.

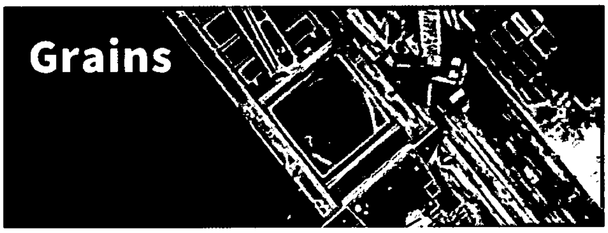
...and broadening expertise...



We work with a sugar mill that produces electricity for its operations and we saw an opportunity to invest in this area.

We now have a...

50% share in the renewable generation company 2C Energia (see P22)



We are well known for our excellence in sugar-related logistics management in Brazil. In 2023, we applied these skills to a new product area – grains (soybeans and corn).

In 2024, we plan to trade grain with...

>50 different counterparties in more than 15 countries

During the supply chain crisis in 2020, one of our clients struggled to find freight solutions for packaging.

We helped out and now handle...

>300,000 metric tonnes of packaging a year

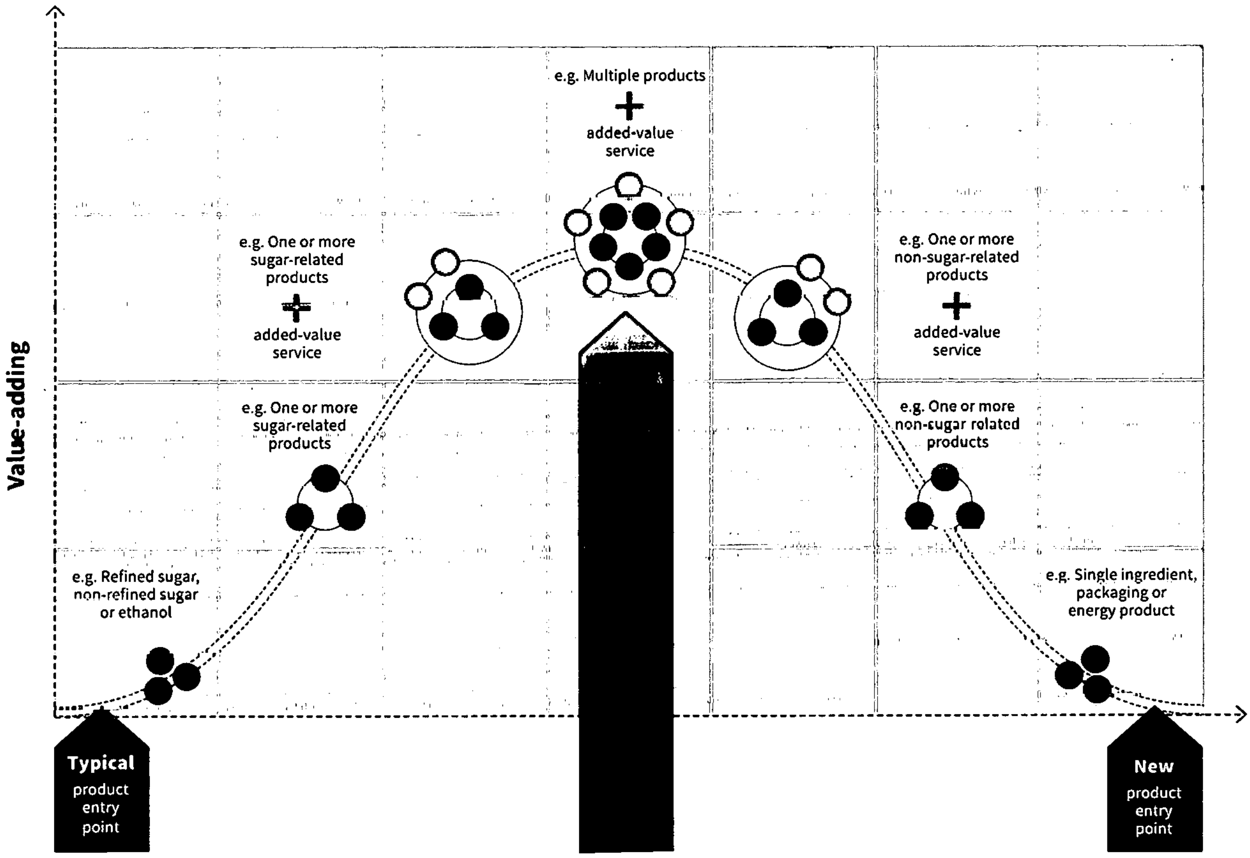
...are leading to a changing client profile.

A logical progression

Our 'broaden and deepen' strategy has been the driver of our successful, ongoing expansion and growth, enabling us to apply our knowledge and expertise wherever we venture. With this comes the opportunity to reinvent how we attract new client business. Today, some clients only know us for products that we started handling just a few years ago. We are a long (yet logical) way from our starting point back in 1860.

Mix of long-standing and new clients

In 2023, we traded with 1,146 counterparties. We have worked with 32% of our clients for over five years and 16% for over ten years. Over 30% of client interactions in 2023 involved more than one product, which demonstrates our repositioning in the marketplace as a multi-product sourcing partner.



Target
Client partnerships with a mix of products and services.

- ● Commodity – sugar-related
- ● Commodity – non-sugar-related
- ○ Added-value service (logistics, risk management, consultancy)

A rollercoaster year for food markets.

Geo-political events and weather have begun to reshape how food trades globally.

We continue to monitor how global macro trends affect our supply chains, and predict that most of these will continue into 2024, although we expect some stabilisation in food prices and freight rates as interest rates fall.

Key macro trends for our sector.

Economic

> Global cost of living crisis

> Persistent inflation

> Increased infrastructure investments: port logistics, road, rail, electric grids.

Geo-political

> Retreat of globalisation/increase in onshoring

> Move to a multi-polar world (West versus the rest)

> Elections in USA, India, EU Parliament, UK (date TBC), Pakistan and Mexico.

Social

> Permanent change to food baskets following recent high inflation: e.g. reduced alcohol consumption by 18- to 24-year-olds in UK, and cheaper carbohydrates replacing meat

> Greater focus on proven sustainability versus 'ESG-washing'.

Environmental

> Increased worldwide electric vehicle penetration

> Nuclear power renaissance

> Weather forecast consensus that ocean-warming effects of El Niño likely to end in first half of 2024.

Technological

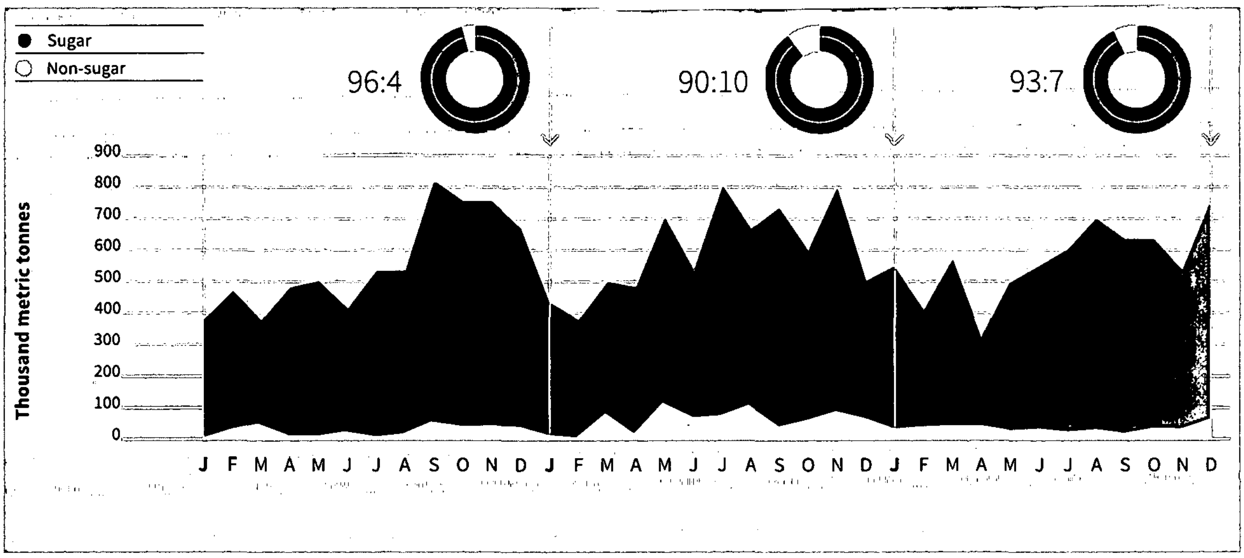
> Rise of AI creating both opportunities and ethical concerns

> Consumers expecting 'instant' results/transparency

> Technological integration has become a business imperative.

+ Macro trends source: CZADVISE

Strong performance in challenging conditions.



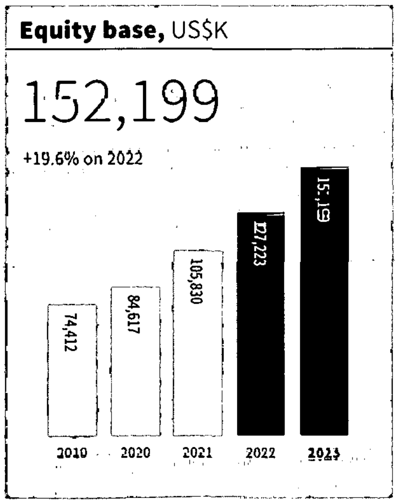
CZ	> Strategic focus on molasses > Energy division launched > Significant break bulk activity to overcome supply chain constraints.	> First trades of wheat, soya and corn > Expansion into the Philippines.	> Expansion into Colombia > First trades of animal nutrition, glass, starch and oils.
Economic	> *Ever Given* container ship blocks Suez Canal for six days.	> Global inflation surges > US Federal Reserve raises interest rates above 3% for the first time in 15 years > US Inflation Reduction Act enacted.	> Silicon Valley Bank and First Republic Bank collapse > UBS acquires Credit Suisse > Some shipping companies suspend Red Sea operations due to attacks on vessels by Houthi rebels.
Geo-political	> Qatar-Saudi border reopens > In the USA, Trump supporters attack Congress and Biden becomes US President.	> Russian invasion of Ukraine.	> Israel declares war on Hamas > Croatia adopts the euro > Lula da Silva becomes Brazil's president > Xi Jinping elected President of China for a third term.
Social	> European Super League breakaway announced, then retracted > Summer Olympics held in Tokyo > Semaglutide approved as anti-obesity medication in the USA.	> Removal of almost all the world's COVID-19 restrictions > World's population exceeds eight billion people.	> India surpasses China as the world's most populous country.
Environmental	> Japan's government approves dumping of radioactive wastewater > Shell legally mandated to align carbon emissions with the Paris Climate Accord > At COP26 climate summit in Glasgow, commitment made to phase down unabated coal power.	> European heat waves lead to record-high temperatures across Europe.	> Germany closes final nuclear power plants > Oceans reach new record high temperature of 20.96 °C > At COP28 climate summit in Dubai, consensus reached for countries to 'transition away' from fossil fuels.
Technological	> Continued rollout of COVID-19 vaccines > First direct observation of light from behind a black hole reported.	> ChatGPT released by OpenAI.	> India's Chandrayaan-3 becomes first spacecraft to land near moon's south pole.

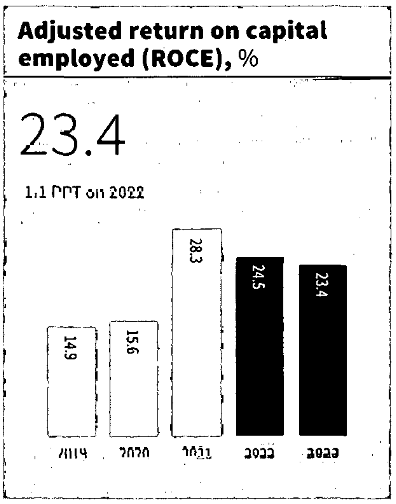
FINANCIAL AND OPERATIONAL REVIEW | CFO REVIEW

The numbers speak for themselves.

We remain confident in our ability to leverage our niche positions in several significant global markets to gain market share, create value and increase margins.

It is rewarding to have surpassed our ambitious profitability targets, in line with our longer-term growth plan.





+ P19 Key performance indicators; P19 ROCE definition

Performance overview

In 2023, Czarnikow Group Limited generated US$93.9 million gross profit (2022: US$77.6 million) on a turnover of US$4,205 million (2022: US$4,294 million), giving a pre-tax profit of US$29.0 million (2022: US$26.9 million).

The volume of products handled decreased – from 7.9 million metric tonnes in 2022 to 7.1 million metric tonnes in 2023. Overall, this was a strong performance in very challenging market conditions.

+7.8% We grew pre-tax profit for the fifth year in a row, despite reporting lower tonnage and turnover.

Our continued growth in gross profit and profit before tax is testament to our disciplined focus on implementing our 'broaden and deepen' strategy, which guides our considered diversification into new geographies, product categories and services. Our decrease in turnover is a function of market prices and product mix, and represents a strong performance given market turbulence.

We are growing at pace and we are determined to do this sustainably. This means ensuring that our business is robustly financed, we have technological excellence, we are organised as efficiently as possible, and we are supported by employees who want to work for us and who feel empowered. These areas continue to be the focus of our investment, as summarised below.

Equity base

Since 2018 we have more than doubled our equity base – from US$69,435 in 2018 to US$152.2 million in 2023. Our ongoing growth strategy is to double the equity base by 2026, and we are currently on track to achieve this from a 2021 baseline. 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 P24 to P25.

Overheads and investment

Strategic investment to aid our business expansion led to increased overheads of US$63 million in 2023, up from US$50 million in 2022. We anticipate further increases in overheads to achieve our planned future growth sustainably, and we remain comfortable with the fact that we often experience a lag in return on investments in personnel.

Geographical expansion

We continued to make major investments in people, with a record 23% increase in headcount in 2023. These hires focused on bringing in product-specific expertise and increasing personnel in new offices to support our geographical expansion. In 2022, we reported on increased costs relating to the setting up and staffing of three new legal entities in Vietnam, the Philippines and Colombia. In 2023, investment continued in these regions, with increased, permanent headcount now firmly established in all three.

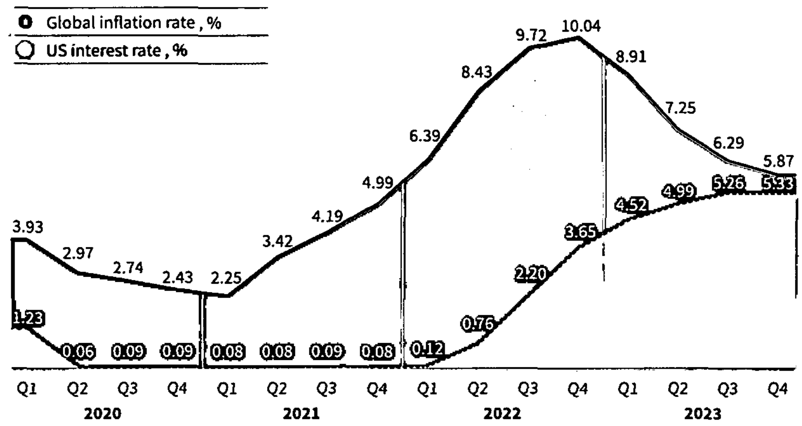
IT systems and processes

We further enhanced our IT systems and processes. In 2023 we completed the rollout of our 'Spine' project – a long-term project that represents a step-change in the quality of 'real-time' data that we capture, analyse and use in our day-to-day decision-making. By automating key processes, for example, we can better handle higher volumes and the increasing complexity of product flows. We also use our enhanced data to inform our strategic direction. Looking ahead, our next challenge is to enhance client data quality, to better serve our growing network.

+ P20 Revenue and market analysis

Factoring in interest and inflation

Over the past three years, we have experienced a threefold variation in global inflation rates. This has led to governments around the world using interest rates as a tool to control inflation. This is an example of the risks within our supply chain that we must mitigate. See P34 onwards for more information on risk analysis.



FINANCIAL AND OPERATIONAL REVIEW | CFO REVIEW

People and support teams

We are emphatic about protecting our culture and people as we grow. In 2023, we continued to invest in employee training and upskilling and we have expanded our Compliance team and other operational functions to support our increasingly diversified services, product sectors and client base. In 2023, we also upgraded the technology used to deliver our All Hands meetings (see box below) which have become a cornerstone of our global employee communication in light of our rapid growth and planned expansion.

Revenue analysis

Our four operational lines group our expanding range of products and services by key characteristics and typical supply chain clients. Through this greater focus, we can pool expertise and empower employees across country teams to interact to find common solutions for our clients and to strengthen our supply chains. An overview of gross revenue by each operational line is provided on P9, with more detailed commentary on P20 to P23.

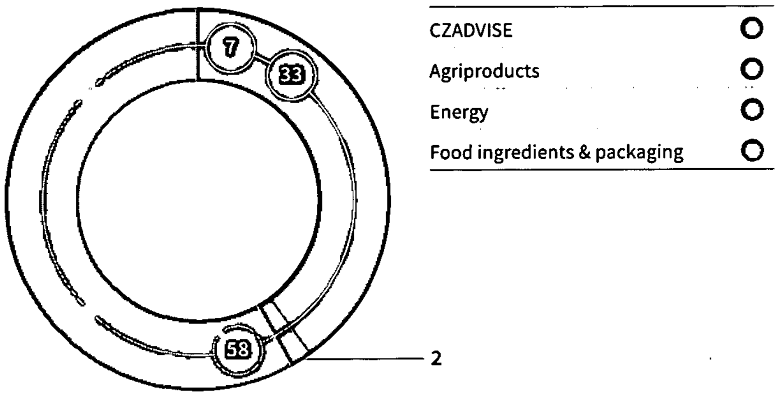
Outlook

We will continue to evolve in key regions where we need to be present to best serve our clients, and where we 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

+ P30 People review

Net revenue[1] breakdown 2023, %



Upgrading our All Hands meetings

Our All Hands meetings have become an increasingly important way to link employees across our 13 global offices, foster cross-cultural communication and enable insights into our wide-ranging business activities to be shared and discussed. Since September 2023, we have significantly upgraded the technology platform used to deliver the meetings and revised the meeting formats to improve user viewing experience, inclusivity and effectiveness.

Run weekly at 12:00 GMT to accommodate as many employees as possible, our All Hands sessions are 'live streamed' from the state-of-the-art media room in our London head office and uploaded (for later viewing) on our employee intranet. Each week, different colleagues are invited to present topics and local updates, including detailed, informative case studies.

Our new, coordinated approach makes it easier for our employees to connect to each other and improve their knowledge of our business, complementing and enriching our more formal learning and development activities.

120 Average number of 'live' attendees each week

1 Net revenue is gross profit plus interest receivable minus interest payable.

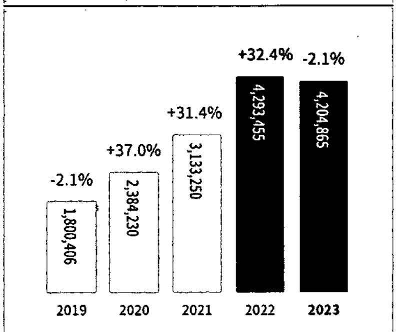
FINANCIAL AND OPERATIONAL REVIEW | KEY PERFORMANCE INDICATORS

Tracking progress.

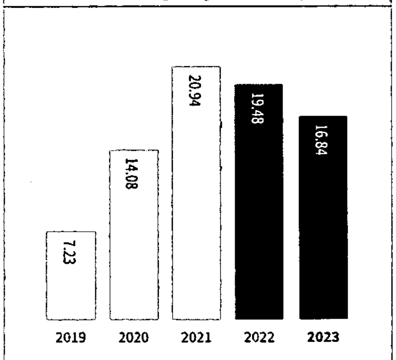
In assessing the performance of the Group, the Directors look to a number of different measures, both financial and non-financial, a selection of which are detailed below.

