Non-Remuneration Pillar 3 Disclosures

March 2023

Global Commodities Holdings Limited ("GCHL") is an Exempt BIPRU Commodities Firm. As such it is required to make the disclosures referred to below in order to convey its risk profile comprehensively to market participants[1]. GCHL has policies in place to assess the appropriateness of its disclosures (including whether some items of information should not be disclosed as they are not material or are proprietary or confidential) and whether its risk profile is disclosed comprehensively.

1. Risk management objectives and policies

The company manages all business risks collectively within the company's risk framework. A single risk register is maintained within the business and is reviewed by the board on an annual basis, with supervisor oversight by the Finance and Risk committee.

The objective of risk management structure is to provide a framework to effectively manage all forms of risk throughout GCHL by identifying and recording new, emerging and existing risks and any mitigating actions or opportunities to be taken, from which the residual risk is derived. The register is regularly reviewed by senior management and by the Audit & Risk Committee. This ensures that risks receive the appropriate management and board attention that is warranted, with actions assigned to owners to ensure appropriate mitigation. Clear definition of risks and their level of likelihood and consequence enables board guidance and management decision-making on risk appetite and on action to be taken in respect of those risks, including ensuring the appropriate capital reserves.

2. Scope of application of the Banking Consolidation Directive

GCHL is not a credit institution. It does not provide credit and does not hold client monies. The Banking Consolidation Directive does not apply to GCHL.

3. Capital resources

The company have obligations to the FCA to make regular statements on its capital adequacy, which are calculated in accordance to GENPRU 2.1. Typically, the business maintains an excess of at least US$2m above these measures. Which are influenced by the evolving profits made within the business, less any liabilities and approved dividends.

[1] BIPRU 11

In the case of dividends, these are the only form of capital withdrawals the company manages, and is subject to dividend policy set by the board with a view to maintaining healthy capital reserves.

Table 1: Capital composition GCHL

		Dec-22 US$
	Common equity tier 1	
	General reserve	5,422,789
	Revaluation reserve	(29,315)
	Retained Earnings	3,199,330
	Intangible assets	(66,729)
	Total common equity tier 1	**8,526,076**
	Total of Capital	**8,526,075**
	Risk weighted assets	
##	Counterparty credit risk	851,987
	Total risk weighted assets	**9,378,062**
	Capital ratio	
	Tier 1 ratio	91%

Reflects the total Trade Debtors the business possessed as of 31-Dec-2022.

The capital resources available to the business are limited to Tier 1 sources and are presented with the balance sheet (shareholder reserves and paid up capital).

As Table 1 above shows the company possess no loans of any description. The only source of risk within the capital structure relate to credit risks in the form of trade debtors.

4. Compliance with BIPRU 3, BIPRU 4, BIPRU 7 and the overall Pillar 2 rule

GCHL does not trade or take trading positions, there is no requirement to calculate a PRR. There is no requirement on GCHL to carry out a ICAAP (internal capital adequacy assessment process) or a SREP (supervisory review and evaluation process).

Calculation of credit risk capital component, use of an alternative to the standardised approach for calculating a firm's credit risk capital requirements, is made up entity of GCHL trade debtors. For the purposes of capital ratios this assumes the entire trade debtors is at risk. This is an extremely prudent assessment; over the last 4 years our debt write-off has been averaging below $50k p.a.

5. Credit risk and dilution risk

GCHL has minimal exposure to credit risk or dilution risk. The company is exposed to the risk of financial default by a customer. For the vast majority of clients, these financial risks are managed by the traditional debtor day monitoring and associated debt collection processes. The debtor days figures for the company typical range between 25 to 49 days in any given month.

With the exception of one strategical client, whos' revenue represents c25% of company revenues, then the largest others clients individually represent less than c2.5% of gross revenues.

6. Market risk

GCHL does not trade on its own account. It takes no market risk.

The company has foreign exchange exposure in currencies related to the cost base of the company where it differs from the functional currency of the business. The functional currency is USD, and exposures are predominately due to office and staff costs located in UK & Singapore.
GBP 3.17m (c USD 3.90m)
SGD 1.69m (c USD 1.26m).
Based on 2022 audited costs.

Over the long term, the business absorbs variations on these currency pairs within the budget planning of the cost base, and seeks to manage in-year volatility in the cost-base by short term hedges to cover budgeted annual costs. Ultimately all foreign exchange related costs are reflected in the company P&L as they are incurred, and as a consequence do not impose any corresponding capital requirements.

7. Exposures to interest rate risk in the non-trading book

GCHL does not take any such exposure.

8. Remuneration

Please see the separate Pillar 3 Remuneration disclosure.