James Fisher and Sons plc
Pioneering Sustainably

JAMES FISHER AND SONS PLC

ANNUAL REPORT AND ACCOUNTS 2021

Pioneering safe and trusted solutions to complex problems in harsh environments to create a sustainable future.

During 2021 we remained focused on enacting our purpose-led strategy. Resetting the business by addressing strategic and operational challenges, and concentrating our portfolio on markets where we have a highly differentiated value proposition and are able to achieve sustainable, profitable growth. Together with our extraordinary people, we have faced unprecedented circumstances, however, we are confident that the strategic framework implemented over the last year and our focus on execution will place the Group on a sound footing for 2022 and beyond.

Eoghan O'Lionaird - Chief Executive Officer

Read the Chief Executive's review on **page 24**

DRIVEN BY OUR VALUES

We are a business that strives to successfully solve our customer's complex and difficult problems in some of the harshest environments. We do this by engaging, enabling and empowering our people to achieve, supported and guided by our values:

PIONEERING SPIRIT:

- We respond innovatively to our customers' current and future needs
- We are entrepreneurial and think creatively to solve difficult problems
- We challenge conventional thinking and find better ways

INTEGRITY:

- We always strive to do the right thing
- We treat everyone as we would like to be treated, creating relationships based on trust and fairness
- We collaborate by listening respectfully and speaking honestly

RESILIENCE:

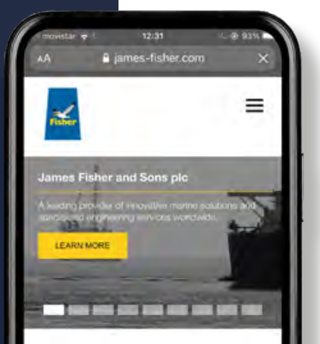
- We are accountable and courageous, and face up to difficult situations
- We are tenacious in the pursuit of our purpose
- We seek feedback, we learn and we develop together

ENERGY:

- We go above and beyond, delivering exceptional results for all stakeholders
- We love what we do and take pride in our positive impact
- We are empowered to take the right decisions, quickly

For the latest news and information on our Company and its activities check out our corporate website to stay up to date.

www.james-fisher.com



INSIDE THIS REPORT

At a glance

The global footprint of James Fisher reflects the diverse range of customers and markets served. With our network of Group company facilities, partners, agents and support bases, we are well placed to deliver flexible, highly responsive and localised support to our customers.

A LEADER WITH GLOBAL IMPACT

ENERGY

The energy transition is creating unparalleled opportunities for our business. As a Group we are well positioned to play a responsible role in an evolving oil and gas sector through production, transportation and decommissioning phases. Accelerated investment in offshore wind around the globe, meanwhile, will ultimately compensate for any future reduction in oil and gas demand.

Read more on our markets on **page 22**

MARINE

Demand in the marine sector softened considerably due to reduced economic activity, however, increased investment planned in offshore infrastructure, recovery of commodity prices post-pandemic and a return to a more normal pattern of global trade should precipitate a sustained increase in demand and accelerate projects deferred or delayed due to COVID.

Read more on our markets on **page 22**

DEFENCE

The Group, which commands leadership positions in submarine rescue and special operations, has continued to experience strong demand in the defence sector. Applying its innovative solutions for the improvement of diver safety and equipment reliability, the business has also seen continued demand for its commercial diving equipment globally.

Read more on our markets on **page 22**

INDUSTRY RECOGNISED

The James Fisher Group includes industry recognised companies which offer a diverse selection of services within key global markets.

We are a supplier of choice across the industries we serve, with an unrivalled ability to meet the constantly developing needs of our customers operating in challenging environments. James Fisher's expertise ranges from marine and subsea services including diving and ROV, to specialist load monitoring, container weighing and nuclear decommissioning work.

OPERATIONAL HIGHLIGHTS

Revenue (£m)

£494.1m

2020: £518.2m

Underlying operating profit* (£m)

£28.0m

2020: £40.5m

Underlying profit before tax (£m)

£19.7m

2020: £31.5m

Cash conversion (%)

168%

2020: 220%

Net borrowings (£m)

£185.6m

2020: £198.1m

Read more on our key performance indicators on **page 57**

* Excludes separately disclosed items.

James Fisher uses alternative performance measures (APMs) as key financial indicators to assess the underlying performance of the business. APMs are used by management as they are considered to better reflect business performance and provide useful additional information. APMs include underlying operating profit, underlying profit before tax, underlying diluted earnings per share, underlying return on capital employed, underlying Ebitda, cash conversion and underlying net borrowings. An explanation of APMs is set out in note 2 of the financial statements.

Our history

WE'VE COME A LONG WAY

James Fisher has a long history from its origins in the nineteenth century Barrow hematite trade to its position today as a global provider of trusted engineering solutions.

Read more on our heritage online at:
www.james-fisher.com/about/heritage/

175
years of innovation

1847
FOUNDING YEAR

The Company is founded. A family-run shipping business based in Barrow-in-Furness, it is formed to transport iron ore and coal around the coast of Britain.

1952
PUBLIC COMPANY

The Company became a public company listed on the stock exchange on 17 October 1952 with six million five-shilling ordinary shares quoted.

1840s
PIONEERING SPIRIT

Joseph Fisher anticipated demand of iron ore ahead of the expansion of the railways. By capitalising on Barrow-in-Furness's rich mineral deposits, he demonstrated the pioneering spirit which was to become synonymous with the Company.

1883
FLEET MODERNISATION

Despite adverse trading conditions, the vision existed to transform the fleet. After transitioning from wooden to steel-hulled sailing ships, the Company took delivery in 1883 of the first in a series of steamers.

1965
INNOVATING FOR NUCLEAR

The conversion of *Stream Fisher* for the carriage of irradiated nuclear fuel in 1965 fulfilled the unique requirements of the nuclear industry and demonstrated the Company's ability to solve complex problems.

SUPPORTING THE ADVANCE OF ENERGY TRANSITIONS SINCE 1847

Energy has always been at the heart of James Fisher's activities.

Throughout its history, the Company has actively responded to, and helped advance shifts in energy systems. Beginning with its adoption of steam power over sail in the nineteenth century, it has successfully transitioned to and helped harness new forms of energy from traditional oil and gas and nuclear to renewables and LNG.