Financial

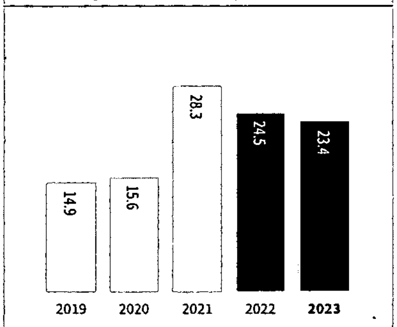
Year-on-year change in turnover, %



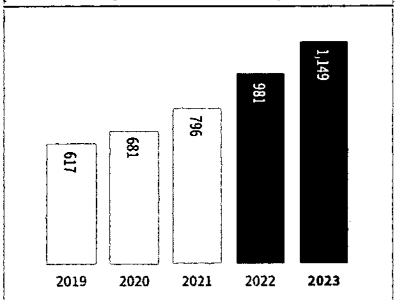
Return on equity (ROE)[1], %



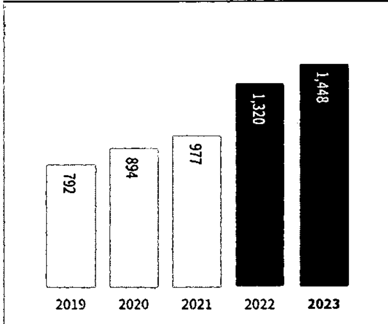
Adjusted return on capital employed (ROCE)[2], %



Number of contractual physical trading counterparties in the period

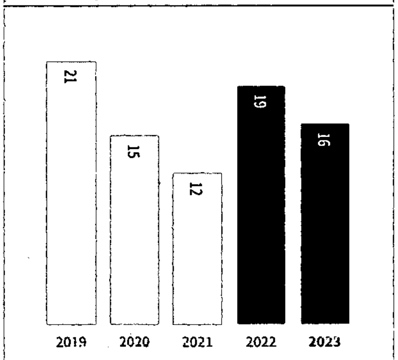


Available financial facilities[3], US$m

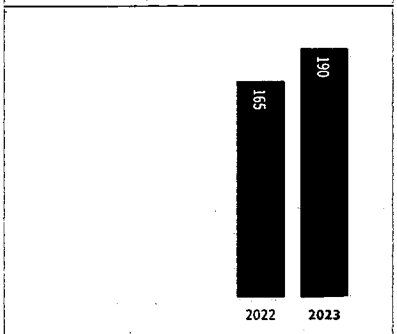


Non-financial

Employee turnover rate[4], %



Scope 1 and Scope 2 emissions[5], metric tCO2e



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 liabilities).
3 These figures include consolidated Group bank facilities and broker facilities combined.
4 (Number of leavers/average employees) x 100.
5 We chose this metric as a Group KPI in 2022. More information can be found in the Streamlined Energy and Carbon Reporting (SECR) information on P61. Scope 1 and 2 definitions are also on P61.

FINANCIAL AND OPERATIONAL REVIEW | REVENUE AND MARKET ANALYSIS

CZADVISE

Our advisory revenue stream was rebranded as CZADVISE in 2024.

CZADVISE provides services – including corporate finance, consulting, market analysis and business intelligence – that complement our physical business.

CZADVISE supports clients at all stages of the supply chain: financial and strategic decisions related to M&A, debt raises and restructuring; consulting in areas such as diversification, supply chain optimisation and carbon reduction; and market insights to support knowledge and risk management. Via our client portal, CZApp, we share in-house market knowledge through free and paid-for subscriptions.

Market factors

With a 20-year track record in renewable energy in key emerging markets, our Consultancy and Corporate Finance teams have focused successfully on areas such as energy transition and decarbonisation, with multiple capital-raising transactions realised for biofuels and bioelectricity production.

Key developments 2023

> Executed multiple M&A and debt (re)structuring transactions in Latin America and Southeast Asia in the renewable energy and agricultural sectors
> Concluded a large cross-border M&A in the fast growing Southeast Asia region, being one of the largest deals in the food sector
> Upgraded CZApp platform to enhance functionality
> Increased CZApp content readership by 50%
> Expanded team to support global business development
> Designed, created and built www.czadvise.com

Net revenue, US$m

2022	2023	
5.7	^ 6.0	+5%

Outlook and focus

> Launch and promote CZADVISE brand to support advisory offer
> Expand corporate finance activities in Latin America
> Complete major CZApp upgrade and expand subscription products
> Hire specialist expertise to boost in-house knowledge.

AGRIPRODUCTS

Unprocessed agricultural products, including unrefined sugar.

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

Market factors

2023 was notable for a tightening in available supply to the sugar market, with lower crop volumes in Thailand and India, and a shortage of logistical capacity in Brazil. Our logistical offering in Brazil proved very valuable as we were able to help mills with their export flows and capture value from these operations. Our global teams have also started handling other grains such as soyabean, soyabean meal and corn and we are confident these areas will grow quickly.

Key developments 2023

> Developed key relationships and logistics capabilities in Brazil to support our entry into the grains market
> Moved grains into Asia as part of our diversification into the animal feed/nutrition market, and began business relationships with animal feed companies
> Initiated movements of seven products across five geographical areas, enabling us to set ambitious volume and revenue targets for 2024
> Very strong year-on-year performance with revenue growth particularly strong through our logistics capabilities.

Net revenue, US$m

2022	2023	
21.7	^ 30.1	+39%

Outlook and focus

> Lead with logistics capabilities in Brazil to support move into grains market
> Increase headcount to support business growth and expand expertise
> Expand finance capabilities across a range of agriproducts to support demand
> Develop a module for grains on our internal system, Suite, replicating the current Sugar Module.

Consulting and corporate finance for food, agriculture and bio-energy supply chains

Introducing CZADVISE

In 2023, we rebranded our corporate finance and consultancy services as CZADVISE to highlight our non-physical business expertise, including our growing specialisation in areas such as emerging fuels and decarbonisation strategies.

Through CZADVISE, we provide services such as market and business intelligence, consultancy advice and corporate finance expertise that complement our physical business. Our CZADVISE team has grown to a dedicated group of 39 experts who can support clients at all stages of the supply chain. The team has a global outlook with in-depth knowledge of the Asia-Pacific and Latin America regions, where it has built a reputation through its consistent track record of delivering data-driven and actionable advice to companies within the food, agriculture and bio-energy sectors.

More information about our team, service and projects can be found on www.czadvise.com

CZADVISE services

> Growth strategy and market analysis
> Commercial screening/assessment
> Logistics optimisation
> Decarbonisation strategy
> Mergers and acquisitions
> Debt and equity raising
> Project finance
> Valuations.

CZADVISE
Listen. Inspire. Act.

Growth opportunities

With expertise in ethanol, renewable diesel, sustainable aviation fuel and green hydrogen, we are pursuing opportunities in the fast-moving emerging fuel market.

3

continents where we advised on debt and equity in multiple transactions in the agri, renewables and logistics sectors

4

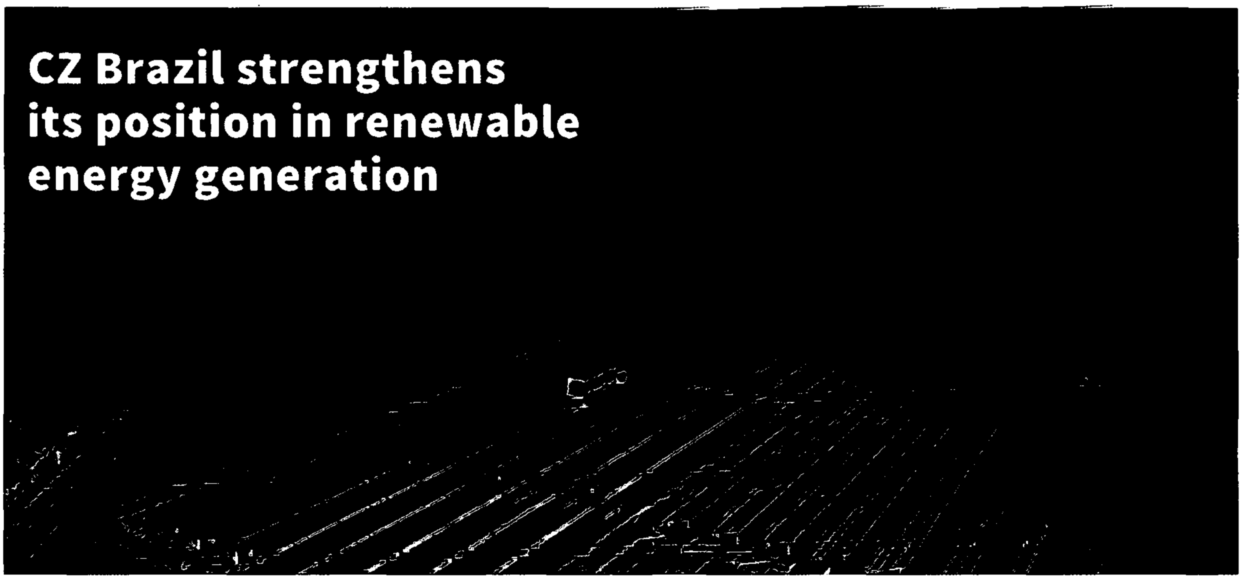
key speciality coverage sectors including agribusiness, renewable energy, food, and logistics where we executed a multitude of project feasibilities, valuations and market studies

39

dedicated team members in offices in Brazil, China, Singapore, Thailand, Vietnam and United Kingdom

FINANCIAL AND OPERATIONAL REVIEW | REVENUE AND MARKET ANALYSIS

CZ Brazil strengthens its position in renewable energy generation



Introducing 2C Energia

In 2023, CZ became one of two partners, together with CMAA (whose shareholders include JF and Salim Group) to create 2C Energia – an entity that aims to build on Brazil's dominant position in the global renewable energy market by spearheading the development and implementation of renewable energy projects across the region.

Small-scale solar plants

Since its inception, 2C Energia's team has focused on establishing small-scale solar plants to meet the immediate demand from small commercial and industrial consumers for low-voltage distribution, and is developing 11 solar parks in the states of Pernambuco and Piauí, Brazil. These currently have a maximum potential output of power of 33MWp and are forecast to be operating at full capacity by early 2025.

Larger-scale energy generation

The 2C Energia team is also scouting prime locations to support larger solar projects and developing strategic investment partnerships to help fund and commercialise these ventures.

One target site is a 1,088-hectare plot of land in Maranhão state. This strategic location, adjacent to the Parnaíba river, will allow 2C Energia to develop a 345MW solar energy transformation project with the potential to generate over 711GWh per year. CZ Brazil's role involves obtaining environmental licences and land regularisation, and ensuring the power plant's operational and regulatory compliance. CZ Brazil is also responsible for researching potential market opportunities to develop a significant energy transition platform on this site for future alternative energy production, such as hydrogen and green ammonia production, that can support Brazil's domestic demand and export aspirations.

Growth opportunities

2C Energia aims to become a strategic partner, pivotal to advancing Brazil's renewable energy generation in this dynamic market.

2GW
2C Energia's solar project development capacity (five-year plan)

US$1.4 billion
anticipated capital required from investors to build forecast capacity

US$22.4 billion
anticipated investment in Brazil to implement planned 32GW expansion by 2031

ENERGY

Renewable energy products, including solar power.

Our Energy operational line focuses on energy generation from the by-products of food production, used to create renewable processes and/or to supply energy to food and beverage supply chain participants.

Since its inception in 2020, this operational line has widened its coverage of energy sources.

Market factors

Our overall year-on-year performance was impacted by reduced export opportunities into the European Union for ethanol throughout 2023. We expect these conditions to improve in 2024. Our performance in electricity was strong – for example, in 2023, the demand for green energy in Brazil continued to rise due to the increase in the cost of natural gas and stronger demand for corporate decarbonisation strategies. Similar trends are prevalent in Asia, where new legislation will impact business strategies and accelerate the adoption of green energy.

Key developments 2023

> First generation and power purchase agreements (PPAs) coming to fruition
> Investment in solar projects in Brazil actualised through new contracts
> Launch of 2C Energia in Brazil, in which CZ holds a 50% stake, see P22
> Ongoing investment in new hires and in-house expertise to underpin anticipated growth in solar.

Net revenue, US$m

2022	2023	
4.7	∨ 2.3	-51%

Outlook and focus

> Increase investment in this business line to facilitate growth potential
> Improve prospects for ethanol as markets become more favourable
> Research the potential of other renewable energy sources for future business, particularly wind and green hydrogen.

FOOD INGREDIENTS & PACKAGING

Food-grade products, including refined sugar.

Through this operational line, CZ partners not just with some of the world's largest food and beverage brands but also with smaller food production companies, brewers and soft drink manufacturers to provide end-to-end supply chain services.

This operational line has continued to grow significantly since we started to pursue business opportunities more strategically in this sector.

Market factors

In 2023, our markets were impacted by several factors: ongoing regional wars that severely impacted global logistics; economic uncertainty; food price inflation; and the acceleration of the climate change agenda. These pressures led to a growing demand for CZ's services from a food and beverage manufacturing sector that increasingly requires improved supply chain performance and innovation to remain competitive.

Key developments 2023

> Effectively working as one global team
> Real focus on client development
> Identifying our clients' changing needs and enhancing our value proposition accordingly
> Increased global footprint and distribution network
> Expanded food ingredients and packaging product portfolio.

Net revenue, US$m

2022	2023	
44.4	∧ 53.8	+21%

Outlook and focus

> Clear path for growth with vendor-managed inventory (VMI) rollout starting in 2024
> Upskill new team members across all geographies
> Digitised rollout of VMI service on CZApp platform

Our global supply chains may be complex but our financing approach is not.

We find solutions for our clients to fund future growth, working in step with lenders in terms of risk appetite and controls. Our finance strategy is centred around consolidation and mirrors the trend of aggregation that we see in our supply chains.

Consolidation of capabilities to support growth

As reported last year, we continue to implement a trade and structured finance strategy which aims to consolidate and optimise our resources to support our business expansion while managing overheads. In 2023, we continued to focus our attention on three areas:

> Consolidating product-agnostic liquidity solutions to service our widening product portfolio
> Consolidating our financial relationships to promote efficient use of internal resources
> Consolidating knowledge to tighten collaboration and mutual understanding between our global trading teams and financial partners.

This focus continues in 2024 to support our growing business.

Continued expansion of syndicated solutions

In July 2023, we increased our original borrowing base ('BBF2021') from US$105 million to US$160 million at its second extension; and we welcomed two new funding partners, who are also helping to develop our business interests, bilaterally, in their respective home jurisdictions of Australia and in the Middle East. BBF2021 is now capable of funding food ingredients and raw material for packaging in addition to sugar, and of serving more jurisdictions in Europe to match our international footprint.

In December 2023, we launched our second borrowing base ('BBF2023') with a value of US$90 million. This new facility has been designed to finance a secured umbrella for assets in three jurisdictions in East Africa and to ensure a solid liquidity platform for our business expansion in the region.

These developments allow us to aggregate demand, and to deliver and store products where they are needed, instead of being reliant on specific jurisdictions for specific product lines. This allows us to match our expanding product offering with real-time demand, thus supporting successful development of our 'last mile' service offering.

By deepening collaboration between lenders through syndicated solutions, we are also able to work more efficiently, as our Trade Finance team can now communicate with one facility agent on behalf of the lender group rather than separately with individual lenders. This improves the management of resources while simultaneously increasing transparency through rigorous reporting.

Consolidation of knowledge

With new members joining our Structured and Trade Finance teams in China and Thailand, we now have representation in the UK, Brazil, Singapore, China and Thailand. By aligning our commercial strategy, local knowledge and working capital requirements, our teams are better placed to offer bespoke client solutions and monitor performance in real time.

ESG finance developments

In 2023, we launched an ambitious project to work on sustainability-linked KPIs in collaboration with two partner banks, Rabobank and Natixis. We focused on mapping how our VIVE Sustainable Supply Programme (VIVE) promotes continuous environmental, social and governance (ESG) performance improvements in our supply chain, and how we can align CZ's ESG and finance strategies through greenhouse gas emissions' measurement and target-setting. This project is ongoing and our ambition is to convert BBF2021 to a sustainability-linked facility measured against ambitious KPIs in the short to medium term.

US$1.5 billion
in facilities

19 team members

US$250 million
in syndicated facilities, of which US$205 million are committed facilities

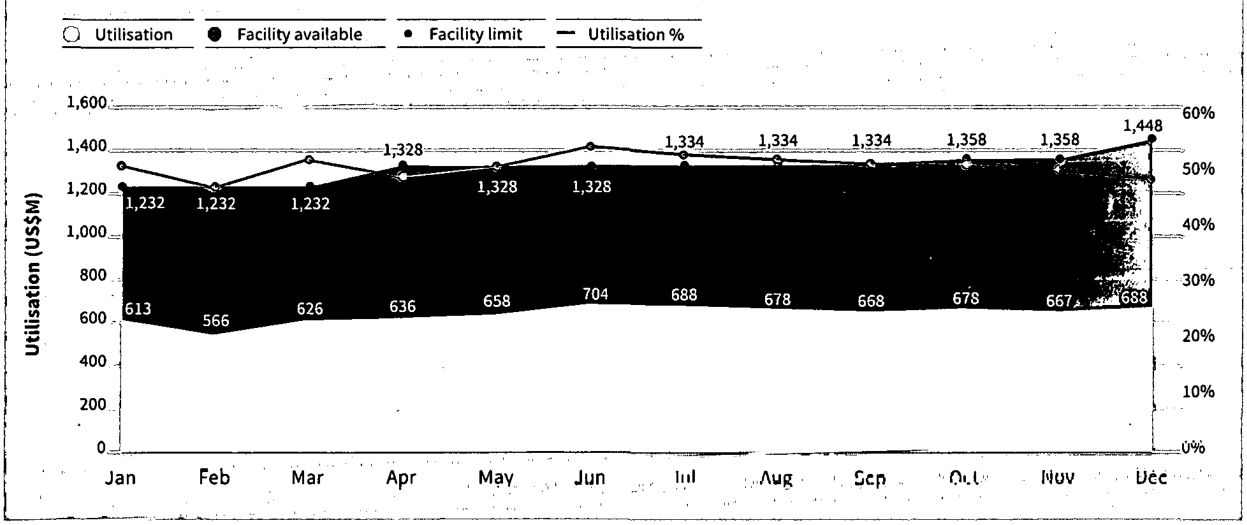
Focus in 2024

> Continue to scope sustainability-linked KPIs that align with our corporate ESG and finance strategies
> Continue consolidation of structured and trade finance solutions to optimise the use of our internal resource and deepen strategic relationships
> Deepen our lender relationships in Asia, achieving the same level of collaboration and agility we enjoy elsewhere in the world.

Consolidated Group facilities for the year ended 31 December 2023, US$M

Bank	Czarnikow Group Limited	Subsidiaries	Alternative lending	Borrowing base	Non-recourse receivable lines	Total
Cooperative Rabobank U.A.	33	42	–	50	75	**200**
ABN Amro Bank N.V.	–	–	–	–	160	**160**
HSBC	80	34	–	–	15	**129**
Natixis	45	–	–	35	–	**80**
Société Générale	60	–	–	20	–	**80**
Banco do Brasil	26	46	–	5	–	**77**
GarantiBank International N.V.	65	–	–	10	–	**75**
OCBC	65	8	–	–	–	**73**
Bank of China Limited	35	–	–	15	–	**50**
Credit Europe Bank N.V.	50	–	–	–	–	**50**
Santander	18	30	–	–	–	**48**
The Standard Bank of South Africa Limited	10	–	–	20	–	**30**
Banco Bradesco S.A.	–	30	–	–	–	**30**
Mizrahi Tefahot Bank Limited	30	–	–	–	–	**30**
China Construction Bank (Brasil) Banco Multiplo S.A.	–	26	–	–	–	**26**
Alternative lending	–	–	25	–	–	**25**
Itau Unibanco S.A.	–	25	–	–	–	**25**
Banco Industrial do Brasil S.A.	–	24	–	–	–	**24**
TMBThanachart Bank PLC	20	3	–	–	–	**23**
Commercial Bank of Dubai PSC	–	–	–	20	–	**20**
Commonwealth Bank of Australia	–	–	–	20	–	**20**
DZ Bank AG	–	–	–	20	–	**20**
ING Bank N.V.	–	–	–	20	–	**20**
Lloyds Bank PLC	20	–	–	–	–	**20**
Other facilities < US$20 million	23	75	–	15	–	**113**
	580	343	25	250	250	**1,448**

2023 Average daily utilisation month, US$M



+ Alternative lending definition, see Glossary

ESG REVIEW | STRATEGIC OVERVIEW

Our ethos is to influence change from within. To do so effectively, we must keep our own house in order.

