

# Remuneration Pillar 3 Disclosure March 2023

Global Commodities Holdings Limited (“GCHL”) acknowledges that remuneration is a key driver of behaviour. GCHL designs its remuneration to encourage effective risk management and to support positive behaviours and a strong and appropriate conduct culture within the company.

As required by the FCA, GCHL complies with the BIPRU Remuneration Code (the “Code”)<sup>1</sup> and does so in a manner that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities and without prejudice to the need to protect personal data. The GCHL Remuneration Committee and its directors have considered these rules. They are satisfied that the proportionality principle has been applied appropriately and that current remuneration arrangements, as outlined below, are consistent with the principles of sound risk management.

In particular:

- GCHL does not take risks onto its own balance sheet
- GCHL does not pay risk-related bonuses to directors and staff
- GCHL does not provide services to individuals and does not hold client monies and
- GCHL’s internal capital adequacy assessment considers the adequacy of both capital and liquidity on an annual basis, having regard to the range of risks faced by the business

## 1. Remuneration Principles

In setting remuneration, the following overarching principles are applied, such that it:

- rewards performance at the individual, team and corporate level
- is sufficient to attract, motivate and retain high calibre individuals
- takes into account both financial and non-financial criteria and
- is aligned to both the short term (1 year) and long term (3 year) performance of the business

## 2. Decision-making

The GCHL’s Remuneration Committee (the “RemCom”) has been set up principally to assist the GCHL board in ensuring that the remuneration policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements. The RemCom is chaired by an independent chairperson and its members (who are usually HR professionals, proposed by GCHL’s shareholders) are subject to GCHL’s conflicts of interest policy. The RemCom makes recommendations to the GCHL board regarding the policy for the remuneration and benefits of the Company’s staff, the total payroll cost

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<sup>1</sup> GCHL is an Exempt BIPRU Commodities Firm and so the BIPRU Remuneration Code applies to it. The proportionality principle is at SYSC 19C.3.3(2) and the FCA has published General Guidance on Proportionality (FG 17/7)

and the Chairman's, the independent non-executive directors' and the Chief Executive Officer's remuneration. The RemCom also reviews the individual remuneration of senior executives and staff. The RemCom uses external consultants and advisers where required.

### **3. Design of the remuneration system**

Fixed salary shall be competitive and based on the individual's responsibilities and performance. GCHL will not award, pay or provide guaranteed variable remuneration save in the exceptional circumstances allowed for by, and then only in accordance with, FCA rules. Variable, bonus-related awards are made for achieving specific targets (for the brokers, they are based on brokerage commission received; for the data sales team, they are based on revenue received from membership and data sales), for completing business development related tasks that are considered low-risk (and would not normally lead to capital adequacy issues) or to reflect the performance of the individual, their department and GCHL. Those awards are designed so that they do not provide incentives to favour the individual's own interests or those of GCHL's to the detriment of its clients and so that the ratio between the fixed and the variable elements is appropriately balanced. The bonus-related award system is designed to be simple and clear.

### **4. Remuneration of Code Staff**

GCHL employees whose professional activities have a material impact on GCHL's risk profile<sup>2</sup> are deemed to be "Code Staff" in accordance with the Code<sup>3</sup>. All Code Staff are notified in writing that they are classed as such, and that any remuneration that does not comply with certain requirements of the Remuneration Code may be rendered void and therefore be recoverable by GCHL. All Code Staff are required to provide an undertaking that they will not make use of personal hedging strategies or remuneration- or liability-related contracts of insurance to undermine any risk alignment effects embedded in their remuneration arrangements.

### **5. Actual Remuneration**

Except that the general performance-related pay scheme is paid in two tranches, in the first quarter of the year and after the completion of the audit of that year's accounts (and would not be payable in certain circumstances, including if the individual was no longer employed by GCHL or had committed gross misconduct), there was no deferred remuneration awarded, paid or reduced in 2022. No sign-on or severance payments were made during 2022.

GCHL does not disclose the aggregate quantitative remuneration per business area or that for senior management and members of staff whose actions have a material impact on the risk profile of the firm for 2022. However, all necessary information will be made available to the FCA on request. Information in any further disclosures relating to remuneration is not deemed to be material, given the size of GCHL's business, how few staff are employed, its relatively low risk (it does not provide services to individuals, holds no client monies and provides no advice) and the very limited extent of its regulated activities (GCHL is focussed on the physical coal markets; the only regulated activities performed by it are the broking of a relatively very small number of coal

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<sup>2</sup> This includes those who have a material impact on GCHL's risk profile in their roles performing significant influence functions and heading control functions, and as senior managers and other heads of material businesses

<sup>3</sup> SYSC 19A 3.4

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futures and the administration of benchmarks). Additionally the disclosure of further information may be in breach of confidentiality restrictions or detrimental to GCHL's commercial interests.

## **6. Other considerations**

In considering remuneration structures, the directors will seek to ensure that arrangements:

- take account of potential risks
- do not give rise to conflicts of interest, particularly as between the actions of employees and the interests of shareholders, investors and other stakeholders and
- are designed to comply with applicable laws and regulations

## **7. Governance**

The directors are responsible for monitoring compliance with GCHL's remuneration policy to ensure that it operates as intended and that it continues to be appropriate. The policy will be subjected to a review by the Remuneration Committee at least annually. This review will take account of relevant FCA and industry guidance, including that relating to the Code.

Any breaches of the Code will be reported promptly to the FCA.

### **References:**

- The FCA Handbook (including SYSC 19C, the BIPRU Remuneration Code, and BIPRU 11.5.18, the remuneration disclosures)
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