- Coal
- Oil and gas
- Nuclear
- Renewables
- LNG

Our pioneering spirit has enabled us to adapt to changing times.

1996
EXPANSION
Following the Coe Metcalf Shipping acquisition a decade earlier, the Company further expands with the addition of P&O Tankships becoming the major operator of product tankers in North-West Europe.

2005
STRATEGIC TRANSFORMATION
The acquisition of Fendercare Marine in 2005 initiated a period of strategic, targeted growth and further advanced the Company's transition from traditional shipping to marine services.

2012
LANDMARK ACHIEVEMENTS
James Fisher celebrated its 165th anniversary.

2015
ADVANCEMENT IN RENEWABLES
The award of a major support contract for the construction of Galloper windfarm in 2015 represented a significant turning point in the Company's advancement within the renewables market.

2019
EXPANDED OFFERINGS
2019 saw in a series of acquisitions including Martek Marine, SM Continental and Ortega Submersibles, further enhancing the Company's niche capabilities.

2021
RESETTING
In 2021 the Company announced its strategy for delivering sustainable, profitable growth and improved returns for all stakeholders.

COAL
During the 1880s James Fisher transitioned its fleet from sail to steam.

The Company was founded to service the need for efficient transportation of coal as well as iron ore, and it continued to support this energy stream throughout the 1960s and 1970s, facilitating the construction of coal-powered stations with heavy lift vessels.

OIL AND GAS
Supporting the full life cycle from exploration through to production, transportation and decommissioning.

James Fisher is a world leader in the provision of specialist products and services to the oil and gas industry. It transfers close to 600m barrels of oil at sea annually.

NUCLEAR
Providing innovative solutions from new build to end of life.

Drawing on nearly 40 years' experience, James Fisher supports the nuclear industry through the provision of specialist engineering and manufacturing services. From concept design to decommissioning, it overcomes complex challenges in uniquely hazardous environments.

RENEWABLES
Investing in environmentally sustainable growth.

Applying knowledge and expertise gained in other industries, together with the latest technologies, the Company serves the fast-growing renewable energy space in support of meeting global net zero goals.

Chairman's review

The key strategic challenge for the Company over the next decade is in defining the optimal approach to address the energy transition, capitalising on the many opportunities that are available in renewables.

I joined James Fisher on 1 May 2021, with the Company amid some major strategic and operational challenges. As with many businesses, COVID has been very disruptive from an operational perspective, and we owe a debt of gratitude to our employees for their commitment to minimising the impact on our customers by continuing to deliver our critical services throughout the pandemic.

2021 performance

2021 was a disappointing year. Revenue declined by 4.7% to £494.1m (2020: £518.2m) driven by the Marine Support division being £34.9m (14.0%) behind 2020. Within Marine Support, the Fendercare ship-to-ship transfer revenues were some 36% behind a record year in 2020. Underlying operating profit fell by 30.9% to £28.0m (2020: £40.5m) with the profitability of our Fendercare, JFD and Tankships businesses being particularly challenged. As a result of those performance challenges, combined with a high level of financial leverage, the Company did not pay an interim dividend for 2021 and the Board is not recommending the payment of a final dividend for the year. The Board recognises the importance of paying dividends and is committed to reinstating the dividend when appropriate.

There is no doubt that the performance of James Fisher has been impacted by COVID over the past couple of years, but this is not the sole reason for the Company's recent poor performance.

The Company has in the past made a number of acquisitions which have enhanced earnings per share in the short term, but which have contributed to an increase in debt levels and a long-term decline in return on capital employed. Poor performance in a number of these acquired businesses, combined with weakness in trading in our traditional Tankships, Fendercare and JFD businesses, led to a disappointing financial performance in 2021 and a high level of debt. Our overriding short-term priorities are: firstly to reduce our debt and optimise our portfolio through a series of disposals; and secondly, to focus on improving our operational and financial performance.

In 2021 we sold the Paladin dive support vessel and the Materials Testing and NDT businesses. Looking forward, we have reviewed our portfolio with a view to executing further disposals to both reduce debt and to optimise the portfolio and simplify the Group by refocusing on markets where James Fisher can deliver sustained, differentiated value to our customers.

In terms of performance improvement, we have begun an operational excellence pilot programme which will see Lean methodologies being rolled out across the Group, with the objective of improving product and service quality, customer service and cost efficiency. We will soon embark on a Group-wide commercial excellence programme, aimed at improving our capability in sales effectiveness, creating customer value and commercial contracting. During the year, we also undertook another Group-wide employee engagement survey, the first to be externally-supported, and this has highlighted several areas that we can address to improve employee engagement.

Our CEO, Eoghan O'Lionaird, has expanded the Executive Committee by including the divisional managing directors, thereby increasing the focus on operational management. This, in turn, will bring the Group functions closer to the operations and will unlock synergies through operating more effectively as an integrated leadership team.

We are putting these foundations in place to turnaround and improve Group performance. However, it will take time for the changes to take effect and, like any turnaround, to bear fruit. Nonetheless the Board is pleased that these challenges are being tackled head on with the objective of creating a platform from which we can sustainably grow the business in the future.

Future direction

With a backdrop of ever-increasing focus on climate change, and the acceleration of an energy transition to a low carbon economy, the oil and gas services industry is likely to decline over the long-term. However, it will take time for the required global low carbon energy infrastructure to be developed. Over that period of development, the energy transition requires the continued provision of environmentally responsible products and services that support our existing oil and gas customers. As the pace of the energy transition towards sustainable energy sources accelerates, we are equally focused on accelerating our own transition, as new opportunities emerge for our well-established and fast-developing services supporting the growth of renewable energy. We see those opportunities most notably in offshore wind and the responsible decommissioning of redundant oil and gas assets. We are well-positioned in these fast-emerging sectors, where the Group can combine its traditional oil and gas-oriented subsea capabilities with newer, renewable-energy specific solutions, such as the installation, monitoring and management of high voltage cabling in offshore wind, and the provision of bubble curtains that protect sea life from the noise impact of pile-driving during the construction of the wind farms. The key strategic challenge for the Company over the next decade is in defining the optimal approach to address the energy transition, capitalising on the many opportunities that are available in renewables, whilst enabling our customers to make their own transitions in a financially and environmentally responsible manner. It is a challenge on which our management team is keenly focused and will continue to define with more precision as the shape of the energy transition becomes clearer.