Our environmental, social and governance (ESG) roadmap to a more sustainable future.

	Prior to 2023	2023	2024 and beyond
Governance	Commitment to create ESG Committee, with formal reporting to CGL and CCL Boards.	> ESG Committee met seven times in its first year of operation > A new role of ESG Analyst was created to ensure efficient implementation of ESG Committee recommendations.	> Ongoing training and education in ESG-related areas > Planning for Task Force on Climate-related Financial Disclosures (TCFD) reporting > Allocation of additional resource and budget to support ESG Committee > Ongoing ESG-related policy development > Review of compliance processes to include specific ESG requirements for new stakeholders and product development.
Strategy	> Founding of VIVE Sustainable Supply Programme in 2015 > Disclosure of additional, voluntary ESG information in annual reporting (see Metrics below) > Strategic relationships built with financial partners to investigate ESG-related funding opportunities for VIVE participants and CZ.	> Publication of policies and Code of Conduct > Development of VIVE Climate Action (see P29) > TCFD and UN SDG frameworks proposed and gap analysis undertaken.	> Ongoing refinement of ESG strategy and roadmap, aligned with TCFD and United Nations Sustainable Development Goals (UN SDGs) > Implementation of ESG Committee's latest and ongoing recommendations > Development of consistent approach to managing regulations and certifications > Active monitoring of emerging frameworks.
Risks	Climate change identified and reported as an emerging risk.	ESG risk (including climate change) identified and reported as a principal risk.	Climate-related risks and opportunities analysis in preparation for TCFD reporting.
Metrics	> SECR[1] and ESOS[2] data > Scopes 1 and 2 emissions disclosed (see P61 for definitions) > Gender pay gap metrics > Employee gender and age balance.	> 'Deep dive' undertaken into Scope 3 emissions with third-party expert Quantis, to determine benchmark year > ESG-related KPIs and Scope 3 boundaries being developed in collaboration with financial partners.	> Work to set KPIs and performance metrics > Confirm baseline year of calculations for Scope 3, and identify next steps > Set up internal compliance reporting and measurement systems for ESG-related metrics.

1 Streamlined Energy and Carbon Reporting.
2 Energy Savings Opportunity Scheme.

Our approach

We are uniquely placed to oversee entire supply chains around the globe and, for several years, we have sought to make our own operations and supply chains sustainable without compromising commercial viability, through continuous improvement in key environmental, social and governance (ESG) areas. We provide an overview of progress made during the year in our VIVE review on P28, People review on P30 and SECR update on P61.

Year 1 Our ESG Committee's first year of operation.

The formation of our ESG Committee was a pivotal moment in developing a more structured ESG strategy, allowing heads of departments and other CZ invitees to meet formally and regularly discuss and debate our corporate direction. Key actions taken by the ESG Committee in 2023 are summarised as follows: learning more about the ESG reporting landscape; selecting the most appropriate frameworks for CZ's business and stakeholders; and undertaking an analysis of existing arrangements against the chosen frameworks to identify key gaps.

The two frameworks that were deemed to be most appropriate to the Group's business are:

- **the Task Force on Climate-related Financial Disclosures (TCFD):** this covers climate-related risks and opportunities, and features a rigorous corporate governance structure that is recognised and already adopted by many of our stakeholders; and
- **the United Nations Sustainable Development Goals ('UN SDGs'):** these capture a wider range of ESG goals for the world to achieve by 2030 and helps to focus on areas where CZ could enact the most positive influence.

About our ESG Committee

Purpose

To ensure oversight of the Group's practices in implementing relevant environmental, social and governance issues and to make appropriate recommendations to the business to enhance ESG practices.

Membership

- **Tanya Epshteyn (Chair)** - Associate Director, Head of Structured & Trade Finance
- **Benjamin French** - Senior Programme Manager, VIVE
- **Claire Thornton** - HR Advisor
- **Natalia Dziedzic** - Compliance Manager
- **Renita Chanderballi** - Head of Food Ingredients & Packaging Quality

To enable other CZ employees to find out more about our ESG approach and to connect them with teams across the business, the ESG Committee invited nominees from each participating department to act as minute-takers on a three-month rotation. The ESG Committee plans to continue this initiative in 2024 with the role extended to help monitor and action Committee recommendations as these develop.

Meeting and reporting framework

In 2023, the ESG Committee met seven times. From 2024 onwards, the Committee will provide monthly progress updates to the Czarnikow Group Limited (CGL) Board and quarterly strategic updates to the C. Czarnikow Limited (CCL) Board.

Focus in 2024

In 2024, following the sharing of the gap analysis with the Board, and confirming the most appropriate measures required to bridge the gaps identified, the ESG Committee will focus on developing our formal ESG strategy and metrics. In the roadmap opposite on P26, we share some preliminary information on how we are organising ourselves for the future.

"In our first year, we took time to reflect on our progress to date and to agree on where we want to position ourselves as a business in the fast-evolving ESG landscape. We look forward to sharing more concrete developments as our recommendations become actions in 2024."

Tanya Epshteyn, Head of Structured & Trade Finance

Creating sustainable, commercial opportunities.

VIVE
SUSTAINABLE SUPPLY PROGRAMME

About VIVE

Through our VIVE Sustainable Supply Programme (VIVE), we use our unique position within global supply chains to stimulate sustainable product flows that meet verified, third-party-assessed standards. We do this by engaging VIVE participants in rigorous social and environmental assessments and providing bespoke continuous improvement plans. Our work supports global industrial buyers in achieving their environmental and social ambitions – for example, decarbonisation or the elimination of modern slavery – by increasing the supply of VIVE-verified products. And, as these products have greater long-term commercial value, VIVE can stimulate investment in continuous improvement to create credible, more sustainable supply chains.

Broadening product coverage

VIVE was built to support sustainable sugar supply chains, harnessing CZ's long-standing experience and VIVE partner Intellync's assessment expertise. Since it was founded in 2015, VIVE has expanded to cover more products, such as fruit and maize, and services such as carbon tracking, to meet client demand for more reliable traceability and data. VIVE will continue to expand where there is demand, promoting sustainable supply chains that are commercially viable.

7 VIVE product categories: raw sugar, refined sugar, molasses, ethanol, bagasse, maize and fruit.

Expanding global coverage

In 2023, VIVE welcomed its first participants in Central America: Taboga, the largest sugar mill in Costa Rica, and La Ligra Agrícola Industrial de la Caña de Azúcar (LAICA), the association governing Costa Rica's sugar industry. The region has experienced increased demand for sustainable sugar, leading to the strategic expansion of VIVE in neighbouring countries.

A major Indian sugar refinery, East India Distilleries (EID) Parry, also joined the VIVE programme in 2023. This development is expected to increase the tonnage of VIVE-verified refined sugar moving into the global market via India, serving several industrial buyers and regions.

Building pull-through demand

We also expanded our Buyers Supporting VIVE (BSV) membership. This group of global industrial buyers is important to the VIVE programme, as members raise awareness of our progress and commitments and create a strategic network that can help pull through demand. At the year end, we had 91 BSV members.

Focus in 2024

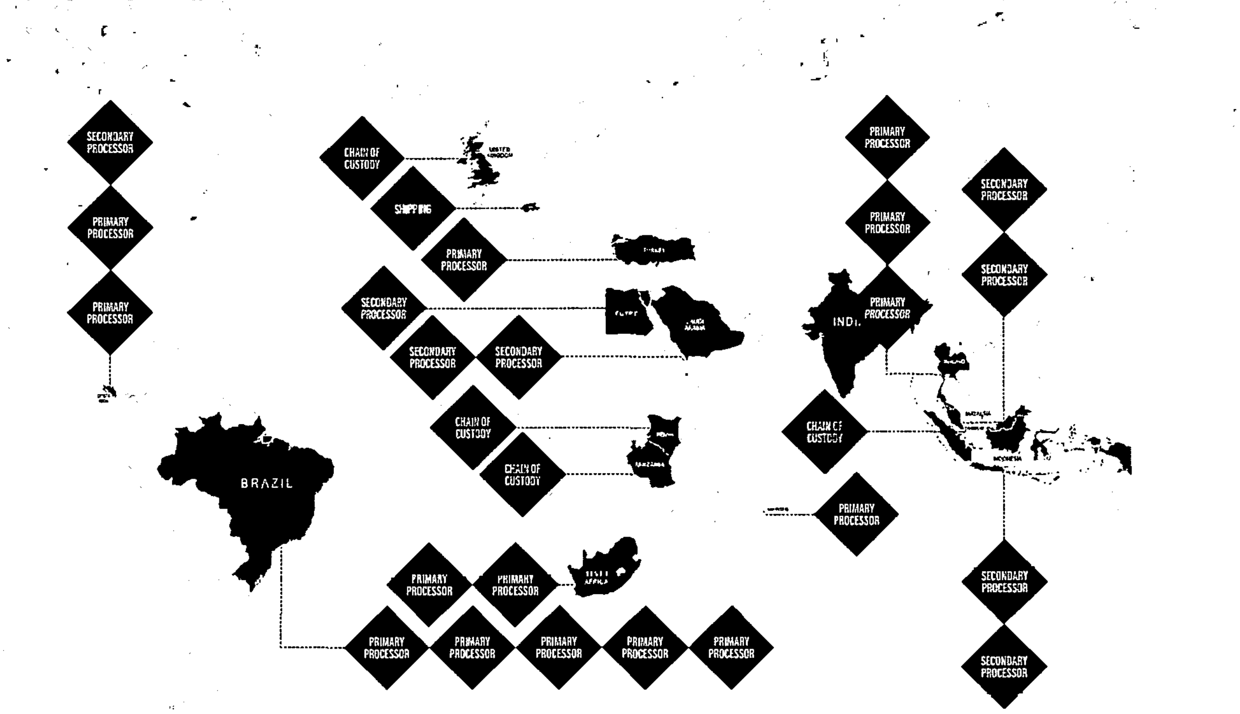
We aim to build on the progress that we made in 2023, recognising that the expansion of VIVE-verified tonnage is a long-term commitment.

With our expanded team we anticipate growth in new product areas such as fruit and corn, as well as in revenue opportunities through VIVE Climate Action. We also expect to gain momentum in Central America and India given our recent successes in these areas.

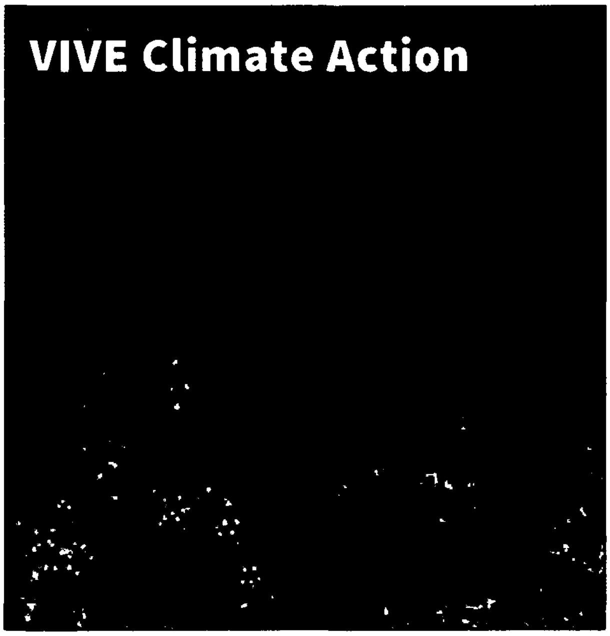
While the expansion of VIVE-verified tonnage in absolute terms is our end goal, we know from experience that given our complex, global supply chains, this is a very long-term aspiration. Our modular approach and range of mass balance tools allow us to make smaller, accelerated impacts that can demonstrate progress and stimulate further investment.

1. **Segregated physical product**
   Clearly delineated, physical VIVE-verified product that is traceable from farm to final use (and our ultimate goal for all products meeting this criteria).
2. **Mass balance physical product**
   Where segregation is not possible, we can trade physical product that uses a mass balance approach.
3. **Mass balance transfer**
   Where physical shipment of VIVE-verified product is not possible, we can sell credits from the mass balance tool.

VIVE participants by supply chain stage



27 total participants	16 countries	14 primary processors	8 secondary processors	4 chain of custody	1 shipping company



New service developed to improve carbon emissions management

During 2023, CZ developed VIVE Climate Action (VCA) in response to the challenges of collecting Scope 3 carbon emissions data in long, complex food and beverage supply chains. For industrial consumers, a large proportion of their Scope 3 emissions sit within the Scope 1 and 2 emissions of producers, primary and secondary processors, where a lack of reliable data makes carbon reduction pathways difficult to develop.

VCA is a key solution that helps industrial buyers and producers to measure and manage carbon emissions more accurately by providing actionable reduction strategies starting at the farm level. Following significant engagement with stakeholders across our supply chain, VCA evolved from VIVE's assessment work and was officially launched in early 2024.

>20 sugar producers signed up for baseline assessments in Q1 2024

ESG REVIEW | PEOPLE REVIEW

Investing in our people.

To grow as quickly as we are doing, we need to invest even more in our people and systems to stay agile and competitive. In 2023, we streamlined our global people processes and used analytical data to support our HR strategy.

We have grown our global HR team and now have ten people who support our HR function across three continents, building our functional expertise and bringing in local knowledge.

"Constant change being the new normal, we need our employees to adapt quickly to changes in circumstances, whilst ensuring that CZ remains agile and competitive."

Sharon Blore-Rimmer, Head of Human Resources

What is our biggest challenge?

To execute CZ's ambitious five-year plan, we need the right people on board. This is far from a straightforward numbers game. Our biggest challenge is identifying and securing individuals – often with highly-specialised skillsets and experience – who are able to thrive in our fast-paced, entrepreneurial environment and hit the ground running. To support our focus on identifying 'future-fit' individuals, we have upgraded our onboarding and learning and development programmes so that we can welcome people, benefit from their experience and develop their talent as quickly and effectively as possible.

Recruitment

+23%

In 2023, we experienced a significant expansion in headcount of 23%, up from 310 employees in 2022 to 382 employees at year end.

To help manage this growth, we aligned our global recruitment procedures (local legislation allowing) to enable us to recruit people with relevant skills more efficiently, quickly and cost-effectively. We also introduced more stretching, structured and rewarding interviews and assessments to ensure we find talented people who can thrive within our fast-paced environment.

We have also improved our employee onboarding – making this more impactful and employee-centric from day one, to accelerate the integration of new employees into our company culture and operational processes and thereby reduce time to productivity. Across the Group, we ensure a warm welcome from the CZ teams, including directly from Robin Cave, our CEO, in our London office. Our strategic aim is to decrease the onboarding time for key roles, accelerating internal mobility and resource throughout the business.

Employee brand development

As a business-to-business (B2B) brand, we need to be inventive in how we build recognition and market ourselves.

Recent initiatives have included targeting candidates on specific courses in global universities and business schools, having a careers stand at National Student Pride, and using multimedia on selected social channels.

In 2023, our HR and Marketing teams collaborated to boost our employer brand by jointly creating job advertisements, new employee brochures, career event merchandise and new career web pages with FAQs.

Team Asia: from Adelaine Low, Regional HR Advisor

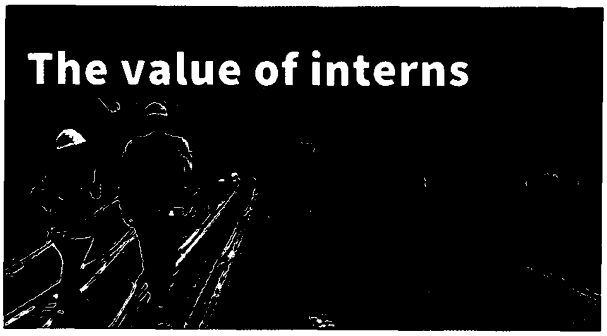
"As we expand our regional footprint strategically across Asia, we must acknowledge and navigate cultural nuances effectively, particularly during recruitment. One area which is crucial to get right is aligning job descriptions and the expectations of local hiring managers so we can accurately identify target candidate profiles. We also recognise the importance of evaluating as quickly as possible how well candidates align with our CZ values, as well as understanding each candidate's career priorities: for example, how they rank the importance of career advancement against work-life balance, compensation, benefits and the workplace environment itself. We often interview people in their non-native language and are particularly sensitive to this. We always aim to put people at ease by cultivating an inclusive environment where candidates feel empowered to express themselves freely."

Supporting new joiners in Brazil

During 2023, the HR team in Brazil improved onboarding processes to give new joiners a smoother and more supported transition during their first months at CZ. For example, all new recruits now have four structured 'check-in' chats, with follow-up questionnaires, in their first year.

Through this new approach, which improves the monitoring of tasks and team relationships, we have created a more welcoming and stimulating environment that supports the professional and personal growth of every team member.

The value of interns



In 2023, we offered 21 of our interns permanent positions across CZ, demonstrating the value we place on them.

Our HR team in Brazil has developed a structured internship programme, including job rotations, visits to local ports and sugar mills, and professional development guidance. Many of the current leadership team at CZ Brazil, including Tiago, the Head of Brazil, began their journeys as CZ interns. In 2023, one intern from our Singapore office also joined CZ in a permanent role.

ESG REVIEW | PEOPLE REVIEW

Retention and engagement

During 2023, we experienced a reduction in employee turnover to 16% (2022: 19%). Obtaining and acting on feedback is key to improving employee retention, and in 2023 we dug deep into information from our detailed exit interviews to understand if and what we could do better.

We use our average length of service as a proxy indicator of success; in 2023 it was 4.9 years. We also continue to use Glassdoor scores as a proxy satisfaction measure and in 2023 we were rated 4.5 out of 5, with a CEO score of 94%. We are placing increasing importance on monitoring and acting on employee feedback and aim to pilot an employee engagement survey in the London office. We are currently selecting the most insightful questions and the data collection areas with greatest potential to benefit the business.

Learning and development

Ongoing investment in learning and development (L&D) helps to engage our employees and to build 'future-fit' skills.

During the year, we increased our L&D investment to over US$137,000 (2022: over US$120,000) and our training hours to 9,193 hours in total, or 23.8 hours per employee (2022: 5.3). We have a culture of continuous learning that is not just about attending training sessions. Our ethos is to promote global learning by encouraging people around the business to talk to and learn from each other (see also 'Strategy Week 2023' on P49), an approach that is fully endorsed by our senior leaders.

In late 2023 we started an initiative to reinvigorate CZ Academy, our global in-house training platform. We aim to create a more dynamic, interactive and connective space to improve business understanding through self-study and shared resources. We are refreshing content and aim to relaunch CZ Academy in 2024.

+ P54 Governance report

Pay and benefits

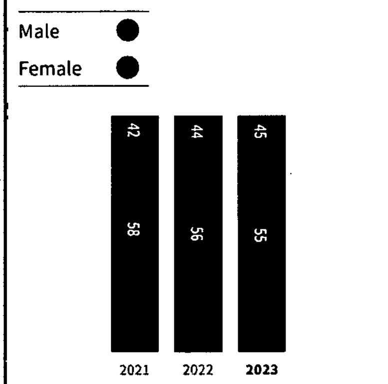
Benchmarking rewards

We offer competitive pay, including a discretionary bonus scheme, and other generous employee benefits. In 2024, we will continue to benchmark our employee offer in each location to ensure CZ remains competitive in the local markets.

Gender pay gap and equal pay

We publish gender pay gap information voluntarily (see table on P54). As our information includes global data, is it not directly comparable with UK gender pay gap information as mandated by the UK government. Our pay gap was stable in 2023 at 31% (2022: 31%). Our pay is benchmarked locally to remain in line with regional differences, and we ensure there is consistency across all roles. We are committed to providing equal pay for equal work.