Board changes

I am very grateful to my predecessor, Malcolm Paul, for all that he did for James Fisher after being appointed to the Board in 2011. After becoming Chairman in 2018, Malcolm played a key role in supporting Eoghan O'Lionaird following his appointment as Chief Executive Officer in 2019. In addition, Stuart Kilpatrick stepped down from the Board early in the year. Stuart, the Group Finance Director since 2010, played an important role in the development of James Fisher over the last decade. On behalf of the Board, I would like to thank Malcolm and Stuart for their contributions, and to wish them every success for the future.

Duncan Kennedy joined the Board as Chief Financial Officer on 4 May 2021. Duncan brings considerable international and listed company experience to the Company, and will play a key role in strengthening the performance culture across the Group.

I was also pleased to welcome two new Non-Executive Directors to the Board. Kash Pandya was appointed to the Board on 1 November 2021 and brings a wealth of international experience as a FTSE 250 Chief Executive, having operated in many of the same geographies and sectors as James Fisher.

Claire Hawkings, who was appointed to the Board on 1 January 2022, brings extensive international oil and gas experience, as well as expertise in sustainability, health and safety and the challenges of the energy transition.

Mike Salter will step down as a Non-Executive Director at the AGM in May 2022 after serving nine years on the Board. He has made a considerable contribution to James Fisher, and his experience of the marine and oil and gas services industries will be much missed.

I am very grateful to the Board for its support and commitment in dealing with the challenges faced during what was a difficult year.

Employees

I would like to finish this statement where I started, by again expressing my gratitude, on behalf of the Board, to the employees of James Fisher for all they have done in dealing with the challenges of the past year, including those resulting from the COVID pandemic. Working for a Group that delivers critical solutions to customers' complex problems in harsh environments is always challenging, and I have huge respect for how our employees go about this in their day-to-day jobs.

Conclusion

The last two years have been among the most challenging that the Company has experienced in its 175-year history. The Board is committed to delivering a successful turnaround of the James Fisher Group and believes that the steps it is taking strategically, operationally, and financially are in the best long-term interests of all stakeholders. In taking these steps we will continue to live by our purpose and values. I look forward to being able to report on our progress over the coming years and to returning the Group to sustainable profitable growth.

Angus Cockburn
Chairman

OFFSHORE WIND

We have continued to build on our successes in offshore wind through 2021 securing several construction support and operations and maintenance contracts both in the UK, Europe and Asia Pacific. We have continued to build our experienced talent base and have identified a number of investment opportunities to pursue during 2022.

Investment case

WHY INVEST IN JAMES FISHER

We are committed to delivering sustainable profitable growth and improved returns for all our stakeholders.

STRONG GROWTH POTENTIAL

Within each of our core markets substantial opportunities exist for growth. We are well positioned to capitalise on developments within oil and gas extraction, transportation and offshore wind and anticipate additional opportunities to invest in less mature markets where our differentiated solutions can be applied.

MARKET LEADING POSITION

We hold leading positions across several markets and geographies including in ship-to-ship transfers, submarine rescue, high-voltage engineering for offshore wind and subsea unexploded ordnance removal. We are the primary fleet operator for the delivery of petrol, diesel and heating fuels to the ports of Britain and Ireland and are pioneers in nuclear decommissioning.

HIGHLY DIFFERENTIATED OFFERING

Our focus on solving difficult problems in specialist, high-margin niche segments sets us apart from potential competitors, with customers valuing the unique assets, capabilities and skills we've invested in. This differentiation is further enabled through the innovation, technology and IP we develop.

STRENGTHS UNDERPINNED BY...

COMMITMENT TO PURPOSE

We recognise that collective success depends upon a shared understanding of the fundamental aims and ambition of the Company. Authentic, inspiring and practical, our purpose sets a clear direction to unite our key stakeholders interests and is an effective tool for driving growth at an individual, team, operating company, division and Group level. Forward-looking, our purpose guides future strategic decision-making, investment and innovation.

VALUED BEHAVIOURS

Reflective of our history, our core guiding behaviours 'pioneering spirit', 'integrity', 'energy' and 'resilience' are intrinsic to who we are today as an organisation. Representing the principles we aspire to uphold, both internally and externally, they are pivotal to our ability to maintain high standards of delivery, long-term flourishing relationships and a strong working culture. Integral to our purpose, they help propel the business forward.

EXCEPTIONAL PEOPLE

Central to the success of our operations are our people. Working across continents, sometimes in the harshest of environments, our people extol our valued behaviours, demonstrating strong local expertise, exemplary teamwork, selflessness and unparalleled fortitude. It is their talents and passion for creating value for internal and external stakeholders, that will facilitate our strategy of sustainable, profitable growth.

> **There are huge opportunities for James Fisher in renewable energy and decommissioning.**

PARTNER OF CHOICE

Our customers require the support of companies able to adapt to their expanding needs, and our size, geographical spread and accreditations recommend us as a long-term, credible partner. Throughout our 175 years, we've reliably demonstrated an ability to solve difficult problems in the harshest of environments – a trustworthy partner with a reputation for safety, environmental consciousness and efficiency.

Committed to sustainability:

SUPPLIER RELATIONSHIPS

We value relationships with suppliers and partners who can help us reliably, repeatedly and responsibly satisfy our customer needs and sustainability goals.

We recognise that our partners help us deliver world-leading solutions, and we are committed to treating them fairly and equitably.

Read more on our supplier relations on **page 21**

CULTURE OF INNOVATION

Combining instinctive curiosity with subject matter expertise and a deep practical understanding of applications, our people drive continual innovation. Supported by a culture in which autonomy and collaboration are actively encouraged, they intuitively generate ideas to improve safety and efficiency, and to lower risk and cost.

MARGIN IMPROVEMENT

We are determined to embed lean and continuous improvement principles throughout our business to guarantee consistent and efficient operational delivery.

We are constantly evaluating ways to improve our delivery performance and adopting best practice, methodologies, systems and processes with the sole aim of creating additional value.

PROCESS EXCELLENCE

Committed to process excellence, we're focused on actively managing our portfolio, reducing leverage and deploying a balanced capital allocation process, improving and scaling commercial and contracting capabilities and striving for a world-class safety, risk and project management culture. We believe this will enable us to deliver sustainable growth, improved margins and ROCE and reduced leverage.

Operations review

A BACK TO BASICS APPROACH

We're preparing for the future with our three phase roadmap, created and deployed to address strategic and operational challenges.

R

RESET (2020-22)

Define purpose and valued behaviours; focus on critical and urgent.

- Reset to a back to basics approach
- Focus on select market niches
- Actively re-engage all stakeholders
- Fix or exit underperforming businesses and assets

R

REINFORCE (2021-23)

Fix portfolio; accelerate operational performance, invest in the energy transition.

- Reinforce foundations on which sustainable profitable growth will be built
- Define and deploy KPIs across all stakeholders
- Continue active portfolio management
- Invest in technology to fuel the energy transition

R

REALISE (2023-25)

Top quartile sustainable profitable growth.

- Realise medium-term environmental and financial targets
- Deliver top quartile industry sustainable growth
- Accelerate growth of new business in energy transition

OUR DIVISIONS

Marine Support

Our Marine Support businesses provide products, services and solutions to the global marine industry. These are supplied to a range of end market sectors including marine, oil and gas, ports, construction and renewables.

• Read more on **pages 28 and 29**

Specialist Technical

Our Specialist Technical businesses supply diving equipment and services, submarine rescue vessels and through-life rescue services and engineering solutions to the international defence market and UK nuclear decommissioning market. Other subsea services provided to the defence sector include special operation swimmer delivery vehicles.

Read more on **pages 30 and 31**

Offshore Oil

Our Offshore Oil businesses supply a range of services and equipment to the global oil and gas and renewable energy industries. This includes the design and engineering of specialist equipment, platform maintenance and modification, well testing support, subsea operations and maintenance services.

Read more on **pages 32 and 33**

Tankships

Our Tankships division operates a fleet of product and chemical tankers which trade along the UK and northern European coastline carrying clean petroleum products and chemicals including increasing volumes of bio fuels. The division performed 1,362 port calls this year carrying liquid cargoes from refineries and terminals, to major coastal storage facilities. The division also operates a port in Plymouth, UK.

Read more on **pages 34 and 35**

OUR CORE MARKETS

Knowing our strengths

We are refocusing our portfolio on niche segments within our chosen markets where we can offer differentiated, distinctive and defensible value and where we can accelerate investments in support of a responsible energy transition.

We have a strong track record of success across the three global markets of marine, energy and defence, operating in the higher-margin areas often where these markets intersect.

Read more on **page 22**

Marine

Recognising both the ongoing importance of the marine sector for the transportation of commodities and the developments shaping its future (changing energy mix, scarcity of resources and geopolitical tensions), we are focusing attention on commercial marine, offshore renewables and defence opportunities. We are investing in new transportation modes and technology, expanding our liquefied natural gas ship-to-ship services to reflect changes in cargo demands and port infrastructure, and applying our capabilities to help minimise pollution and protect marine life in fulfilment of our sustainability goals and purpose.

Energy

We are focused on growth across the energy mix. There is a real opportunity for James Fisher to grow in offshore wind by interconnecting multiple capabilities from across the group.

In addition, we're building adjacent positions in the maturing oil and gas market segments boosted by the energy transition where our skills are unique and where there is increased demand for our decommissioning services.

Defence

We deliver long-term value to all our customers by: ensuring the safety of submariners through our innovative and technologically advanced submarine rescue solutions; designing safe and reliable rebreathers to safeguard divers at pressure, facilitating the safe insertion and extraction of special operations forces and sponsoring developments in environmentally sensitive unexploded ordnance disposal. Shifting global power bases and ensuing political instability together with developments in automation will continue to drive defence security, threat detection, qualification and mitigation requirements.

STRONG MANAGEMENT

Capital allocation

Capital allocation is a critical process in our strategy and our priority is to return to sustainable, profitable growth. Our targets are to consistently deliver more than 10% operating profit and more than 15% ROCE as well as reducing the Group's leverage. Capital allocation will also be used to improve our impact on the environment.

Portfolio management

Focused on businesses within our core markets with highly differentiated offerings achieving or promising sustainable profitable growth, we're adopting a 'fix or exit' strategy for those unable to demonstrate a clear competitive advantage. In line with this strategy, we have recently divested James Fisher Testing Services, James Fisher NDT and JFN GmbH. Combining this with an asset light strategy, allows us to focus on priority areas.

Operational excellence

Our operational excellence approach focuses on removing wasteful activities from our processes and systems to provide efficient, and effective value creation utilising a lean toolset. This value stream understanding coupled with a problem-solving culture, will enable us to deliver best-in-class products and services to our customers in a consistent and sustainable manner.

Commercial excellence

Focusing on the design and delivery of sales and marketing best practices our commercial excellence programme takes into consideration value stream design and the provision of a commercial toolset to maximise profitable revenue, consistently improve salesforce effectiveness, and provide a product and service mix with the flexibility our customers require.

Read more in our Chief Executive's review on **page 24**

Watch our video on Capital Markets Day on **https://www.youtube.com/watch?v=RF7oLj0PWVk**

Business model and strategy

FORGING THE WAY AHEAD

A purpose-led and values-driven journey

BUSINESS MODEL

We are focused on market segments where our responsive, niche and entrepreneurial businesses can deploy innovative products and services that create superior value whilst attaining the highest standards of safety, efficiency, environmental performance, regulatory compliance and ethical standards. Our customers are predominantly large multinational corporations, governments and other high assurance counterparties.

CULTURE

The key element at the core of James Fisher is our people. Our decentralised and entrepreneurial culture encourages personal accountability and development through understanding between customers' needs, overcoming the unique challenges of the environments in which we operate and supporting development and deployment of unique solutions focused on value creation for all our stakeholders through rapid decision-making.

Our 3Rs roadmap will address strategic and operational challenges

RESET

2020-2022

Define purpose and valued behaviours; focus on critical and urgent.

Over the last two years, we've Reset to a 'back to basics' approach to managing our business; we've concentrated on select market niches, actively re-engaged stakeholders and deployed a 'fix or exit' policy regarding underperforming businesses and assets.