Employee breakdown by gender 2021-2023, %



Diversity, equity and inclusion (DE&I)

We value each individual on their skills and merits, and we celebrate the diverse range of talent that makes up our business. We strive, therefore, to achieve a balanced workforce, which in turn will help us improve diversity of thought and decision-making. We plan to include questions on DE&I in our forthcoming employee survey to better understand and respond to employees' experience and gather their feedback in this area.

Cultural and social diversity

We are rich in cultural diversity and understanding, with at least 32 different languages spoken across our operations – which span nine time zones. Our ongoing relationships with our social mobility partner UpReach in the UK, and another in Brazil, shore up our commitment to valuing individuals with a broad range of skills and social backgrounds. In 2023, our Brazil office continued its DE&I training with sessions on unconscious bias and empathetic communication for all employees, and on inclusive leadership for management.

Gender

Over the last three years, the number of women in our business has grown slightly (see graph opposite).

45% In 2023, women accounted for around 45% of our global workforce (2022: 44%).

To support women to stay in work and become leaders of the future we offer enhanced maternity pay and have raised awareness of the menopause through a new policy. We help parents ease back into work after paternity/maternity leave and have traditionally had a high number of returning employees; in 2023, we achieved 100% return from maternity leave (2022: 100%).

Charity fundraising and volunteering

In January 2023, we formed a Charity Committee comprising nine volunteers from the London office to promote and support fundraising that improves employee engagement and benefits local communities. Over the year, charity donations amounted to US$35,108 (2022: US$35,815). In partnership with UpReach, CZ volunteers continued to mentor young people seeking career advice and to provide 'insight days'. Employees in our Singapore office took part in a relay run to raise money for disadvantaged local residents, and are planning to organise food bank collections and promote blood donation; and in our Brazil office employees supported Pink October (a public awareness campaign for breast screening) and Blue November (a public awareness campaign for prostate cancer). We make no political donations.

Health and financial wellbeing

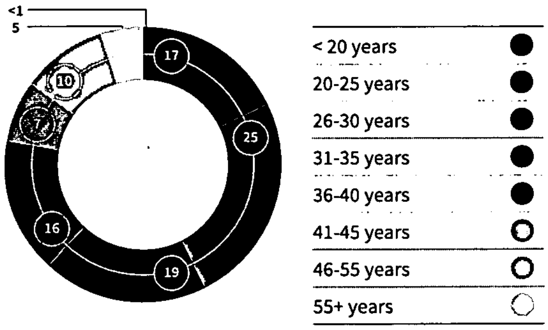
We aim to renew our focus on wellbeing in 2024 by dedicating more resource and creating a calendar of events to promote financial, physical, mental and social wellbeing. This will complement current wellbeing ideas and information available for employees in the London office in newsletters and on our intranet, including pensions advice and cost-saving tips, alongside our Employee Assistance Programme. We continuously review our benefits to ensure they remain competitive and are relevant to employees.

Ethics and integrity

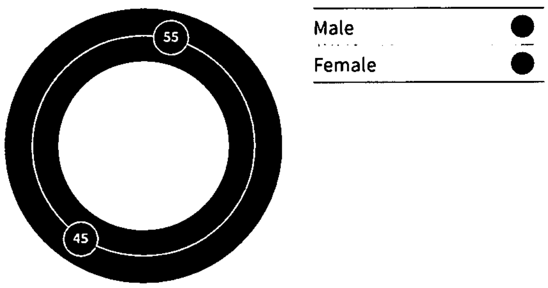
We respect human and employment rights, as guided by the Universal Declaration of Human Rights and core International Labour Organization conventions, and we have zero tolerance for slavery and human trafficking, corruption, bribery or facilitation payments.

Our Modern Slavery Act Statement can be found in the 'Legal Resources' section of our website: www.czarnikow.com/legal

Age distribution of employees 2023, %



Gender breakdown 2023, %



Focus in 2024

- Continuing to use enhanced HR data to guide actions
- Evolving employer value proposition and employer brand, alongside pay and benefits benchmarking
- Accelerating the integration of new employees to increase productivity
- Building on a culture of continuous learning and growth to anchor the existing team
- Preparing our employees to be agile and to adapt quickly to changing business circumstances
- Attracting a wider pool of talent, balancing employee expectations and ethical considerations
- Creating a culture that continues to value its employees through employee voice and engagement initiatives.

The more we grow, the more important risk mitigation becomes.

We aim to stay protected through our diverse global network, our specialist knowledge, and our maturing systems and processes.

Our risk appetite in practice

Zero/Very low
Zero/very low appetite for exposure to risks that would lead to legal action, default, employee or public harm, or reputational harm.

Low
Low appetite for risk exposure that would damage values and culture, or ability to recruit and retain high-calibre people.

Balanced
In pursuit of objectives, willing to accept in some circumstances mitigated risks that could result in potential reputational and political exposure (e.g. in terms of types of products handled and/or geographies).

High
Willing to consider limited number of bolder, more complex trades/deals in anticipation of higher financial returns.

Very high
Open to selected, mitigated-only, higher-risk trades in pursuit of very-high-return opportunities.

Risk management culture

Our overall 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 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. However, we do not allow actions that would harm the Group; nor will we tolerate behaviour which fails to meet our standards of best practice. For example, we always hold ourselves accountable to agreed standards, we comply with all sanction regulations, and we clearly indicate where products are incompatible with our business ethos. We summarise our risk attitude in the table opposite. We also have tolerance limits in place for each principal risk (see P37 to P45). By understanding these, we are best placed to identify and evaluate business opportunities.

Risk management framework

We have an integrated risk management framework, illustrated on P36, that seeks to limit adverse effects on the Group's financial and non-financial performance. Within this framework we have formal channels for communicating risks to the CGL and CCL Boards to inform their decision-making. 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.

Risk assessment

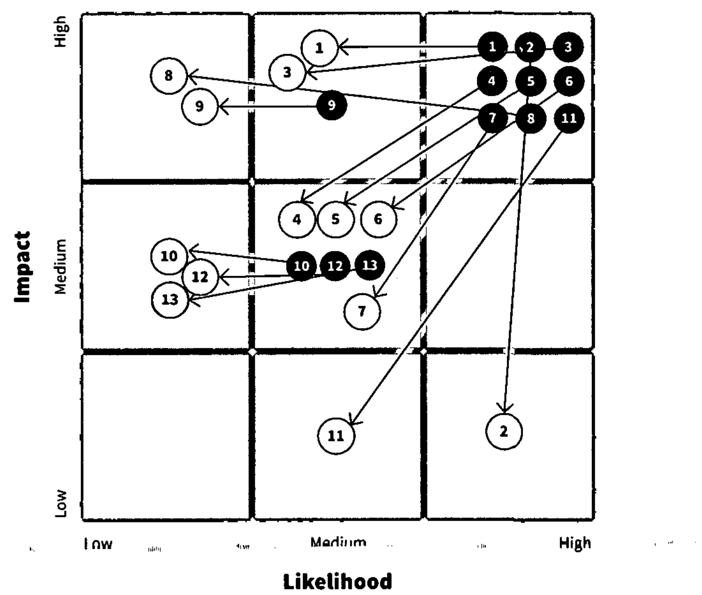
We use a risk 'heat map' approach to help assess our principal risks against both their likelihood of emerging, and their potential impact on our ability to achieve our target budget and operate our business model. As set out opposite, we plot our pre-mitigated ('gross') and post-mitigated ('net') risks, to demonstrate how our mitigation strategy might soften impacts and bring each risk in line with agreed tolerances. We also monitor and disclose (where applicable) any 'emerging risks'. These are important enough to be monitored, but not material enough to be currently considered principal risks.

Post-mitigation risk profile changes

During 2023, geo-political events and ongoing economic pressures impacted global businesses. Changes to our post-mitigated principal risks reflect these and are summarised in the table opposite. A new risk – ESG risk, which includes climate change – moved into our principal risk category this year.

The Group considers the management of its principal risks to be of primary relevance to running CZ's business activities. On P37 to P45, for each principal risk we provide additional information on: mitigation strategy, key management responsibilities, most likely impact 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.

Risk heat map



● Pre-mitigated risks
○ Post-mitigated risks

Post-mitigation risk profile changes 2023 versus 2022

Increased ↑	Stable →	New ★
2 Political risk	**1** Liquidity risk	**13** ESG risk (including climate change)
3 Credit risk	**5** Shipment risk	
4 Interest rate risk	**6** Currency risk	
	7 Reputational risk	
	8 Price risk	
	9 Systems risk	
	10 Regulatory risk (including financial crime)	
	11 Employee health and wellbeing risk	
	12 Key employee risk	

+ P37 Principal risks and uncertainties

RISKS AND OPPORTUNITIES | PRINCIPAL RISKS AND UNCERTAINTIES

Integrated risk management framework – setting the tone from the top

C. Czarnikow Limited (CCL) Board

Czarnikow Group Limited (CGL) Board

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	7

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.

382

Number of employees at year end 2023

Integral to our risk management culture

Corporate values	Training	Risk appetite	Clear risk tolerance levels

← **Individual and collective responsibility** →

Risk: An update from Hayden March, Head of Risk

"In the last quarter of 2023, we restructured our Risk team to give each member more focus and accountability and we welcomed two new people for extra support. By focusing functional expertise in specific risk areas – market, operational and credit risk, for example – we can better service our business and growth aspirations. Each team member now also looks after a region, to streamline communication with our global teams. This makes our team members more visible and allows us to understand risk management nuances in key geographical areas and to share and report information more consistently.

A significant, ongoing challenge is the need to understand the risk profiles of new products very quickly. All have, for example, different testing and quality protocols which can impact insurance and shipping contracts. Fast, on-the-job learning is an extra pressure for the team but one that that is equally interesting and stimulating, and comes with the planned product diversification that is propelling our growth."

1. Liquidity risk

Year-on-year change: Stable →

Key responsibility: Risk, Treasury and Derivatives teams have joint responsibility, reporting to the CFO and, when required, the CCL Board

Relevance to corporate goals: Reinforcing the CZ brand; Delivering on ROCE

Risk tolerance: Medium

Speed of risk materialising: Slow to fast

Description
Liquidity risk is 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.

2023 update
Liquidity risk remains top of our risk agenda due to the nature of our business and business conditions in 2024, with markets reaching new highs and rallying in a very short space of time. We remain confident in our ability to mitigate this risk as we work diligently 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 P24).

Risk tolerance
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.

Opportunities
As we extend our borrowing base facilities, we provide financing opportunities to strengthen liquidity for future business growth.

Speed of risk materialising
Variation margin is updated daily by the markets, meaning sudden movements

+ P19 for definition of return on capital employed (ROCE)

RISKS AND OPPORTUNITIES | PRINCIPAL RISKS AND UNCERTAINTIES

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. Political risk

Year-on-year change: Increased	↑
Key responsibility: Robin Cave, CEO	
Relevance to corporate goals: Delivering on ROCE; Providing unmatchable client satisfaction	
Risk tolerance: High	
Speed of risk materialising: Medium to fast	

Description
The risk of instability arising from a change in government, legislative bodies, foreign policymakers, or military action.

2023 update
In addition to the ongoing war following Russia's invasion of Ukraine in February 2022, geo-political tensions heightened further in the Middle East following renewed conflict between Israel and Hamas. Although we have very limited business in Ukraine we have an office in Israel and are monitoring the situation extremely closely. Our highest attention is focused on employee safety alongside potential impacts on port closures, supply chain security and anti-Western sentiment.

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 local markets, we can often find alternative products, supply routes and transit methods to avoid the direct impacts of volatile 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 and the Middle East are developing and considers any emerging events in other areas that might affect us.

Risk tolerance
As a global business we acknowledge that we will at times be exposed to political risk around the world.

Opportunities
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
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.

3. Credit risk

Year-on-year change: Increased	↑
Key responsibility: Credit Risk team and Credit Committee	
Relevance to corporate goals: Delivering on ROCE; Providing unmatchable client satisfaction	
Risk tolerance: Medium	
Speed of risk materialising: Slow to medium	

Description
The risk of our counterparties failing to meet their contractual obligations under the payment terms we offer them.

2023 update
During the year, our exposure to this risk increased. At a macro level, increasing cost pressures on global supply chains (from the rise in interest rates, impact in recent years of COVID-19, container displacement and the war in Ukraine, compounded by the heightened geo-political situation in the Middle East, for example) made it harder for counterparties to fulfil their obligations. The continued rise in interest rates placed a further layer of pressure on an already squeezed environment.

Additionally, we moved products across a wider range of geographies and categories. 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.

To better manage market conditions and product diversification, we bolstered and restructured our Risk team (see P37). We also engaged with credit (and marine) insurers to ensure they are aware of the implications of risks associated with new products we are handling, and we worked with a new Lloyd's of London syndicate to give us more flexibility. During the year, the Risk team's authority was also extended, reflecting our more robust approach to reporting and responding to credit breaches.

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.

+ P14 Markets and track record

This ensures CZ is optimally placed to meet credit risk challenges as they arise. Quantitative metrics to score and understand credit risk are included in papers shared quarterly with the CCL Board and include a thorough analysis of stock and inventory turnover days.

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.

Risk tolerance
We are prepared to increase our gross credit risk exposure in pursuit of growth, but not at any cost.

Opportunities
Our increased scrutiny and actions to mitigate credit risk demonstrate our balanced approach to exploring and realising business growth opportunities.

Speed of materialising
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 2023

Risk category	New counterparties approved (total)	New counterparties approved with whom we traded
Extremely weak (0-10)	32	21
Vulnerable (11-30)	202	99
Speculative (31-40)	98	58
Uncertain (41-50)	84	38
Adequate (51-60)	44	27
Good (61-70)	15	7
Strong (71-80)	1	-
Very strong (81-90)	-	-
Extremely strong (91-100)	-	-
	476	**250**

At year end 2023, we had traded with 250 newly approved counterparties (2022: 243) from a total of 476 successful submissions (2022: 365).

Around 14% (2022: 16%) 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.

RISKS AND OPPORTUNITIES | PRINCIPAL RISKS AND UNCERTAINTIES

4. Interest rate risk

Year-on-year change: Increased ↑

Key responsibility: Julian Randles, CFO

Relevance to corporate goals: Delivering on ROCE; Providing unmatchable client satisfaction

Risk tolerance: Low

Speed of risk materialising: Fast

Description
The risk of interest rates rising, which could significantly impact our credit risk exposure and cost of internal funding.

2023 update
Interest rates rose again significantly during 2023, with many governments continuing to use rate rises as a tool to tackle global inflation. Our interest rate risk increased during the year as we were exposed to higher borrowing costs and an increased credit risk. This environment led to us reducing our exposure to brokers and moving to longer-dated payment terms. Conversely, we developed our client service offer by providing more interest-rate swaps that lock in interest rates and help to relieve cash flow pressures.

Mitigation strategy
We actively monitor interest rates and communicate changes and potential impacts to our clients. We continue to trade interest rate swaps, which has been an effective strategy for weathering periods of high interest rates. We draw on in-house skillsets to manage these, proving our ability to problem-solve and remain agile in changing markets. We communicate closely with clients on changes in interest rates to maintain transparency and manage their credit risk. Our structured finance approach provides us with a range of funding options that further mitigate direct risks in this area.

Risk tolerance
Our business model limits direct exposure to interest rate risk.

Opportunities
We remain committed to monitoring and managing interest rate risks on behalf of our clients. This service further strengthens our long-term business relationships with our multinational clients and funders.

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

5. Shipment risk

Year-on-year change: Stable →

Key responsibility: Julian Randles, CFO

Relevance to corporate goals: Providing unmatchable client satisfaction

Risk tolerance: Medium

Speed of risk materialising: Medium

Description
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.

2023 update
In 2023, pressures on the global freight market remained considerable, particularly since December 2023 when disruption of Red Sea routes led to major diversions to avoid the Suez Canal. However, we continue to use our flexibility and wide range of freight options to find effective solutions to mitigate these pressures and, in aggregate, this risk remained stable in the year.

Mitigation strategy
Our operational flexibility reduces the impact of this risk, as we are able to aggregate our shipping capabilities to 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 risks as they emerge, and draw on our strong operational capabilities to manage challenges. As noted above (see Credit risk), our Risk team has the authority to stop shipments in the event of a contract breach to further mitigate risks in this area.

Risk tolerance
Our risk tolerance is medium as we are prepared to take on some increased risks associated with the shipment of new ingredients in line with our purpose-led growth aspirations.

Opportunities
Our growing expertise in these areas brings new avenues of growth: for example, in the ongoing development of our VIVE Containerised Shipping Module. We are also working on a logistics tracker via CZApp, to give clients a real-time view of their goods in transit.

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

6. Currency risk

Year-on-year change: Stable →

Key responsibility: Julian Randles, CFO

Relevance to corporate goals: Delivering on ROCE

Risk tolerance: Low

Speed of risk materialising: Fast

Description
The Group's transactions are US$-denominated, and therefore we are mainly exposed to currency risk in relation to our overheads.

2023 update
In 2023, the volatility of the Brazilian real (BRL) was comparatively lower than observed in 2022. During 2023, a series of trades that had been booked in BRL during its weakened position against the US dollar expired and we also saw shortened tenors of US$/BRL foreign exchange hedges by clients, influenced by the prevailing BRL levels and lower carry premium against the US dollar.

Mitigation strategy
We hedge exposure to non-US$-denominated trades with forward contracts. Our hedging strategies and procedures continue to be effective.

Risk tolerance
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.

Opportunities
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
Currency markets are fast-moving and frequently fluctuate.

7. Reputational risk

Year-on-year change: Stable	→
Key responsibility: Robin Cave, CEO	
Relevance to corporate goals: Reinforcing the CZ brand	
Risk tolerance: Low to medium	
Speed of risk materialising: Slow to fast	

Description
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.

2023 update
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 in many geographic regions with due care and consideration, we consider that we continue to mitigate this aspect of reputational risk effectively. We are, however, monitoring this risk with increased scrutiny in relation to geo-political events (see Political risk).

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 evaluate closely reputational risks associated with any new product offering versus its commercial opportunities.

Risk tolerance
Our relationships power our business. It is of utmost importance that we consider and handle business developments sensitively and with our reputation in mind.

Opportunities
We are prepared to operate in new supply chains and take on associated risk to influence them positively, to create growth opportunities and to deepen client relationships.

Speed of materialising
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.

8. Price risk

Year-on-year change: Stable	→
Key responsibility: CCL's Risk Committee	
Relevance to corporate goals: Delivering on ROCE	
Risk tolerance: Low	
Speed of risk materialising: Fast	

Description
We manage exchange-traded and over-the-counter derivatives and are 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.

2023 update
In sharp contrast to 2022, the sugar futures market in 2023 was volatile, increasing by c.47% in value by the year end. This movement increased pressure on our cash flows, requiring us to set targets and lock in mark-to-market prices. To mitigate these pressures, we successfully applied our hedging strategy and used more mature tools to safeguard cash flows.

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

+ P28 VIVE review

RISKS AND OPPORTUNITIES | PRINCIPAL RISKS AND UNCERTAINTIES

price risk management framework and using derivatives contracts to mitigate risk as much as possible. Since 2022, we have included energy price risk management in contracts for some clients. We will continue to design innovative hedging structures to maintain our track record of responsible risk management.

Risk tolerance
We have a low tolerance for price risk and use derivatives to manage this risk.

Opportunities
Given our hedging expertise, we are also able to offer the same service to our clients, which can help to win and retain business.

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

9. Systems risk

Year-on-year change: Stable →

Key responsibility: Stuart Durrant, Head of Technology

Relevance to corporate goals: Reinforcing the CZ brand; Creating an exciting place to work; Providing unmatchable client satisfaction

Risk tolerance: Low

Speed of risk materialising: Fast

Description
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.

2023 update
In 2023, we continued to pursue our strategy of long-term investment in IT with the release of new modules in Suite, our in-house system. Our ongoing focus on investments to manage cybersecurity helps to safeguard our hybrid working arrangements and improve remote functionality, and this work will continue in 2024.

Mitigation strategy
We have a disaster recovery and business continuity plan and backup 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.

We continued to migrate a portion of our systems to the cloud, but will retain Suite (our in-house system) until we can invest in the necessary security needed to move this online.