REINFORCE

2021-2023

Fix portfolio; accelerate operational performance; invest in energy transition.

We're now beginning the reinforce phase of our roadmap; strengthening our continuous improvement principles, defining and deploying KPIs across all stakeholder groups, continuing to actively manage our portfolio and investing in technology for future growth including for the energy transition.

REALISE

2023-2025

Top quartile sustainable profitable growth.

During this phase we aim to realise our medium-term environmental and financial targets, delivering top quartile sustainable growth and accelerating growth of new business in energy transition.

STRATEGY

The Group's strategy is to grow organically through leveraging its existing skills, technology and asset base in areas of specialist expertise and through investment in people, working capital and equipment.

This is supported by selective acquisitions that expand the product or service offering or extend geographical coverage to strengthen our value proposition. James Fisher has a number of entrepreneurially-led businesses which hold leading positions in their specific operational niche and which are supported and encouraged to pursue new opportunities. Our businesses operate in harsh and challenging environments where our specialist expertise in solving complex problems in response to customer needs is highly valued and rewarded. We pursue opportunities in market segments and geographies that are less mature and fast-growing where our track record in delivering safe and trusted solutions provides assurance to our customers. Our niche capabilities create further possibilities to pursue adjacent market sectors and exploit integration opportunities to increase the value we create.

Our strategy for sustainable growth is underway.

CREATING VALUE FOR ALL OUR STAKEHOLDERS

Shareholders	Implementing a strategy to deliver more sustainable returns for our shareholders.
Employees	Continually seeking opportunities for engaging and supporting local communities through procurement, content sourcing, recruitment, training and social enterprises.
Customers and suppliers	Empowering, developing and supporting our people to attain their goals and realise their potential.
Local communities	Understanding and adapting to the changing needs of our customers and suppliers whilst anticipating their future requirements and supporting their sustainability efforts.
Environment	Minimising the environmental impact of our operational footprint and the nature of the activities we undertake while actively investing in supporting the energy transition.

VALUED BEHAVIOURS

We are a business that strives to successfully solve our customers' complex and difficult problems in some of the harshest environments. We do this only by engaging, enabling and empowering our people to achieve, supported and guided by our values:

- **PIONEERING SPIRIT:** Innovation is rooted in our identity
- **ENERGY:** Passion drives all that we do
- **INTEGRITY:** Fairness and trust underpin our stakeholder relationships
- **RESILIENCE:** Tenacity helps us rise to the challenges we face

OPERATIONAL EXCELLENCE

Our focus on operational excellence requires that our businesses:

- are cash-generative
- have operating margins in excess of 10%
- provide returns on capital employed in excess of 15%

Sustainability at James Fisher

PLANET, PEOPLE, PARTNERSHIP

Sustainability is integral to our plan for delivering profitable growth for our shareholders, and central to how we create value for all of our stakeholders.

Creating a sustainable future for our families, friends and colleagues is important to each and every one of us, and we as individuals and James Fisher as a company need to step up, take responsibility and commit to driving positive change.

The development of our sustainability strategy has been guided by our purpose. It will help create a sustainable future for James Fisher by leveraging our intrinsic strengths and capabilities. I am delighted to share this strategy with you.

Foreword

James Fisher is a leading provider of specialist products and services to global energy, marine, and defence industries: we build offshore windfarms, rescue naval submarines in distress, transfer essential fuels around the UK's coasts, install subsea communications cables, decommission subsea oil infrastructure and nuclear reactors, and more. Our rich 175-year heritage is built on the core values of delivering excellence, continual innovation, and commitment to our stakeholders.

Due to climate change, the energy transition, growing global population, rising social inequality, and other macro-challenges facing the world today, sustainability and profitability are intertwined. We believe that the successful companies of the future will be those that embed sustainability in their culture and DNA. At James Fisher, sustainability means:

- Delivering strong, profitable growth
- Building on our 175-year history
- Having a positive impact on all our stakeholders

We identify with five core stakeholder groups - namely shareholders, employees, customers and suppliers, local communities in which we operate, and the environment. Placing them at the core of our sustainability strategy, we previously made a commitment to:

- Invest in capabilities and technologies to deliver a responsible energy transition
- Harness the potential of our pioneering employees
- Be good citizens of our local communities
- Become a trusted partner for our customers and suppliers
- Drive performance to improve returns for shareholders

These commitments guided our 2021 materiality assessment and its outcome informed our sustainability strategy. The sustainability strategy is defined across three pillars that translate our ambition into action:

- Planet: Protect and restore the environment
- People: Improve the lives of our people and those in the communities where we operate
- Partnership: Innovate responsibly and deliver consistent results for our customers and shareholders

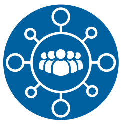
Our increased focus on sustainability will position our businesses to succeed in the dynamic, diverse and niche markets we operate in.

This report unveils our sustainability strategy, including our stated commitments and Key Performance Indicators (KPIs) with which we will measure and track progress in the years to come. Recognising that our commitments and scope of ambition may evolve with changes in the market and regulatory landscape, we will routinely review our KPIs for relevance and consistency, and update when necessary.

Eoghan O'Lionaird
Chief Executive Officer

Our stakeholders

The sustainability strategy brings all our stakeholders into the heart of the Group and informs how we actively engage with them. Our strategic objectives are aligned with the interests of our stakeholders and are outlined below:



Shareholders: Consistently deliver attractive returns for shareholders

- Deliver long-term growth in underlying earnings per share, dividends and return on capital employed
- Grow strategically and profitably by leveraging existing specialist skill base to serve global markets
- Create incremental value by expanding our offerings and capabilities through investments and bolt-on acquisitions

Employees: Make James Fisher a rewarding place to work

- Ensure the safety and wellbeing of all employees
- Encourage and support innovation and accountability
- Develop individual and organisational excellence by investing in training and competence development

Customers and suppliers: Establish trust-based relationships and deliver on shared goals

- Develop solutions and offerings that address current and anticipated customer needs
- Ensure customers and suppliers share our values and are committed to operating responsibly
- Exceed customer and supplier expectations for safety and integrity
- Support our customers in achieving their sustainability targets and influence our suppliers to set targets of their own

Local communities: Be a good citizen and active member of the community

- Encourage our employees to engage and make a difference
- Create local employment and sourcing opportunities within our communities
- Ensure sustainability drives our decision-making process and operations
- Invest and engage in people development, wellbeing, training, and other initiatives to enhance the lives of people in the community

Environment: Uphold responsible business practices

- Assess and quantify the impact of our operations on the environment
- Develop and implement plans to conduct our operations more responsibly, identifying opportunities to improve
- Advocate for the environment where we operate and engage in preservation/restoration initiatives

We have defined KPIs for all stakeholder groups and are in the process of deploying these KPIs across the Group. These KPIs form the basis of how we will monitor, measure, and track the impact of our stakeholder engagements. Further details about KPI targets and how we plan to deliver these targets for each stakeholder group are outlined on pages 36 to 51.