Risk tolerance
We are not prepared to risk the day-to-day functioning of our business.

Opportunities
We are, however, open to evaluating new and leading-edge technology to further enhance our business processes, build a system that aligns with our specific business needs, and strengthen our competitive advantage.

Speed of risk materialising
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: Stable →

Key responsibility: Robin Cave, CEO

Relevance to corporate goals: Reinforcing the CZ brand

Risk tolerance: Zero

Speed of risk materialising: Slow

Description
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.

2023 update
As we diversify our product and service offer we come into contact with more governing bodies and product regulations in new jurisdictions. This continued to be the case in 2023. Our restructured Risk team (see P37) enables us to manage the increased number of new product lines and complexities effectively.

We continued to monitor and prepare for implementation of new regulatory requirements, such as the Economic Crime and Corporate Transparency Act 2023 and the Electronic Trade Documents Act 2023 in the UK. Responding to the growing importance of environmental, social and governance (ESG) issues, we also introduced an additional escalation and monitoring step in our existing counterparty due diligence process for any potential issues involving human rights or environmental damage.

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 appropriate legal and regulatory parameters.

We review, and where necessary update, 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 draw on in-house expertise and third-party resources to help mitigate specific risks associated with new product lines.

Risk tolerance
We operate a zero-tolerance policy towards any regulatory risk.

Opportunities
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
New regulations are typically slow to emerge as they are subject to a consultation process and subsequent approval by legislative bodies. However, we can be exposed much more quickly to existing regulations and protocols (that are new to CZ) through fast product diversification.

11. Employee health and wellbeing risk

Year-on-year change: Stable →

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

Relevance to corporate goals: Reinforcing the CZ brand; Delivering on ROCE; Creating an exciting place to work

Risk tolerance: Low

Speed of risk materialising: Slow to fast

Description
As 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 CZ 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.

2023 update
We remain committed to protecting the health and wellbeing of our employees. In 2023, we laid the groundwork for a pilot employee survey in the London office that includes health and wellbeing questions, and we will use the results to inform a renewed health and wellbeing offering.

Mitigation strategy
We promote the importance of physical and mental health and wellbeing, and are renewing our focus in this area (see P33). Through our HR team we work to catch any decrease in employee wellbeing early and provide appropriate support.

Risk tolerance
We take any reduction in our employees' physical or mental wellbeing very seriously and have strategies in place to support our people immediately.

Opportunities
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
The speed of this risk materialising can vary 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.

12. Key employee risk

Year-on-year change: Stable →

Key responsibility: Sharon Blore-Rimmer, Head of Human Resources

Relevance to corporate goals: Reinforcing the CZ brand; Delivering on ROCE; Creating an exciting place to work

Risk tolerance: Low

Speed of risk materialising: Medium to fast

Description
Our main assets are the intellectual property and strong culture generated by our employees. A significant loss of key personnel or our inability to recruit people of the right calibre and cultural fit could impair our high-growth plans.

2023 update
In 2023, we increased our focus on developing a strong employer brand as part of our large recruitment drive and this has also benefited existing employees. Due to our ongoing focus on 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 and mentoring. We provide competitive benefits and long-term remuneration and we focus on 'growing our own talent' to help build a strong employee pool and ensure smooth succession in the event of personnel moves. We have a robust values-led recruitment process to attract external candidates who fit our culture and we continue to reinforce our diverse and inclusive workplace (see P32 and P48).

+ P30 People review

RISKS AND OPPORTUNITIES | PRINCIPAL RISKS AND UNCERTAINTIES

Risk tolerance
Given the importance we place on our culture, our risk tolerance is low, as it is imperative that we retain and develop our valuable, talented people, alongside implementing the recruitment drive necessary to deliver our high-growth plan.

Opportunities
We are 'active listeners' – keen to understand and respond quickly to employee feedback – and we 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
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.

14. ESG risk (including climate change)

Year-on-year change: Stable	★
Key responsibility: Robin Cave, CEO; Tanya Epshteyn, Chair of ESG Committee	
Relevance to corporate goals: Reinforcing the CZ brand; Delivering on ROCE; Creating an exciting place to work; Providing unmatchable client satisfaction	
Risk tolerance: Low	
Speed of risk materialising: Slow to fast	

Description
The risk of not demonstrating clearly enough to our current and potential stakeholders (especially clients, employees and funders) the steps we are taking to manage our environmental (including climate change), social and governance risks and opportunities.

2023 update
In 2023, we received an increased number of ESG disclosure requests from our clients and funders to which we respond individually and via signposting to information in our detailed Annual Report and published policies. In 2022, we announced the formation of our ESG Committee that starting meeting from January 2023 onwards. This development has provided a clearer avenue for raising ESG reporting changes, addressing requirements and developing our strategy.

Mitigation strategy
For several years we have disclosed ESG information in our Annual Report above and beyond the reporting requirements for our size of business. By remaining open and transparent, and through our focus on continuous improvement through our VIVE Sustainable Supply Programme (see P28) we are well placed to support our clients' and funders' ESG strategies, including their obligations to reduce carbon emissions. Through our dedicated ESG Committee, our more systematic approach to monitoring and reporting on ESG matters (including climate change) improves our understanding of how to mitigate related risks and to realise related opportunities across our business.

Risk tolerance
To protect our stakeholder relationships for the long term, we must keep up with legislative changes and reporting trends and appetites in the area of ESG.

Opportunities
By demonstrating our transparency in this area and providing data that is valuable to our clients and other stakeholder groups, we can cement key long-term relationships and secure our licence to operate. We are also in a better position to develop ESG-related products and services that may have commercial benefits (see also panel on P45).

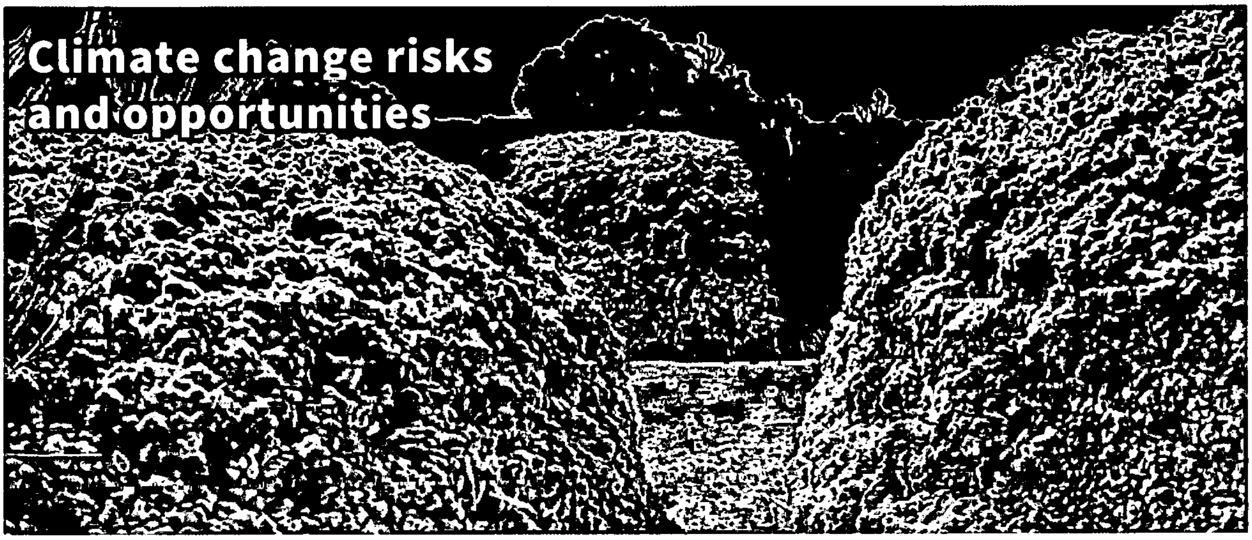
Speed of materialising
Changes to reporting standards are often announced in advance, giving us time to prepare. However, we are not complacent and recognise many reporting indicators will require changes to our internal data systems and processes.

Strategic Report 2023
The report from P2 to P45 and P56 to P59 was reviewed and signed by order of the Board on 21 March 2024.

Robin Cave, CEO

+ P26 ESG review

Climate change risks and opportunities



Short-term risks

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 very few 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.

Short-term opportunities

Through our VIVE Sustainable Supply Programme (VIVE), we are 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 (see P29).

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 to 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.

+ P28 VIVE review

Short-term

Risks	Opportunities
> Low immediate impact on CZ operations > Increasing impact on supply chain availability, price and ability to move products > 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 > Attractive proposition for existing and new employees.

Medium- to long-term

Risks	Opportunities
> 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

Committed to transparent reporting.

We use the Wates Corporate Governance Principles for Large Private Companies (the 'Principles')[1] as an informal framework to share our governance approach and to demonstrate good and emerging practices.

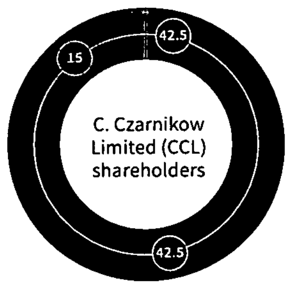
Overview

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 set out below and CCL Directors are listed on P52 and CGL Directors are listed on P60. Both CCL and CGL are registered in England and qualify as large private companies as defined by the Companies Act 2006.

About CCL's shareholders

> **Associated British Foods plc** is a diversified international food, ingredients and retail group 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.

C. Czarnikow Limited shareholder structure, %



Associated British Foods plc	●
Macquarie Group Limited	●
Employee Benefit Trust	●

Czarnikow Group Limited (CGL)
100% owned by CCL

1 www.frc.org.uk/documents/634/The_Wates_Corporate_Governance_Principles_for_Large_Private_Companies.pdf

Principle one: Purpose and leadership

Our purpose

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 strategic elements work together is set out below.

The CGL Board is responsible for communicating our purpose and strategic direction through dialogue with internal and external stakeholders. Examples of stakeholder engagement can be found in the Stakeholder engagement section from P56 to P59.

Our 'broaden and deepen' strategy is simple, well understood around the Group and sense-checked each year by the Board. At our annual Strategy Week, the CGL Board chairs business development and strategic updates and encourages CZ employees to discuss and challenge business developments (see box on P49).

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.

How our strategic elements work together

Purpose
Why we do what we do

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

Strategy
What guides us

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.

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

Our core strengths
What sets us apart and what we must continue to excel in

- Client service
- Supply chain
- Sustainability
- Risk management
- Technology
- Finance

Our values (see P48)
What binds us together in action, behaviour and culture

- Building strong relationships
- Embracing change
- Investing in our team
- Acting responsibly and with integrity

+ P19 for definition of ROCE

GOVERNANCE | GOVERNANCE REPORT

Our culture and behaviour

Our culture is innovative and entrepreneurial, but never at the expense of compliance, nor model corporate behaviour. It is guided by our purpose and supported by our values. CGL Board members are responsible for setting the tone from the top, demonstrating our values through their actions and safeguarding our culture.

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 our business. Among others, we monitor compliance against: MiFID II, the GDPR, the Modern Slavery Act 2015, and the FCA's Market Abuse Regulation and Senior Managers and Certification Regime.

CGL's Compliance team posts news, regulatory updates, policies and briefings on the Group's intranet, and employees undertake annual mandatory compliance training, with further relevant training given to individual employees and departments.

As explained in our risk appetite information on P34, we work in volatile markets so must take considered risks and encourage entrepreneurial thinking in our fast-moving environment. To balance this culture within our regulated business, we foster open communication and the sharing of best practices. For example, we operate an 'open door' policy and engage our employees to promote diversity of thought. We set and share goals based on objectives and key results (OKR) methodology that are available for all employees to view, to allow an overarching, transparent understanding of individual, team and departmental objectives.

Whistleblowing

Employees and 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, and a full whistleblowing policy is available upon request.

Measuring culture

We share unabridged, online employee reviews on our working environment through Glassdoor (see P32). Other metrics used to monitor culture are listed in the Stakeholder engagement section on P57 to P59 and in our People review from P30 to P33.

+ P34 Risk management

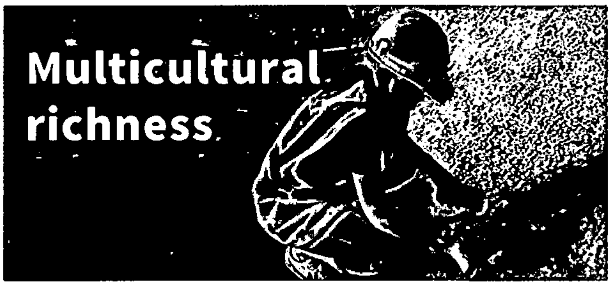
Our values

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.



We are naturally rich and experienced in multicultural working practices, and understand the benefits of nurturing a diverse and inclusive employee base (see P32).

Our 382 employees are located in CZ offices in 13 countries, and engage with each other 24/7 to manage critical supply chains which stretch across the globe. With an average tenure of 4.9 years, an average employee age of 34.6 years and with 45% of jobs held by women, CZ strives to create an exciting, inclusive working environment with opportunities to experience different global cultures first hand.

We recognise, however, that there are opportunities to increase social inclusion and to improve gender balance at senior management levels and we share examples of initiatives to promote these on P32.

Strategy Week 2023: Reflect, reset and go again

"The conclusion of this year's Strategy Week is that we have an opportunity to grow with even more resilience by challenging ourselves to be more connected across the business, while continuing to invest strategically in people, technology and intellectual property."

Filippo Vinci, Project Analyst

Each November, we run our Group-wide Strategy Week, bringing together CZ employees – in person and online – and giving them the opportunity to listen to and debate strategic plans from teams and functions across the business. The 2023 theme was 'reflect, reset and go again'– essentially a 'checking-in' of performance and direction against our five-year plan.

We reflected – challenging ourselves to understand more strategically why we have been successful and how and where we can improve our operations, while taking into consideration potential macro market factors that could either propel us forward, or knock us off course.

We reset – re-evaluating any strategies that are underperforming in order to optimise our approach, and exploring how we can better pool the considerable depth of knowledge and experience that we have within our business as we grow.

We agreed where we were ready to go again – armed with clearer plans and goals, and with a more holistic understanding of business, to continue our growth journey with more resilience.

As part of the reset phase, we undertook 'deep dives' into specific areas that cut across our business and that we must get right to sustain our high-growth business:

> New markets, with specific sessions on animal nutrition and energy
> New offices, including lessons learnt following our recent office openings
> Operations, with a focus on critical investment in tech, HR and marketing
> Services, which also featured a session on CZApp and its importance in building our client strategy.

We came away energised by our growth opportunities but mindful that we should not grow 'at all costs'. Instead, we will grow more deliberately: reinforcing our vision and culture and sharing knowledge and experiences before exploring new opportunities and venturing into new markets. To underpin our growth, we reaffirmed our commitment to investing in people, technology and expertise and our focus on securing capital to ensure that our growth is informed, robust and resilient.

200 employees on average attended online or in person each day

+ P14 Markets and track record

GOVERNANCE | GOVERNANCE REPORT

Principle two: Board composition

Balance and diversity

At year end 2023, 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 P52). The Chair is appointed by CCL's Directors on a rotating basis and may not hold the office of either Managing Director or CEO. 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; enable effective decision-making; facilitate an efficient flow of information; and ensure that 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.

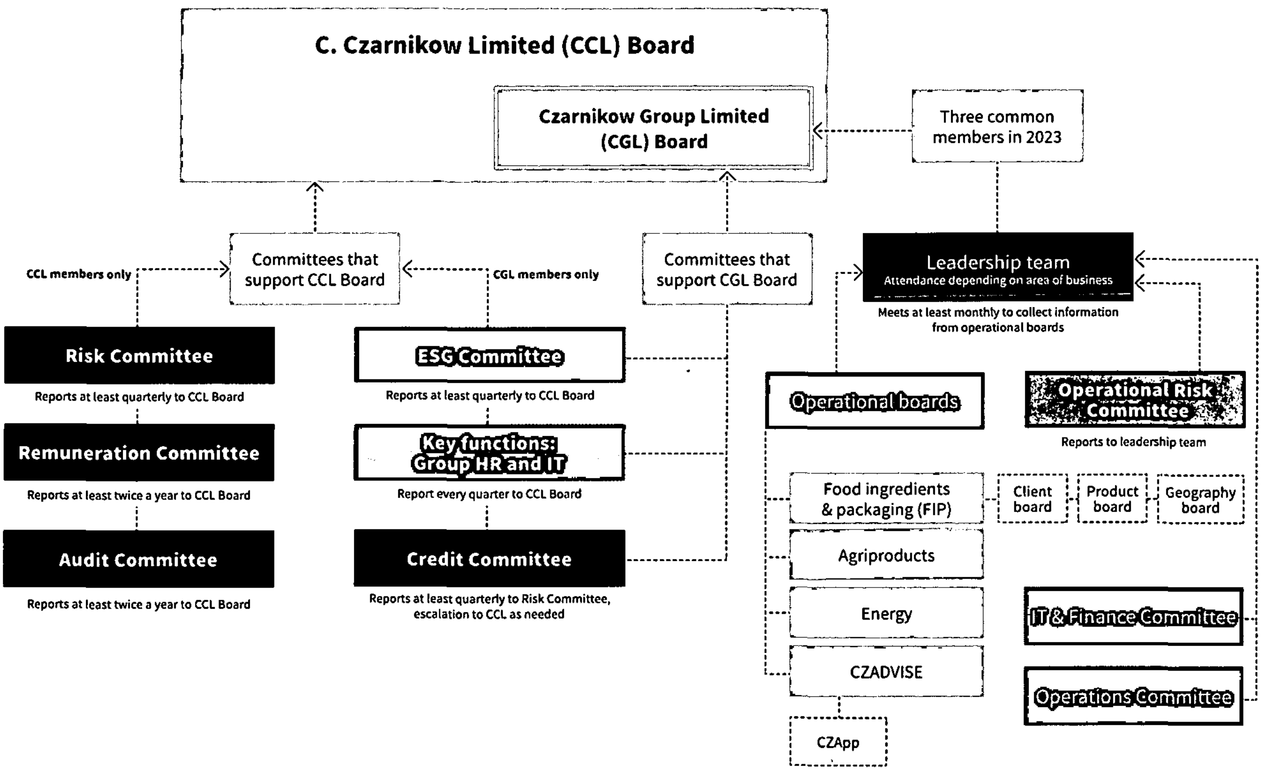
As neither CGL nor CCL operates a Board or committees that are subject to regular appointment of independent Directors (or permanent Chairs), we currently have no set targets relating to gender, ethnicity, age or social background at this level.

Gender analysis 2023

Our gender analysis is summarised in the table below and a summary of our global gender pay gap data, disclosed on a voluntary basis, can be found on P54.

	Female		Male	
	Number	%	Number	%
CCL Board	-	-	7	100
CGL Board	-	-	5	100
CGL managerial positions	31	35	57	65
CGL all employees	171	45	211	55

Overview of Board structures and supporting committees



+ P60 Directors' Report

Promoting diversity of thought

In 2022, we announced our new operational and reporting structure, including an ESG Committee and defined operational boards, to support the CGL and CCL Boards. This structure was effective from January 2023 and is set out in the graphic on P50. The revised structure brings many benefits: it promotes diversity of thought by giving opportunities to a more diverse cross-section of CZ employees to share views, experience chairing and be part of formal committees; it pools talented people from across the business with relevant skills, experience and enthusiasm to help make the best decisions at operational level; and it creates more formal and regular lines of communication to the CGL and CCL Boards about key operational activities, to better inform Board decision-making.

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 through CZ's 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

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. Each CCL and CGL committee has its own terms of reference. In carrying out their duties, Board and committee members have regard to the Group's developed purpose, values, strategy and culture.

Board and committee members can seek any information they require from any relevant employee or Company officer and 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 in order to perform their duties.

Conflicts of interest

All Board members must declare potential conflicts of interest at the start of each 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, its internal control systems, and the quality of its 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 (see P19 for Group KPIs, and P56 to P59 for other metrics commonly used.)

Information circulation

Information is circulated before each CCL Board and 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. 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.

About the 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 P57 as part of our Stakeholder Engagement (S172) Statement.