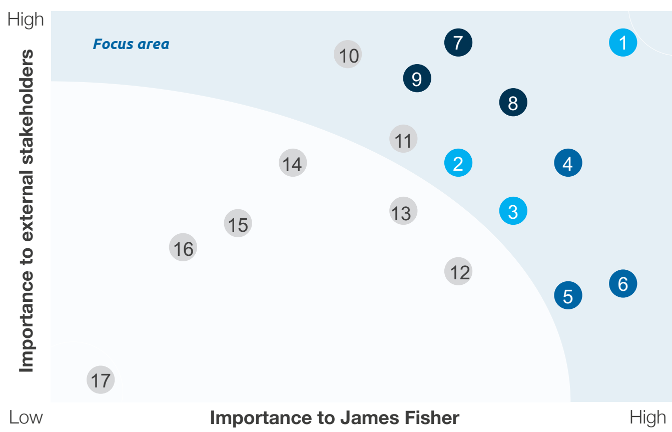
Materiality assessment

We conducted a rigorous materiality assessment during 2021 to determine areas of greatest importance for our business and our stakeholders. This extensive assessment involved internal and external stakeholder engagement and utilised a leading-edge big data platform to consolidate stakeholder feedback, analyse the data and develop the James Fisher materiality matrix.

The assessment was conducted in three phases:

1. **Issue identification** – we created a long list of current and emerging issues relevant to James Fisher from publicly available sources (e.g., industry publications, Sustainable Development Goals, Global Reporting Initiative guidelines and competitor/peer sustainability reports) and internal sources (e.g., risk register, staff survey, customer research).
2. **Stakeholder validation** – we interviewed a range of representative external stakeholders and key management and decision-makers from James Fisher operating companies to review the long list of issues.
3. **Issue prioritisation** – we analysed the stakeholder feedback and used the big data platform to produce the final list of 17 overarching issues and the materiality matrix, ranking and cross-referencing each against importance to external stakeholders as well as importance to James Fisher.

The materiality matrix has been validated and approved by the Board, with nine issues highlighted as priority areas of focus for James Fisher.



Prioritised material issues

1. Portfolio choices
2. Resource efficiency
3. GHG emissions
4. Top talent
5. Diversity and inclusion
6. Health, safety and security
7. Innovation
8. Customer engagement
9. Governance

Other material issues

10. Pandemic/COVID
11. Biodiversity and ecosystems
12. Cyber, IT and data
13. Climate change
14. Local communities
15. Disaster preparedness
16. Human rights
17. Infrastructure and energy security

Our purpose

Pioneering safe and trusted solutions to complex problems in harsh environments to create a sustainable future.

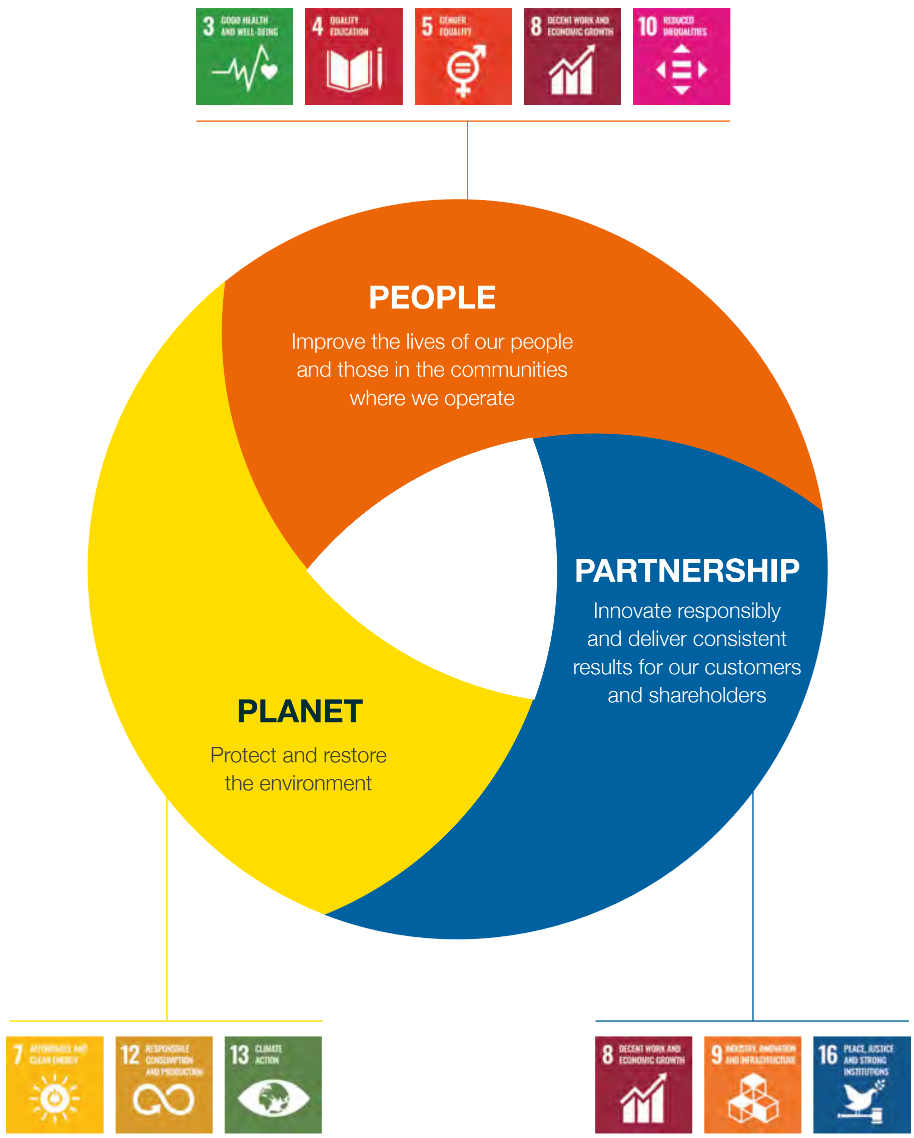
Our contribution to the UN Sustainable Development Goals (SDGs)

Launched in 2015, the UN SDGs are a call to action to promote prosperity across all countries whilst protecting the planet we share. We have evaluated the impact of our strategy execution and determined that our efforts will contribute to 10 of the 17 SDGs.

We aim to directly engage all stakeholders, internal and external, and increase coordination of activities across the Group to have a net positive impact on the environment, tackle climate change, improve health and wellbeing, responsibly consume materials and energy resources, reduce inequality, contribute to economic growth and champion a low-carbon economy.

Our sustainability strategy

Underpinned by our purpose, the three pillars of our sustainability strategy – Planet, People, Partnership – reinforce each other and, together, support our business growth strategy.



The nine priorities from our materiality assessment have been mapped across these pillars, progressing from foundational to transformational based on maturity and strategic impact.

Foundational – Focused on fundamental capabilities that establish our credibility and ensure we have a right to operate in our chosen markets

Transformational – Focused on differentiating capabilities that improve our competitive advantage and reposition James Fisher as a leader in our chosen markets

Transformational

Foundational

Planet

Transform and refocus our business to ensure our impact on the environment is net positive, and that we enable our stakeholders to do the same

Portfolio choices

Evolve our portfolio to serve the energy transition, with focus on growing renewables and remediation capabilities.

SDG: 7

Read more on our focus on renewables and remediation solutions on **pages 36 to 38**

Resource efficiency

Minimise waste and improve productivity by embedding Circular Economy and Lean principles in our DNA.

SDG: 12

Read more on our asset utilisation improvement initiatives on **page 39**

GHG emissions

Reduce our GHG emissions footprint by sourcing energy and fuels from low carbon sources, and investing in emissions abatement initiatives towards a net zero future.

SDG: 13

Read more on our emissions reduction efforts and focus on supporting clients to reduce their impact on **pages 40 and 41**

People

Attract, develop, and retain a high-performing workforce, and enhance people's lives by ensuring equal access to opportunities, providing purposeful and safe work, and promoting our core values where we operate

Top talent

Ensure talent is a strategic differentiator, through focused recruitment, engagement and training, and by prioritising the health and wellbeing of our people and those in the communities where we operate.

SDGs: 3 4 8

Read more on how we are developing future talent and contributing to the wellbeing of our communities on **pages 42 and 43**

Diversity and inclusion

Promote a diverse and inclusive workplace by recruiting where we work, enforcing pay parity, and celebrating the uniqueness of individuals and their communities.

SDGs: 5 10

Read more on our community development and engagement initiatives on **pages 44 to 46**

Health, safety and security

Prioritise the health, safety and security of our employees, customers, suppliers and local communities through a 'goal zero' approach, with focus on education, engagement, advocacy, and policy development.

SDG: 8

Read more on how we are pioneering safe operations across the world on **page 47**

Partnership

Leverage our deep industry expertise and track record for excellence to innovate responsibly and deliver consistent, value generating results for our customers and shareholders

Innovation

Develop and champion creative solutions to complex challenges through the integration and smart application of our specialist domain expertise, and in partnership with other players in the industry.

SDG: 9

Read more on how we are solving complex challenges with innovative solutions on **pages 48 and 49**

Customer engagement

Build stronger customer relationships to better understand and resolve pain points, and foster collaboration towards value creation and shared success.

SDG: 8

Read more on how we are restructuring our customer engagement processes on **page 50**

Governance

Commit to openness and accountability by living our valued behaviours, ensuring appropriate business policies, standards and controls are in place, and improving transparency of our supply chain.

SDG: 16

Read more on our responsible business policies and processes on **page 51**

Sustainability at James Fisher cont.

Sustainability team structure

SUSTAINABILITY COMMITTEE
Responsibility: steering and decision accountability for Group sustainability agenda

STAKEHOLDER WORKING GROUPS (WG)
Responsibility: translating Group sustainability agenda into stakeholder-focused objectives and initiatives

Environment WG
- Portfolio choices
- Resource efficiency
- GHG emissions

Employee WG
- Top talent
- Diversity and inclusion

Customer WG
- Innovation
- Customer engagement

Health and Safety Committee
- Health, safety and security

Local Communities WG
- Top talent
- Diversity and inclusion

Supplier WG
- Governance

SUSTAINABILITY CHAMPIONS
Responsibility: driving the Group sustainability agenda and monitoring performance within operating companies

Sustainability Committee

The James Fisher Sustainability Committee, led by the Chief Executive Officer, reports directly to the Board of Directors and centres the Group's sustainability strategy activation across all our operating companies.

Responsibilities
- Articulate James Fisher Group sustainability strategy and ambition
- Recommend sustainability objectives, priorities and initiatives to the Board, having regard to the interests of our stakeholders
- Define and recommend non-financial KPIs and targets to the Board
- Communicate sustainability objectives, priorities, and KPIs to Group operating companies and drive strategy execution
- Report to the Board on progress of strategy execution and implementation initiatives

Stakeholder Working Groups

The Sustainability Committee is supported by six stakeholder working groups, each with the mandate to represent and protect the interest of one or more of our stakeholders.

Responsibilities
- Translate overarching sustainability objectives and priorities into stakeholder-focused objectives, KPIs and targets
- Identify, recruit, and empower sustainability champions within operating companies, to drive roll-out of sustainability communication and initiatives
- Support operating companies with planning course of action and delivery of stakeholder-focused objectives and KPIs

Sustainability Champions

Each operating company has a sustainability champion, nominated by the operating company Managing Director. Champions function as core members of one or more stakeholder working groups.

Responsibilities
- Translate Group sustainability objectives and priorities into operating Company-specific objectives, KPIs and targets
- Function as subject matter expert, coach, mentor, and advocate on sustainability-related matters
- Drive communication, engagement, and execution of sustainability agenda within each operating company

Sustainability frameworks

The sustainability frameworks we use for reporting are outlined below.