	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
Andre Lubbe**	Nominated Director on behalf of Associated British Foods plc	17/07/2023	Marketing Director, Associated British Foods plc
Richard Morrison	Nominated Director on behalf of Associated British Foods plc	16/08/2012	Business Performance Director, 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	03/11/2017	Managing Director, Macquarie Bank Limited

Notes about the CCL Board

Qualifying Members are registered holders of not less than 7.5% of the shares in issue and each is entitled to appoint two Nominated Directors.

Directors may appoint one of their number or an additional Director to be Chair on a rotating basis.

The number of Executive Directors (excluding Nominated Directors) that may be appointed to the Board is a minimum of one and a maximum of three.

The quorum for a meeting of the Directors is five. For matters of special authorisation, the quorum is at least one Nominated Director representing each Qualifying Member, but never fewer than two Directors.

The CCL Board meets at least quarterly.

CCL Board changes in 2023

* During the year under review, Robin Cave, Julian Randles and William Rook were also Directors of the CGL Board. CGL Board member biographies are available to view at www.czarnikow.com/stakeholders/leadership

** Andre Lubbe, Nominated Director on behalf of Associated British Foods plc, was appointed to the CCL Board on 17 July 2023.

Daniel West, Nominated Director on behalf of Associated British Foods plc, resigned from the CCL Board on 3 March 2023.

Charles Noble, Nominated Director on behalf of Associated British Foods plc, served on the CCL Board from 3 March 2023 and resigned on 17 July 2023.

+ P60 Directors' Report

CCL Board committees 2023

	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 and Group are willing to take in achieving their strategic objectives, and for maintaining sound risk management and internal control systems.	To determine and agree with the CCL Board the framework and broad policy for the remuneration of CGL's employees and Directors. Also 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 CCL Board each meeting, on a rotating basis between shareholder Directors.	Appointed by CCL Board each meeting, on a rotating basis between shareholder Directors.	Appointed by CCL Board each meeting, on a rotating basis 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 each 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 external audit process.	At least quarterly, in advance of CCL Board meetings.	At least twice a year.

GOVERNANCE | GOVERNANCE REPORT

Principle four: Opportunity and risk

Opportunities

In 2021, CZ announced an ambitious, purpose-led five-year growth plan – reflecting its 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 strategies to achieve their forward-looking plans. See also 'Strategy Week 2023' on P49.

Risks

Our integrated risk management framework is presented on P36 and provides an overview of responsibilities for managing risk across the Group. As set out in the graphic on P50, both the CCL and CGL Boards have supporting committees with clear accountabilities that oversee risks to the business and manage them effectively; these include financial, non-financial and reputational risks.

Information on our risk appetite, principal and emerging risks, tolerance levels and the 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 and opportunities section from P34 to P45.

Principle five: Remuneration

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 table on P53. 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 attend Remuneration Committee meetings. Audited remuneration information for 2023 is set out in the table on P55.

Objectives of our remuneration policy

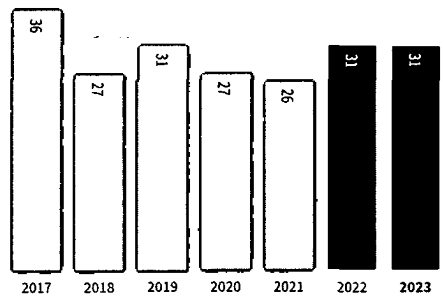
The objective of CCL's remuneration policy is to attract, retain and motivate executive and senior management of the quality required to run the Company successfully, by:

> 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 2023, our global gender pay gap was 31% (2022: 31%).

GENDER PAY GAP 2017-2023, %



Principle six: Stakeholders

Importance of stakeholder engagement

On P56 to P59 as part of our Stakeholder Engagement (S172) Statement and related information, we explain how we communicate with our stakeholders and how feedback is channelled to operational management and the CCL and CGL Boards. This allows key decision-makers to better understand the social, environmental and economic impacts that CZ has on its stakeholders – and vice versa. Additional information on employee engagement is presented on P18, P30 to P33, P49 and P57.

Through our corporate website, which houses annual reviews, statutory information and core policies, all stakeholders can access a fair, balanced and understandable assessment of CZ's position and prospects.

+ P56 Stakeholder Engagement (Section 172) Statement

Remuneration information 2023 (audited), US$'000

	2023	2022	2021	2020	2019
Staff costs					
Wages and salaries	**42,959**	32,206	26,916	26,390	20,846
Social security costs	**4,316**	3,205	3,034	2,420	2,310
Pension costs	**1,364**	1,232	1,093	911	815
Total	**48,639**	36,643	31,043	29,721	23,971
Directors' emoluments					
Total emoluments	**3,363**	3,239	2,871	2,199	2,305
Share-based payments	**2,527**	1,105	622	769	488
Total	**5,890**	4,344	3,493	2,968	2,793
Highest-paid Director					
Emoluments	**846**	765	692	440	542
Share-based payments	**625**	278	132	299	72
Total	**1,471**	1,043	824	739	614

Refer also to note 7 to the financial statements.

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 2023. As a comparison, the UK inflation rate (as measured by the Consumer Price Index including owner-occupiers' housing costs) rose by 4.2% in the 12 months to December 2023.[1]

2023 comparative data, year-on-year % change

	2023 v 2022	2022 v 2021	2021 v 2020	2020 v 2019	2019 v 2018
UK and overseas taxation payable	**+19.8**	+15.8	+78.3	+53.4	+35.6
Expenditure on intangible assets	**+17.7**	+25.4	-2.8	+25.3	+35.0
Total staff costs	**+32.7**	+18.0	+4.4	+24.0	+6.2
Directors' total emoluments	**+52.6**	+24.4	+17.7	+6.3	-5.5
Directors' total emoluments (excluding highest-paid Director)	**+56.8**	+23.7	+19.7	+2.3	+1.5
Highest-paid Director (total emoluments)	**+41.1**	+26.5	+12.9	+20.4	-17.4

1 Source: www.ons.gov.uk

GOVERNANCE | STAKEHOLDER ENGAGEMENT (SECTION 172) STATEMENT

Stakeholder Engagement (Section 172) Statement.

As required by the Companies (Miscellaneous) Reporting Regulations 2018, we confirm that the Directors have promoted the long-term success of each of CCL and CGL 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 from P56 to P59 covers our Section 172 mandatory reporting requirements.

Signed by order of the Board

Robin Cave, CEO
21 March 2024

Section 172 approach and statement

On P57 to P59, 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.

Through engagement, we gain a better understanding of the importance that our key stakeholders place on our environmental and local community impacts. As is the case for most supply chain service companies, our greatest environmental impacts sit in our supply chains and we continue to refine our data to measure and, in the longer term, minimise these in collaboration with clients.

Increasingly, we take more holistic decisions, which include non-financial and environmental, social and governance (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 our commentary on climate change risks and opportunities on P45, and in our ESG review on P26 to P27.

We report on our culture, values and expected behaviours on P47 to P48 and throughout this report. 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. In 2023, 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.

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

> Approved the launch of a second borrowing base facility- see P24
> Set up a full office presence in the Philippines with two permanent, local members - see P9
> Entered a new sector: animal feed and nutrition - see P20
> Took a 50% share in 2C Energia - an entity that aims to build on Brazil's dominant position in the global renewable energy market - see P22
> Approved the launch in Q1 2024 of CZADVISE, a sub-brand encompassing our consultancy, corporate finance and market intelligence services - see P20 and P21.

In making the above decisions, the Directors considered 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.

How we engage with our stakeholders.

Employees

Main engagement methods
> 'Open door' policy
> Employee intranet
> Employee 'check-ins'
> Regular global All Hands meetings and Annual Strategy Week
> Director/senior manager lunches.

Informing the Board
> Regular HR update with CEO and CFO
> Review of monthly employee OKRs.

Expectations
> Fair, progressive pay and benefits, reflecting purpose and culture
> Training and career development opportunities
> Investment in 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
> Proportion of employees who return after maternity leave
> Interns and graduates recruited
> Gender pay gap
> Average hours and amount spent on learning and development.

Long-term value creation
> Creating an exciting workplace with rewarding benefits and culture
> 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 and positions.

Informing the Board
Key client-facing members of operational boards (see P50) report quarterly to CGL Board.

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 in relation to ESG.

Example of metric
Number of approved counterparties - see P39.

Long-term value creation
> Deeper understanding of client business to provide more added-value services
> Resilient relationships that support mutual growth plans and opportunities.

Business outcome
Influences our expansion into new products, services and geographies.

1 We work primarily with farmers/growers, primary and secondary processors, and food and beverage manufacturers, many of whom are multinational companies (MNCs). 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. At CZ, we define 'suppliers' as people who provide services (e.g. legal and auditing) and non-supply chain products (e.g. office consumables).

GOVERNANCE | STAKEHOLDER ENGAGEMENT (SECTION 172) STATEMENT

Financial partners

Main engagement methods
Annual roadshow with current and new partners, alongside regular calls and meetings.

Informing the Board
CGL's Trade Finance team reviews banking lines and facilities, regularly reporting to CGL Board.

Expectations
> Transparent, reliable and timely financial and non-financial information
> Meeting agreed targets.

Examples of metrics
> Greenhouse gas (GHG) emissions reductions
> Return on capital employed (ROCE)
> Return on equity (ROE)
> Number of counterparties and risk profile (see P39).

Long-term value creation
Strong, mutually beneficial financial partnerships that 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.

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 best-in-class working practices and processes.

Examples of metrics
> Vessel environmental ratings
> Fuel usage
> On-time deliveries at port.

Long-term value creation
> Ensuring safe, efficient transit and storage of goods to support food security
> Optimising transportation/shipping routes to reduce fuel usage and carbon emissions.

Business outcome
Accelerates development of partnerships in new geographies.

Shareholders

Main engagement method
Quarterly CCL Board meetings.

Informing the Board
Three members of the CGL Board were members of the CCL Board in 2023.

Expectations
> Return on equity improvements
> Transparent, reliable and timely information
> Meeting other agreed targets and sharing long-term aspirations.

Examples of metrics
> Return on capital employed (ROCE)
> Return on equity (ROE)
> Turnover growth
> SECR/GHG emissions reporting.

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.

Suppliers

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

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.

Example of metric
Prompt payment statistics (see graph on P59).

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

Business outcome
Impacts choice of future partners.

Sustainability specialists

Main engagement method
VIVE team, Trading teams, Marketing team, Compliance team.

Informing the Board
> ESG Committee reports to CCL and CGL Boards
> Annual VIVE audit performance.

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

Examples of metrics
> Increase in VIVE participants and members of Buyers Supporting VIVE
> Tonnage of VIVE-verified product
> CZ's GHG emissions.

Long-term value creation

- 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 commercially-viable VIVE-verified products.

Local communities, governments and regulators

Main engagement methods

- Country teams
- Employees involved in charity volunteering initiatives.

Informing the Board

- Regulatory updates via Compliance and Risk teams
- Charity/community engagement shared via intranet and at All Hands meetings.

Expectations

Local economic development and responsible operations.

Examples of metrics

- Tax paid
- Charity/fundraising donations.

Long-term value creation

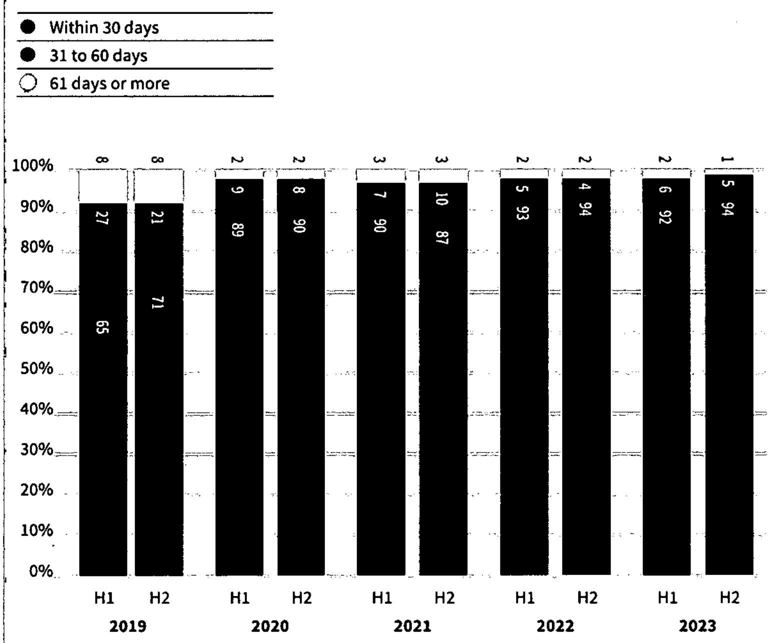
- Timely tax returns/payments in local jurisdictions
- Goodwill through local job creation/ charity support and improved community engagement
- Engaged employees through increased sense of purpose.

Business outcome

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

Responsible payment culture

We recognise that to help keep our vital supply chains running smoothly we must pay suppliers 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.

OTHER STATUTORY INFORMATION | DIRECTORS' REPORT

The Directors of Czarnikow Group Limited ('CGL' or the 'Company') and its subsidiaries (together the 'Group') submit their Directors' Report, together with the audited financial statements of the Company, for the year ended 31 December 2023.

General information

CGL 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 are halfway through an 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$21,423,000 (2022: US$20,611,000). No dividend was declared for the year (2022: US$nil).

+ P16 CFO review

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

Strategic Report

The Directors present the Strategic Report for CGL for the year ended 31 December 2023 on P2 to P45 and on P56 to P59 and 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 ('Section 172') and this information is also incorporated into this Directors' Report by reference. Details on how their Directors fulfilled this duty can be found on P56. For ease of reference, other key reporting areas are summarised in the box below.

Directors' indemnities

From the beginning of the financial year and 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$35,108 (2022: US$35,815) during the year.

Reporting area	Report sections	Page number
Principal activities	Telling it how it is	P2 to P15
Key performance indicators and analysis	Financial and operational review	P19
Principal risks	Risks and opportunities	P37 to P45
Market conditions and outlook	– Markets and track record	P14
	– CEO review	P2
	– CFO review/Revenue and market analysis	P16 to P23
Environmental (SECR) information	Directors' Report	P61
Section 172 Statement and related information	Governance report	P56 to P59

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 will therefore continue in office.

CLA Evelyn Partners Limited's registered office is 45 Gresham Street, London EC2V 7BG, United Kingdom.

The Directors' Report from P60 to P61 was reviewed and signed by order of the CGL Board:

Robin Cave, CEO
21 March 2024

Streamlined Energy and Carbon Reporting (SECR) information

Scopes 1 and 2 definitions

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. 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 both its owned and leased offices and in employees' homes.

Performance 2023

Our combined Scope 1 and 2 emissions in 2023 were 190 metric tCO_2e (2022: 165 metric tCO_2e). We have chosen the number of employees as a relevant intensity ratio determinant; our largest asset is our people and energy usage is closely linked to the number of employees in the business.

In 2023, our intensity ratio decreased to 496 kilogrammes of CO_2e (Scopes 1 and 2) per employee (2022: 534).

Other environmental reporting

As a large UK organisation, we disclose mandatory Energy Savings Opportunity Scheme (ESOS) data as required by the UK government, alongside Streamlined Energy and Carbon Reporting (SECR) information below. We also share material transport emissions data with one of our main shareholders. We continue to review the development of climate-related reporting, including Task Force on Climate-Related Financial Disclosures (TCFD) recommendations for our industry and our supply chain stakeholders at large.

Summary of energy consumption and greenhouse gas (GHG) emissions

	2023	2022
Energy consumption		
Gas, kWh	**123,900**	405,000
Purchased electricity, kWh	**448,454**	378,000
Total electricity and gas consumption, kWh	**572,354**	783,000
Transport fuels, litres	**n/a**[1]	n/a[1]
Emissions information, metric tCO_2e		
Natural gas (heating)	**29**	31
Fugitive emissions – refrigerants	**19**	16
Petrol (mobile combustion)	**n/a**[1]	n/a[1]
Total Scope 1 emissions, metric tCO_2e	**48**	47
Purchased electricity (market-based methodology), metric tCO_2e	**142**[2]	118[2]
Total Scope 2 emissions, metric tCO_2e	**142**	118
Total Scope 1 and 2 gross emissions, metric tCO_2e	**190**	165
Activity metrics and intensity ratios:		
Total number of employees[3]	**382**	310
Intensity ratio: CO_2e (Scopes 1 and 2) per employee (kilogrammes)	**496**	534

1 Fuel emissions associated with direct travel were not calculated in 2022 or 2023 as they fell outside Quantis' Scope 1 and 2 boundaries. Absolute fuel emissions were immaterial.

2 CZ is reporting purchased electricity using market-based methodology, as this makes it easier to compare future performance. In 2023, emissions from purchased electricity calculated using location-based methodology were 123 metric tCO_2e (2022: 103 metric tCO_2e.)

3 Employees numbers calculated as at year end.

Source: CZ/Quantis

+ P26 ESG review

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.

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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 2023 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 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2023 and of the group's profit for the year then ended;

> the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;

> the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report and accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual report and accounts. 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 evelyn PARTNERS

FINANCIAL STATEMENTS AND NOTES | INDEPENDENT AUDITOR'S REPORT

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 62, 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.

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.

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

45 Gresham Street
London
EC2V 7BG

Date: 22.3.2024

FINANCIAL STATEMENTS AND NOTES

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

for the year ended 31 December 2023	Notes	**2023 $'000**	2022 $'000
Revenue	4	**4,204,865**	4,293,455
Cost of sales		**(4,110,991)**	(4,215,900)
Gross profit		**93,874**	77,555
Administrative expenses		**(62,969)**	(49,473)
Operating profit		**30,905**	28,082
Finance costs	8	**(46,199)**	(32,278)
Finance income	9	**44,289**	31,130
Profit before taxation		**28,995**	26,934
Taxation	10	**(7,572)**	(6,323)
Profit for the year		**21,423**	20,611
Other comprehensive income		-	-
Exchange movement on foreign net investment		**710**	(585)
Total comprehensive income for the year		**22,133**	20,026

The notes on pages 73 to 97 form an integral part of these financial statements.
All of the Group's operations are classed as continuing.

Consolidated statement of financial position, US$'000

as at 31 December 2023	Notes	2023 $'000	2022 $'000
Non-current assets			
Property, plant and equipment	11	**5,287**	5,480
Intangible assets	13	**5,744**	4,982
Investment in joint venture	15	**1,361**	839
Deferred tax assets	22	**2,639**	1,394
Total non-current assets		**15,031**	12,695
Current assets			
Inventories	16	**319,877**	207,976
Trade and other receivables	18	**577,519**	551,205
Financial assets held for trading	34	**348,546**	162,036
Current tax assets		**1,947**	1,525
Cash and cash equivalents		**10,486**	12,112
Total current assets		**1,258,375**	934,854
Total assets		**1,273,406**	947,549
Non-current liabilities			
Trade and other payables	20	**1,863**	2,311
Deferred tax liabilities	22	**2,847**	2,514
Total non-current liabilities		**4,710**	4,825
Current liabilities			
Trade and other payables	20	**847,597**	708,942
Financial liabilities held for trading	34	**263,345**	101,904
Current tax liabilities		**5,555**	4,655
Total current liabilities		**1,116,497**	815,501
Total liabilities		**1,121,207**	820,326
Net assets		**152,199**	127,223
Equity			
Share capital	24	**1,511**	1,511
Share premium account		**6,611**	6,611
Foreign currency translation reserve		**(4,772)**	(5,482)
Retained earnings		**143,229**	120,643
Share-based payments reserve		**5,620**	3,940
Total equity		**152,199**	127,223

The notes on pages 73 to 97 form an integral part of these financial statements. The financial statements were approved by the Board on 21 March 2024.

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 2023	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Retained earnings $'000	**Total equity $'000**
1 January 2022	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**
Profit for the year	–	–	–	–	21,423	**21,423**
Other comprehensive income for the year						
Exchange movement on foreign net investment	–	–	710	–	–	**710**
Total comprehensive income for the year	–	–	710	–	21,423	**22,133**
Share-based payments	–	–	–	1,680	1,163	**2,843**
31 December 2023	1,511	6,611	(4,772)	5,620	143,229	**152,199**

The notes on pages 73 to 97 form an integral part of these financial statements.

Consolidated statement of cash flows, US$'000

for the year ended 31 December 2023	Notes	2023 $'000	2022 $'000
Net cash used in operating activities	26	**(103,264)**	(16,856)
Investing activities			
Purchase of property, plant and equipment	11	**(1,056)**	(713)
Development of intangible assets	13	**(3,912)**	(3,323)
Investment in joint venture	15	**(198)**	–
Net cash used in investing activities		**(5,166)**	(4,036)
Financing activities			
Proceeds from financing arrangements		**108,534**	22,917
Principal element of lease payments		**(1,142)**	(1,331)
Interest element of lease payments	8	**(252)**	(269)
Net cash generated from financing activities		**107,140**	21,316
Net (decrease)/increase in cash and cash equivalents		**(1,290)**	424
Cash and cash equivalents at the beginning of the year		**12,112**	12,170
Effects of foreign exchange differences on cash and cash equivalents		**(336)**	(482)
Cash and cash equivalents at the end of the year		**10,486**	12,112

The notes on pages 73 to 97 form an integral part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

Statement of financial position – Company, US$'000

as at 31 December 2023	Notes	2023 $'000	2022 $'000
Non-current assets			
Property, plant and equipment	12	**1,646**	2,347
Intangible assets	13	**5,744**	4,982
Investment in subsidiaries	14	**11,951**	11,850
Deferred tax asset	23	**1,066**	883
Total non-current assets		**20,407**	20,062
Current assets			
Inventories	17	**219,287**	128,487
Trade and other receivables	19	**491,265**	488,241
Financial assets held for trading	35	**328,605**	156,427
Cash and cash equivalents		**2,459**	2,882
Total current assets		**1,041,616**	776,037
Total assets		**1,062,023**	796,099
Non-current liabilities			
Trade and other payables	21	**331**	958
Deferred tax liabilities	23	**1,093**	1,072
Total non-current liabilities		**1,424**	2,030
Current liabilities			
Trade and other payables	21	**670,254**	588,378
Financial liabilities held for trading	35	**261,446**	99,401
Current tax liabilities		**3,781**	3,284
Total current liabilities		**935,481**	691,063
Total liabilities		**936,905**	693,093
Net assets		**125,118**	103,006
Equity			
Share capital	24	**1,511**	1,511
Share premium account		**6,611**	6,611
Share-based payments reserve		**3,940**	(2,250)
Retained earnings		**113,056**	97,134
Total equity		**125,118**	103,006

The Company's profit after taxation for the year was $16,438,000 (2022: $21,907,000). The Company had no other comprehensive income (2022: $nil).

The notes on pages 73 to 97 form an integral part of these financial statements. The financial statements were approved by the Board on 21 March 2024.

R Cave
Chief Executive Officer
Registered number: 2650590

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

for the year ended 31 December 2023	Share capital $'000	Share premium $'000	Share-based payments reserve $'000	Retained earnings $'000	**Total equity $'000**
1 January 2022	1,511	6,611	–	73,325	**81,447**
Profit for the year	–	–	–	21,907	**21,907**
Total comprehensive income for the year	–	–	–	21,907	**21,907**
Share-based payments	–	–	(2,250)	1,902	**(348)**
31 December 2022	1,511	6,611	(2,250)	97,134	**103,006**
Profit for the year	–	–	–	16,438	**16,438**
Total comprehensive income for the year	–	–	-	16,438	**16,438**
Share-based payments	–	–	6,190	(516)	**5,674**
31 December 2023	1,511	6,611	3,940	113,056	**125,118**

The notes on pages 73 to 97 form an integral part of these financial statements.

FINANCIAL STATEMENTS AND NOTES

Statement of cash flows – Company, US$'000

for the year ended 31 December 2023	Notes	2023 $'000	2022 $'000
Net cash *(used in)/generated from operating activities*	27	**(67,541)**	39,054
Investing activities			
Purchase of property, plant and equipment	12	**(482)**	(196)
Development of intangible assets	13	**(3,912)**	(3,323)
Additional investment in subsidiaries	14	**(101)**	(412)
Net cash used in investing activities		**(4,495)**	(3,931)
Financing activities			
Proceeds/(costs) from financing arrangements		**72,752**	(36,595)
Principal element of lease payments		**(563)**	(164)
Interest element of lease payments		**(50)**	(74)
Net cash generated from/(used in) financing activities		**72,139**	(36,833)
Net increase/(decrease) in cash and cash equivalents		**103**	(1,709)
Cash and cash equivalents at the beginning of the year		**2,882**	5,073
Effect of foreign exchange differences on cash and cash equivalents		**(526)**	(481)
Cash and cash equivalents at the end of the year		**2,459**	2,882

The notes on pages 73 to 97 form an integral part of these financial statements.

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, beverage and energy 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

The accounting policies shown in note 2 relate to the entire financial statements. Accounting policies specific to notes are shown within the notes to which they relate.

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 relevant notes.

The financial statements are prepared on the historical cost basis with the exception of the assets and liabilities discussed in notes 34, 35, and 40 which are stated at their fair value.

The accounting policies have been applied consistently by all 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

The Group and Company have adopted the amendments to IAS 1 which 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. Consequently, some accounting policies presented in the prior year financial statements have been removed or reduced where they are not considered to meet the definition of material.

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 has required the Group to carefully consider whether such temporary differences exist. Where the requirements have been met, the Group has adopted these amendments.

FINANCIAL STATEMENTS AND NOTES

2. Significant accounting policies continued

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules, such as the Group, are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. The Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules. Accordingly, no deferred taxes are recognised in these financial statements relating to the Pillar Two rules.

(b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2024 but not currently relevant to the Group and Company

There are several new and amended Standards and Interpretations effective from 1 January 2024 which are not currently relevant to the Group and Company and are not expected to have a material impact on the Group's financial statements. These include amendments to IAS 1 regarding the classification of liabilities as current or non-current.

(c) New and amended Standards and Interpretations effective from 1 January 2024 which are not currently relevant to the Group and Company and are not expected to have a material impact on the financial statements.

IFRS S1 and IFRS S2 have not been endorsed for use in the United Kingdom and are therefore not currently effective but may have an impact on the Group's financial statements in future.

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability related risks and opportunities and IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities.

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 $1.2747:£1 (2022: $1.2083:£1).

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. Details are provided in relevant notes.

4. Revenue

Accounting policy

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 in line with the underlying incoterms.

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 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.

4. Revenue continued

Accounting policy continued

Critical accounting judgements

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

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 trading 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.

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

	2023 $'000	2022 $'000
Agriproducts, Food ingredients and packaging (FIP), Energy and CZADVISE (advisory)	**4,204,865**	4,293,455

The Group continues to operate in Europe, North America, South America, Asia and Africa. The above is not intended to comply with IFRS 8 Operating Segments, which does not apply to the Group due to the exemption for non-listed companies available in IFRS 8.

5. Operating expenses

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

	Notes	2023 $'000	2022 $'000
Cost of physical goods		**4,038,894**	4,173,671
Depreciation of property, plant and equipment	11	**2,248**	1,939
Amortisation of intangible assets	13	**3,072**	2,874
Staff costs	7	**48,639**	36,643
Foreign exchange (losses)		**-**	501
Operating lease rentals		**189**	144

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.

FINANCIAL STATEMENTS AND NOTES

6. Auditor's remuneration

	2023 $'000	2022 $'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**349**	294
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	**62**	83
– Other services relating to taxation	**179**	302
– All other services	**12**	13
	602	692

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.

7. Staff costs and Directors' emoluments

Staff costs for the Group were as follows:

	2023 $'000	2022 $'000
Wages and salaries	**42,959**	32,206
Social security costs	**4,316**	3,205
Pension costs	**1,364**	1,232
	48,639	36,643

The pension scheme is a defined contribution scheme. Pension costs of $239,000 were accrued as at 31 December 2023 (2022: $180,000).

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

	2023 Number	2022 Number
Commercial	**158**	122
Operational	**137**	115
Administration	**62**	49
	357	286

Staff costs for the Company were as follows:

	2023 $'000	2022 $'000
Staff costs:		
Wages and salaries	**22,651**	17,959
Social security costs	**2,690**	2,144
Pension costs	**971**	821
	26,312	20,924

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

	2023 Number	2022 Number
Commercial	**72**	55
Operational	**69**	60
Administration	**27**	24
	168	139

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

	2023 $'000	2022 $'000
Directors' emoluments		
Total emoluments	**3,363**	3,239
Share-based payments	**2,527**	1,105
	5,890	4,344

Five Directors were granted share awards during the year (2022: five). The share price at date of exercise was $124.27 (2022: $104.25).
Total contributions to defined contribution pension schemes were $nil (2022: $nil).

7. Staff costs and Directors' emoluments continued

Highest paid Director	2023 $'000	2022 $'000
Emoluments	**846**	765
Share-based payments	**625**	278
	1,471	1,043

The highest paid Director was granted share awards in the year (2022: one).

8. Finance costs

Accounting policy

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.

	2023 $'000	2022 $'000
Interest payable on transaction financing loans and broker facilities	**45,947**	32,008
Interest payable on lease liabilities	**252**	270
	46,199	32,278

9. Finance income

Accounting policy

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.

	2023 $'000	2022 $'000
Interest receivable	**44,289**	31,130

10. Taxation

Accounting policy

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

	2023 $'000	2022 $'000
Current tax		
UK tax in respect of the current year	**5,652**	5,005
Adjustments in respect of prior years	**(259)**	(576)
Overseas tax charge in respect of the current year	**2,739**	1,098
	8,132	5,527
Deferred tax		
In respect of the current year	**(579)**	763
In respect of the prior year	**19**	101
Effect of changes in tax rates	**-**	(68)
	(560)	796
Total taxation charge	**7,572**	6,323

FINANCIAL STATEMENTS AND NOTES

10. Taxation continued

Tax has been calculated using an estimated annual effective tax rate of 26.1% (2022: 23.5%) 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:

	2023 $'000	2022 $'000
Reconciliation of effective tax rate		
Profit before taxation	28,995	26,905
Tax using the Company's domestic taxation rate of 23.5% (2022: 19%)	6,814	5,112
Taxation effects of:		
Remeasurement of deferred tax due to changes in tax rates	211	-
Deferred tax previously not recognised	(533)	-
Deferred tax not recognised	-	368
Non-taxable and non-deductible items	1,006	546
Foreign exchange differences	42	60
Fixed asset timing differences	3	(17)
Share scheme relief	(820)	(373)
Other differences	-	345
Differing tax rates in different jurisdictions	150	(359)
Unutilised current year losses	1,032	35
Short-term timing differences	(93)	573
Adjustments in respect of prior years	(240)	33
	7,572	6,323

11. Property, plant and equipment - Group

Accounting policy

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.

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 value below $5,000, and those with a duration of 12 months or less.

Key sources of estimation uncertainty

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.

11. Property, plant and equipment – Group continued

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

	2023 $'000	2022 $'000
Property, plant and equipment owned	2,872	2,915
Right-of-use assets	2,415	2,565
	5,287	5,480

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 2022	–	2,087	2,033	3,935	6	8,061
Additions	11	191	214	297	–	713
Disposals	–	(82)	(79)	(49)	(6)	(216)
Retranslation	–	24	(8)	12	–	28
At 31 December 2022	11	2,220	2,160	4,195	–	8,586
Additions	(11)	237	326	504	–	1,056
Disposals	–	–	(27)	–	–	(27)
Retranslation	–	66	29	39	–	134
At 31 December 2023	–	2,523	2,488	4,738	–	9,749
Depreciation						
At 1 January 2022	–	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
Charge for the period	–	463	343	338	–	1,144
Disposals	–	–	(5)	–	–	(5)
Retranslation	–	27	22	18	–	67
At 31 December 2023	–	1,353	1,793	3,731	–	6,877
Net book amount						
At 31 December 2022	11	1,357	727	820	–	2,915
At 31 December 2023	–	1,170	695	1,007	–	2,872

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 2022	3,528	33	3,561
Additions	–	–	–
Depreciation	(965)	(7)	(972)
Disposals	–	(24)	(24)
At 31 December 2022	2,563	2	2,565
Additions	934	20	954
Depreciation	(1,101)	(3)	(1,104)
Disposals	–	–	–
At 31 December 2023	2,396	19	2,415

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.

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12. Property, plant and equipment – Company

Accounting policy

Refer to note 11 for details of the accounting policy.

	2023 $'000	2022 $'000
Property, plant and equipment owned	**995**	1,119
Right-of-use assets	**651**	1,228
	1,646	2,347

Property, plant and equipment owned

	Leasehold improvements $'000	Furniture and equipment $'000	Computer assets $'000	Total $'000
Cost				
At 1 January 2022	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**
Additions	73	28	381	**482**
Disposals	–	–	–	**–**
Transfers	–	–	–	**–**
At 31 December 2023	1,198	597	3,547	**5,342**
Depreciation				
At 1 January 2022	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**
Charge for the period	270	80	256	**606**
Disposals	–	–	–	**–**
At 31 December 2023	740	487	3,120	**4,347**
Net book amount				
At 31 December 2022	654	162	303	**1,119**
At 31 December 2023	458	110	427	**995**

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.

Property, plant and equipment owned

	2023 $'000	2022 $'000
At 1 January	1,228	**1,754**
Additions	–	**–**
Depreciation	(577)	**(526)**
At 31 December	651	**1,228**

13. Intangible assets – Group and Company

Accounting policy

Intangible assets with finite lives are amortised over their respective estimated useful lives on a straight-line basis and reviewed for impairment when indicators exist. 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 approximately 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.

Key sources of estimation uncertainty

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.

	Work in progress $'000	Software $'000	**Total $'000**
Cost			
At 1 January 2022	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**
Additions	3,912	–	**3,912**
Disposals	(77)	–	**(77)**
Transfers	(4,065)	4,065	**–**
At 31 December 2023	1,130	15,695	**16,825**
Amortisation			
At 1 January 2022	–	5,134	**5,134**
Amortisation charge	–	2,874	**2,874**
Disposal	–	–	**–**
At 31 December 2022	–	8,009	**8,009**
Amortisation charge	–	3,072	**3,072**
Disposals	–	–	**–**
At 31 December 2023	–	11,081	**11,081**
Net book amount			
At 31 December 2022	1,360	3,622	**4,982**
At 31 December 2023	1,130	4,614	**5,744**

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14. Investment in subsidiaries – Company

Accounting policy

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

	2023 $'000	2022 $'000
Cost and net book value		
At 1 January	11,850	**11,438**
Additions	101	**412**
Impairment	–	**-**
At 31 December	11,951	**11,850**

Details of the investments which the Company holds directly at 31 December 2023 are as follows:

Company name	Country of incorporation	Parent company	% holdings and voting rights
C. Czarnikow Sugar Futures Limited	Great Britain	CGL	100%
C. Czarnikow Sugar Limited	Great Britain	CGL	*100%
Sugarworld Limited	Great Britain	CGL	*100%
C. Czarnikow Sugar Inc. ('CSI')	United States of America	CGL	100%
C. Czarnikow Sugar (East Africa) Limited	Kenya	CGL	100%
C. Czarnikow Sugar Pte Limited	Republic of Singapore	CGL	100%
C. Czarnikow Sugar (Mexico) 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%
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 41.

15. Joint ventures

Subsidiary	Country	Holding	Assets	Liabilities	Equity	2023 $'000 Cumulative profit	2023 $'000 Equity Method
CZ Energy Comercializadora de Etanol S.A.	Brazil	49%	2,787	(207)	2,580	**276**	**135**
2C Energia Ltda	Brazil	50%	376	(182)	194	**104**	**52**

Investment movement in joint ventures	2023 $'000	2022 $'000
Equity		
Investment in joint ventures	**839**	902
Additions	**198**	4
Equity method – profit/(loss) in year	**251**	(107)
Foreign currency gain on retranslation of the investment	**73**	40
Net book value	**1,361**	839

2C Energia Ltda has one wholly owned subsidiary (GOO Montalvania Ltda, Montalvania).

16. Inventories - Group

Accounting policy

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.

	2023 $'000	2022 $'000
Physical goods	**319,877**	207,976

17. Inventories - Company

Accounting policy

Refer to note 16 for details of the accounting policy.

	2023 $'000	2022 $'000
Physical goods	**219,287**	128,487

18. Trade and other receivables - Group

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 review of financial assets held for trading and 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 $2,480,000 (2022: $585,000).

	2023 $'000	2022 $'000
Trade receivables	**566,352**	539,815
Less: provision for doubtful receivables	**(2,480)**	(585)
Net trade receivables	**563,872**	539,230
Amounts owed from parent company	**1,641**	2,965
Other receivables and prepayments	**12,006**	9,010
	577,519	551,205

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.

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.

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.

As at 31 December 2023, trade receivables of $19.8 million (2022: $17.5 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2023 $'000	2022 $'000
Up to 3 months past due	**15,205**	15,113
3 to 6 months past due	**1,790**	832
Over 6 months past due	**2,794**	1,568
	19,789	17,513

These amounts have not been provided for because there has not been a significant change in credit quality and the amounts are still considered recoverable. See note 37 for details of credit risk management.

During the year, a balance of $2.5m was considered by the Directors as impaired due to a change in circumstances of the legal position. The balance has been written off and included within cost of sales as is no longer considered recoverable.

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19. Trade and other receivables – Company

Accounting policy

Refer to note 18 for details of the accounting policy.

	2023 $'000	2022 $'000
Trade receivables	**408,831**	430,215
Less: provision for doubtful receivables	**(1,512)**	(585)
Net trade receivables	**407,319**	429,630
Amounts owed from parent company	**1,641**	2,965
Amounts owed from affiliated companies	**75,024**	51,875
Other receivables and prepayments	**7,281**	3,771
	491,265	488,241

As at 31 December 2023, trade receivables of $13.3 million (2022: $16.3 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2023 $'000	2022 $'000
Up to 3 months past due	**9,299**	14,966
3 to 6 months past due	**1,570**	805
Over 6 months past due	**2,432**	571
	13,301	16,342

20. Trade and other payables – Group

	2023 $'000	2022 $'000
Transaction financing loans	**589,639**	481,105
Trade payables	**235,470**	212,133
Other payables and accruals	**21,160**	14,636
Leases – Current	**1,328**	1,068
Total current trade and other payables	**847,597**	708,942
Leases – Non-current	**1,863**	2,311
	849,460	711,253

Transaction financing loans are generally entered into against physical flows to which they are referenced.

21. Trade and other payables – Company

	2023 $'000	2022 $'000
Transaction financing loans	**386,491**	313,739
Trade payables	**188,189**	169,076
Amounts owed to affiliated companies	**80,722**	91,554
Other payables and accruals	**14,147**	13,367
Leases – Current	**705**	641
Total current trade and other payables	**670,254**	588,377
Leases – Non-current	**331**	958
	670,585	589,335

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 2022	(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)**
Credited/(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)**
Adjustments to prior period	63	–	333	**396**
Credited/(charged) directly to profit or loss	(81)	589	8	**516**
At 31 December 2023	(1,076)	391	477	**(208)**
Deferred tax asset	25	2,137	477	**2,639**
Deferred tax liability	(1,101)	(1,746)	–	**(2,847)**

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 $'000	**Total $'000**
At 1 January 2022	(991)	569	–	**(422)**
Deferred tax asset	–	569	–	**569**
Deferred tax liability	(991)	–	–	**(991)**
Adjustments to prior period	(101)	–	–	**(101)**
Credited/(charged) 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)**
Adjustments to prior period	63	–	–	**63**
(Charged)/credited directly to profit or loss	(84)	183	–	**99**
At 31 December 2023	(1,093)	1,066	–	**(27)**
Deferred tax asset	–	1,066	–	**1,066**
Deferred tax liability	(1,093)	–	–	**(1,093)**

24. Share capital

	2023 $'000	2022 $'000
Authorised, allotted, issued and fully paid		
1,000,000 ordinary shares of £1 each	**1,511**	1,511

The ordinary shares entitle the holder to dividends and one vote each.

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25. Equity

Accounting policy

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, investment in own shares, share premium, foreign currency translation reserve, share- based payments reserve, revaluation reserve and retained earnings, which are described below.

Share capital
Share capital represents amounts subscribed for shares at nominal value.

Investment in own shares
The Employee Benefit Trust (EBT) was set up to buy and sell the shares of CCL, to be used for the benefit of employees of the Group. The EBT has waived the right to receive dividends on shares that have not been exercised held in CCL.

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.

26. Cash flow information – Group

Accounting policy

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

Cash and cash equivalents are recognised in line with IAS 7.

(a) Net cash used in operating activities	2023 $'000	2022 $'000
Profit before tax	**28,995**	26,938
Depreciation	**2,248**	1,883
Amortisation	**3,073**	2,874
Loss on disposal of property and equipment	**23**	29
Loss on disposal of intangibles	**77**	30
Loss on disposal of leases	**-**	24
Increase in investment in joint ventures	**(324)**	-
Increase in inventories	**(111,901)**	(55,803)
Increase in trade and other receivables	**(26,314)**	(97,476)
Increase/(decrease) in financial assets held for trading	**(186,510)**	136,395
Increase in trade and other payables	**29,861**	15,049
Decrease/(increase) in financial liabilities held for trading	**161,441**	(43,429)
Exchange profit/(loss) on elimination of Group assets and liabilities due to retranslation of subsidiaries	**977**	(120)
Lease interest payments	**252**	270
	(98,102)	(13,339)
Income tax paid	**(8,006)**	(5,209)
Elimination of non-cash share-based payment	**2,844**	1,692
Net cash used in operating activities	**(103,264)**	(16,856)

26. Cash flow information – Group continued

(b) Reconciliation of liabilities arising from financing activities	Transaction financing loans $'000	Leases – current and non-current $'000	Total $'000
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)**
Cash flow	(108,534)	440	**(108,094)**
Interest	–	(252)	**(252)**
At 31 December 2023	(589,639)	(3,191)	**(592,830)**

27. Cash flow information – Company

Accounting policy

Refer to note 26 for details of the accounting policy.

(a) Net cash (used in)/generated from operating activities	2023 $'000	2022 $'000
Profit before tax	**24,794**	26,065
Depreciation	**1,183**	1,095
Amortisation	**3,073**	2,904
Loss on disposal of intangibles	**77**	–
Increase in inventories	**(90,800)**	(18,037)
Increase in trade and other receivables	**(3,024)**	(68,771)
(Increase)/decrease in financial assets held for trading	**(172,178)**	138,748
Increase in trade and other payables	**5,654**	5,243
Increase/(decrease) in financial liabilities held for trading	**162,045**	(45,309)
Exchange loss on elimination of cash and cash equivalents	**526**	481
Lease interest payments	**50**	74
	(68,600)	42,493
Income tax paid	**(5,131)**	(3,099)
Elimination of non-cash share-based payment	**6,190**	(340)
Net cash (used in)/generated from operating activities	**(67,541)**	39,054

(b) Reconciliation of liabilities arising from financing activities	Transaction financing loans $'000	Leases – current and non-current $'000	Total $'000
At 1 January 2022	(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)**
Cash flow	(72,752)	613	**(72,139)**
Interest	–	(50)	**(50)**
At 31 December 2023	(386,491)	(1,036)	**(387,527)**

FINANCIAL STATEMENTS AND NOTES

28. Lease liabilities - Group

Contractual undiscounted cash flows of lease liabilities are as follows:

	2023 $'000	2022 $'000
Due:		
Within one year	**1,225**	1,246
Within two to five years	**1,751**	2,260
After five years	**-**	134
	2,976	3,640

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

Current	**1,328**	1,068
Non-current	**1,863**	2,311
	3,191	3,379

29. Lease liabilities - Company

Contractual undiscounted cash flows of lease liabilities are as follows:

	2023 $'000	2022 $'000
Due:		
Within one year	**578**	686
Within two to five years	**263**	987
After five years	**-**	-
	841	1,673

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

Current	**705**	641
Non-current	**331**	958
	1,036	1,599

30. 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:

	2023 $'000	2022 $'000
Pension cost recognised in the year:		
Defined contribution scheme	**1,364**	1,232

No amounts were outstanding at the Consolidated statement of financial position date (2022: $nil) in respect of these pension commitments.

31. 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.

32. 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 2023 (2022: 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:

	2023 $'000	2022 $'000
Sales to subsidiaries on normal trading terms	**168,822**	113,967
Purchases from subsidiaries on normal trading terms	**(343,256)**	(241,107)
Administrative revenue – management fee at arm's length	**(257)**	(225)
Administrative expenses – management fee at arm's length	**4,147**	5,471
Intercompany interest expense	**714**	413
	(169,830)	(121,481)
Amounts owed from parent	**1,631**	2,594
Amounts due to affiliated companies	**(5,698)**	(39,674)
	(4,067)	(37,080)

A list of the Company's subsidiaries as at 31 December 2023 is presented in note 14.

Transactions with other related parties
During the year, sales of $211,311,000 were made to, and purchases of $89,914,000 were made from a shareholder and their wider group entities. At 31 December 2023, $8,722,000 was due to them and is unsecured, interest free and repayable on demand.

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.

33. Share-based payments – Group

Accounting policy

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.

Employee Benefit Trust
The Group operates an Employee Benefit Trust (EBT) through an offshore Trust established by the shareholders with a view to increasing the ultimate involvement of the management and staff in the future ownership of 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 two 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.

FINANCIAL STATEMENTS AND NOTES

33. Share-based payments – Group continued

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

	2023 Number	2022 Number
Outstanding at the beginning of the period	60,302	43,556
Granted during the period	52,426	44,423
Exercised during the period	(42,724)	(27,677)
Outstanding at the end of the period	70,004	60,302
Exercisable as follows:		
Exercisable March 2023	-	42,724
Exercisable March 2024	51,328	17,578
Exercisable March 2025	18,676	-
	70,004	60,302

34. Financial instruments – Group

Accounting policy

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.

Physical 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. The best estimate is derived from the daily quoted settlement price of the derivative contract.

> **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.

> **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.

Principal financial risks

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 Strategic Report.

Key judgements and estimation uncertainty

Fair value of financial assets and liabilities held for trading

As at 31 December 2023, 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 the remainder of note 34 for more details about the methods and assumptions used in estimating fair values and a sensitivity analysis.

34. Financial instruments – Group continued

Group classification	Notes	Fair value through profit or loss $'000	Amortised cost $'000	Total carrying value $'000
31 December 2023				
Trade receivables	18	–	563,872	**563,872**
Other receivables and prepayments	18	–	12,006	**12,006**
Financial assets held for trading		348,546	–	**348,546**
Transaction financing loans	20	–	(589,639)	**(589,639)**
Trade payables	20	–	(235,470)	**(235,470)**
Financial liabilities held for trading		(263,345)	–	**(263,345)**
Other payables and accruals	20	–	(21,160)	**(21,160)**
Leases – current and non-current	20	–	(3,191)	**(3,191)**
		85,201	**(273,582)**	**(188,381)**

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)**

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. These loans 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.

FINANCIAL STATEMENTS AND NOTES

34. Financial instruments – Group continued

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. The Group no longer has any products being marked to market using techniques under Level 3.

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

Group fair value hierarchy	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Total carrying value $'000**
31 December 2023				
Financial assets held for trading	20,935	327,611	–	**348,546**
Financial liabilities held for trading	(23,769)	(239,576)	–	**(263,345)**
	(2,834)	88,035	–	**85,201**

Group fair value hierarchy	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Total carrying value $'000**
31 December 2022				
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**

Sensitivity analysis
For financial instruments held, the Group has used a sensitivity analysis technique that predicts the changes in fair value of the Group's financial instruments in response to hypothetical changes in market rates, being the most relevant of the principal financial risks faced by the Group. 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 operates 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.

		Change in value: favourable/(unfavourable)			
		Exchange rate movement		Commodity price movement	
		+1% $'000	-1% $'000	+5% $'000	-5% $'000
At 31 December 2023					
Trade receivables	563,872	(1,516)	1,516	–	–
Financial assets held for trading	348,546	(2,477)	2,477	(37,736)	37,736
Trade payables	(235,470)	633	(633)	–	–
Financial liabilities held for trading	(263,345)	2,278	(2,278)	37,740	(37,740)
Transaction financing loans	(589,639)	840	(840)	–	–
	(176,036)	(242)	242	4	(4)

34. Financial instruments – Group continued

		Change in value: favourable/(unfavourable)			
		Exchange rate movement		Commodity price movement	
		+1% $'000	-1% $'000	+5% $'000	-5% $'000
At 31 December 2022					
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)

35. Financial instruments – Company

Accounting policy

Refer to note 34 for details of the accounting policy.

Company classification	Notes	Fair value through profit or loss $'000	Amortised cost $'000	**Total carrying value $'000**
31 December 2023				
Trade receivables	19	–	407,319	**407,319**
Other receivables and prepayments	19	–	7,281	**7,281**
Financial assets held for trading		328,605	–	**328,605**
Amounts owed from parent company	19	–	1,641	**1,641**
Amounts owed from affiliated companies	19	–	75,024	**75,024**
Amounts owed to affiliated companies	21	–	(80,722)	**(80,722)**
Transaction financing loans	21	–	(386,491)	**(386,491)**
Trade payables	21	–	(188,189)	**(188,189)**
Financial liabilities held for trading		(261,446)	–	**(261,446)**
Other payables and accruals	21	–	(14,147)	**(14,147)**
Leases – current and non-current	21	–	(1,036)	**(1,036)**
		67,159	(179,320)	**(112,161)**

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)**

Refer to note 34 for Company classifications on the assets and liabilities above.

FINANCIAL STATEMENTS AND NOTES

35. Financial instruments – Group continued

Group fair value hierarchy	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total carrying value $'000
31 December 2023				
Financial assets held for trading	32,135	296,470	–	**328,605**
Financial liabilities held for trading	(23,769)	(237,677)	–	**(261,446)**
	8,366	58,793	–	**67,159**
31 December 2022				
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**

Sensitivity analysis
Refer to note 34 for sensitivity analysis commentary.

		Fair value change: favourable/(unfavourable)			
		Exchange rate movement		Commodity price movement	
	Fair value	+1% $'000	-1% $'000	+5% $'000	-5% $'000
At 31 December 2023					
Trade receivables	407,319	(871)	871	–	–
Financial assets held for trading	328,605	(1,703)	1,703	(37,736)	37,736
Trade payables	(188,189)	260	(260)	–	–
Financial liabilities held for trading	(261,446)	1,687	(1,687)	37,740	(37,740)
Transaction financing loans	(386,491)	469	(469)	–	–
	(100,202)	(158)	158	4	4
At 31 December 2022					
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)

36. Liquidity and interest risk tables – Group

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.

Liquidity and interest risk tables
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 undiscounted 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 2023			
Non-interest-bearing – Trade payables	20	(235,470)	**(235,470)**
Variable interest rate instruments – Transaction financing loans	20	(589,639)	**(589,639)**
		(825,109)	**(825,109)**

36. Liquidity and interest risk tables - Group

	Note	Less than 3 months $'000	**Total $'000**
At 31 December 2022			
Non-interest-bearing - Trade payables	20	(212,133)	**(212,133)**
Variable interest rate instruments - Transaction financing loans	20	(481,105)	**(481,105)**
		(693,238)	**(693,238)**

All of the Group's non-interest-bearing and non-derivative financial assets comprise trade and other receivables (note 18) and payment terms can range from 0 to 180 days on receipt of contractual documents.

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 - Trade payables	21	188,189	**188,189**
Variable interest rate instruments - Transaction financing loans	21	386,491	**386,491**
		574,680	**574,680**
At 31 December 2022			
Non-interest-bearing - Trade payables	21	169,076	**169,076**
Variable interest rate instruments - Transaction financing loans	21	313,739	**313,739**
		482,815	**482,815**

All of the Company's non-interest-bearing and non-derivative financial assets comprise trade and other receivables (note 19) and payment terms can range from 0 to 180 days on receipt of contractual documents.

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.

FINANCIAL STATEMENTS AND NOTES

40. Guarantees

Accounting policy

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. The Group's financial guarantees are given by Czarnikow Group Limited to banks, financial institutions and other bodies on behalf of subsidiaries, in order to secure loans, overdrafts and other banking facilities in their respective jurisdictions.

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.

At 31 December 2023 the Group had outstanding guarantees to banks and financial institutions of $243.2 million (2022: $157.8m).

41. Contingent liabilities

At 31 December 2023, the Group had no contingent liabilities (2022: $nil).

42. Registered offices

Subsidiary or joint venture	Address
C. Czarnikow Sugar Futures Limited	Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB, United Kingdom
C. Czarnikow Sugar Limited	
Sugarworld Limited	
C. Czarnikow Sugar Inc.	333 SE 2nd Avenue, Suite 2860, Miami 33131, Florida, United States of America
Czarnikow Futures Inc.	
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.	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 1105-1106, Lumina T2 Building 181 Yanjiang West Road, Guangzhou 510120, China
Sucarim (C.I.S.T.) Ltd	Harokmim 26, Holon, Azrieli Center Building B, Tel Aviv Israel
Czarnikow Brazil Ltda	Av. Pres. Juscelino Kubitschek 2041 – Torre D, 11 andar, Vila Olímpia, São Paulo – São Paulo, Brazil
CZ Energy Comercializadora de Etanol S.A.	
2C Energía S.A.	
Czarnikow Brazil Ltda (Branch)	R Hiroshi Kawato 318 Sala E Parque Real Rondonopolis, Mato Grosso, Brazil
Czarnikow Brazil Ltda (Branch)	Rod TO 080, km 183 S/N Zona Rural Marianopolis do Tocantins – Tocantins, Brazil
CZ Energy Comercializadora de Etanol S.A.	Rodm Ura-195 S/N km 9.20 Sala 02 Zona Rural Uberaba – Minas Gerais Brazil
GOO Montalvania Ltda	Rod Rodovia BR 135 S/N km 17 Zona Rural de Montalvania Montalvania – Minas Gerais Brazil
SP Energía Ltda.	Rod BR 365 km 719 BR 365 Monte Alegre de Minas – Minas Gerais Brazil
Czarnikow Italia S.R.L.	Via Borgogna 2, 20122 Milano, Italy
Czarnikow Group Free Zones Co. Ltd (Sudan)	Garri Free Zone, The Republic of Sudan
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 14, Saigon Centre, Tower 1, 65 Le Loi Boulevard District 1 Ho Chi Minh City, Vietnam
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	Edificio Nova Tempo, oficina 309, Carrera 43A N° 14 - 109, Av. El Poblado, El Poblado, Medellín, Antioquia Colombia

CORPORATE INFORMATION | GLOSSARY

A list of common terms, acronyms and their explanations, frequently used in this review 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.

ALTERNATIVE LENDING

Alternative lending refers to the practice of providing loans or financial services to individuals or businesses through channels other than traditional banks.

BILL OF LADING

Transportation document for goods shipped by sea, issued by a carrier or its agent usually in the form of an Ocean bill (Marine bill of lading). It serves as an official receipt for goods taken on board the ship and proof of ownership (title) of the goods.

BIO-ENERGY/BIOMASS

Bio-energy 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 in bags, drums or boxes.

BROKER LINE

An agreed amount up to which a trader or organisation can borrow funds to purchase commodities of 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.

CD (Certificate of deposit)

CDA/WA (Agricultural certificate of deposit agricultural warrant).

Types of credit promised against agricultural products deposited in warehouses. A CDA is similar to a CD but offers greater security as it provides title to the sugar. A WA gives right to security as described in the corresponding CDA.

CGL

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

CMA (Collateral management agreement)

A tri-partite agreement between bank(s), the cargo owner and the collateral management service provider which enables the bank to provide finance to the cargo owner under tighter controls over the collateral in a warehouse.

CO-GENERATION

Process in which a mill generates sugar and ethanol from sugarcane crushing 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 stipulated time period.

DERIVATIVES

Securities whose price is dependent upon or derived from one or more underlying assets, such as options and futures 'derived' from shares, bonds, currencies, commodities, etc.

ESOS (Energy Savings Opportunity Scheme)

Mandatory energy assessment 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 conduct regulator for financial services firms and financial markets in the UK. Source: www.fca.org.uk

FCR (Forwarder's certificate of receipt)

Certificate prepared by freight forwarder to confirm it has taken over the consignment and assumes responsibility for the goods.

FOB (Free on board)

International commercial term (or 'incoterm') describing sugar, or other commodity, that has been 'elevated' at a port onto a ship.

FUTURES

A form of derivative (see above) that allows the user to fix a price for a commodity at which they are then obliged to buy or sell.

GDP (Gross Domestic Product)

Value of all finished goods and services produced within a country, normally calculated annually, and commonly used as an indicator of a country's economic health.

GREEN FINANCING

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

HAULIERS

Goods transporters.

HEDGING

Mitigating or decreasing the risk of a trading a commodity.

INDUSTRIAL CONSUMER

For Czarnikow, food and beverage manufacturers and ethanol processors.

INTERNATIONAL LABOUR ORGANIZATION CONVENTIONS

Legally binding treaties on labour conditions that may be changed by member states. All countries where CZ has offices are member states.

LETTER OF CREDIT (LC)

A document issued by a bank that authorises the seller of a commodity to draw an agreed amount of money under specified terms, as in a facility.

LIGHT ASSETS

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

MAD/MAR

The Market Abuse Directive (MAD) was adopted in 2003 and established an EU-wide framework for tackling insider dealing and market manipulation.
In April 2014, a new Market Abuse Regulation (MAR) and a new Directive on criminal sanctions (MAD II) were adopted and came into force in July 2016.

MASS BALANCE POSITION

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

MiFID (Markets in Financial Instruments Directive)

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 the VIVE programme, the criteria used to assess the performance of VIVE participants based on the position they occupy within their supply chain.

MT AND MTRV

Metric tonnes and Metric tonnes raw value.

NO. 5 WHITE SUGAR CONTRACT

White (refined) sugar is traded on the Intercontinental Exchange (ICE) Futures Europe in US$/metric tonne. It is officially traded as the White Sugar Futures contract but is commonly known as contract No. 5 (its former contract name).

NO. 11 RAW SUGAR CONTRACT

Raw (unrefined) sugar is traded on the Intercontinental Exchange (ICE) Futures U.S. in USc/lb and is commonly known as the No. 11 raw sugar contract.

NON-RECOURSE LINE

A contract in which the lender cannot claim the loan amount and assumes the risk of non-payment if the buyer defaults.

OECD (Organisation for Economic Co-operation and Development)

An international organisation that works to build better policies for better lives. Its goal is to shape policies that foster prosperity, equality, opportunity and well-being for all.
Source: www.oecd.org

OFF-TAKER

A buyer of goods who has agreed with the producer to purchase/sell portions of their future production.

OPTIONS

A type of derivative (see above) offering the option, but not the obligation, to buy or sell at a certain price.

OTC (Over-the-counter)

Trading in derivatives on a market outside the jurisdiction of a recognised exchange.

PHYSICAL DELIVERY

Settlement of a futures contract characterised by the delivery of the goods to the buyer.

RECEIVABLES

All financial obligations owed to a company by its debtors or customers. This includes all debts owed, even if they are not currently due, and are recorded in the company's balance sheet.

SCOPE 1 EMISSIONS

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

CORPORATE INFORMATION | GLOSSARY

SCOPE 2 EMISSIONS

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

SCOPE 3 EMISSIONS

The greenhouse gases emitted as a result of an organisation's operations through its value chain. Disclosure of Scope 3 emissions is voluntary.

SECR (Streamlined Energy and Carbon Reporting)

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

SMA (Stock management agreement)

An agreement for a stock financing solution where the terms allow flexibility and the financing party does not require strong control over the commodity.

SYNDICATED FACILITY

Type of financing provided by a group of lenders; the lead lender in this arrangement is responsible for distributing cash flows.

SYNTHETIC OWNERSHIP

Ownership taken on in the form of securities rather than by buying physical assets.

TOLLING

An arrangement whereby raw material is supplied to the producer for the refining process and the seller maintains ownership and receives the end product.

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.

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To stay connected and informed, please check our corporate website, social media pages and CZApp, where we regularly share corporate and market information. See back cover for details.

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