Science Based Targets (SBTi): To support our target setting exercise and emissions reduction commitments in alignment with the 2015 Paris Agreement to limit global warming to well below 2°C (preferably to 1.5°C, compared to pre-industrial levels), we have chosen the SBTi criteria as the standard for James Fisher.

UK Streamlined Energy and Carbon Reporting (SECR): In accordance with the guidance on SECR that came into force on 1 April 2019, we have calculated and reported our emissions footprint and energy consumption in the Directors' report (see page 114 for our SECR disclosure).

Task Force on Climate-Related Financial Disclosure (TCFD): The framework provides a structured approach for effective climate-related disclosures to better inform our stakeholders on risks, opportunities, and business resilience to climate change. We are committed to reporting our climate-related risks based on the recommendations of the TCFD (see page 52 for our TCFD summary).

The Greenhouse Gas Protocol: The GHG protocol is the guiding reference for our emissions footprint consolidation and validation exercise. This allows us to assess the emissions impact of our operations across the entire value chain and identify where to focus reduction activities. The standards have been used in the development of our Scope 1, 2 and 3 identification, measurement, and reporting methodology.

Carbon Disclosure Project (CDP): The CDP reporting structure promotes visibility and accountability in our management of risks and opportunities around climate change, water security and deforestation. We responded to the CDP disclosure in 2020 and 2021 and are committed to reporting in 2022 and onwards.

UN Sustainable Development Goals (SDGs): Enables the mapping of our strategy execution impact to reflect our corporate social responsibility efforts.

Memberships, commitments and participations

Our stakeholders

ENGAGING FOR VALUE

Engagement and collaboration through our value chain is essential. Partnering with our stakeholders, understanding their challenges and managing risks, we can find solutions for our shared success, sustain our business and benefit all our stakeholders.

We have aligned our strategic priorities with the requirements and needs of our stakeholders to enable delivery of profitable, sustainable value.

The Board recognises that it has a duty to act in the best interest of the Company for the benefit of its shareholders, as well as considering other stakeholder interests. In its decision-making, the Board considers all relevant factors, including:

- How the decision would align with the Group's over-reaching purpose
- The likely short-, medium- and long-term consequences of the decision
- The value created for our investors
- The enhancement of our performance created by the decision
- The potential impacts on our people, local communities and environment of making the decision
- The need to create strong, mutually-beneficial customer and supplier relationships
- The Group's commitment to business ethics

Section 172(1) statement

This section serves as our section 172(1) statement explaining how the Directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006, when performing their duty under section 172.

The Board aims to promote the success of the Company for the benefit of its shareholders as a whole, taking into account the long-term consequences of its decisions while giving due consideration to the interests of the Company's stakeholders (including employees, customers, suppliers, shareholders, as well as the environment and local communities which are impacted by our operations), while also considering the importance of maintaining our reputation for high standards of business conduct. Examples of what that has looked like in practice over the past year can be found as follows:

Stakeholder:	Strategic report:
Shareholders	Pages 82 to 85
Employees	Pages 42 to 47
Customers/suppliers	Pages 50 and 51
Environment	Pages 36 to 41
Local communities	Pages 45 and 46

Further information about how the Directors have accounted for stakeholders in their decision-making in 2021 is set out on page 82 in the Corporate governance report.

Shareholders

Why we engage

Shareholders help to provide the financial liquidity we require to operate and are key beneficiaries in the value created by the Group. We are committed to transparent communication and engagement with them.

How the Board engages

- The Directors have regular meetings with investors, principally through investor roadshows, investor events and the AGM.
- The Chairman meets with the Company's largest equity shareholders to discuss results and other announcements.
- The Annual Report and Accounts and the Group website set out the Group's strategy, progress against its strategy and the Group's activities.

How we supported during 2021

- We were unable to hold an AGM due to COVID restrictions, but held a pre-AGM webinar and Q&A session online, enabling shareholders to receive the 2020 results presentation and ask questions prior to their proxy vote.
- Consultation with shareholders on the new remuneration policy (approved at the 2020 AGM) was led by the chair of the Remuneration Committee.
- The Company completed a refinancing and has started to implement a disposal programme, aimed at improving leverage.
- New Chairman and other Board appointments aimed at bringing additional experience and skills to the Board.
- Reverting to physical AGM in 2022.

Key issues raised

- Operational and financial performance
- Strategy implementation
- Capital structure, liquidity and capital allocation
- Risk management and controls
- ESG

Employees

Why we engage

We are committed to ensuring that James Fisher is a great place to work. Attracting and developing talent is a key driver of the Group's sustainable and profitable growth.

How the Board engages

- Although restricted by the pandemic, the Executive Directors have held town hall meetings, in person where possible and virtually in other cases, engaging with employees via Q&A sessions in relation to purpose, values, strategy, employee engagement and Group performance.
- Inken Braunschmidt (designated Non-Executive Director) has undertaken a number of engagement activities, including through her role on the employee engagement group, and reports back to the Board on a regular basis.
- We built on the Group engagement survey with the support of Gallup, providing valuable insights for the Board on issues that matter to our people.
- The Company makes available an employee sharesave scheme to encourage employees' involvement in Company performance.

How we supported during 2021

- We have continued the implementation of the Group's employee strategy and are adapting to the limitations imposed by the pandemic e.g., moving trainings online to reach a wider audience.
- We have deepened engagement and coordination through online "lunch and learns" available to anyone in the Group to hear about different businesses.
- We have extended our mental health first aid training and now have over 80 trainers across the Group.
- We have continued our internship programme, with interns bringing fresh ideas and energy into the businesses.

Key issues raised

- Development and progression
- Collaboration
- Remuneration
- Recognition
- Diversity and inclusion

Customers and suppliers

Why we engage

The Group's success depends on achieving a deep understanding of the challenges our customers face, and the complexities posed by the environments in which they operate. In doing so and with the support of our supply chain, we can identify products and services to support them.

How the Board engages

- The Board receives regular updates from business Managing Directors on their strategic priorities, their markets and key customers.
- Through the Sustainability Committee, the Board receives updates on efforts within the Group to engage with and support our customers and suppliers (led by the customer and supplier working groups).
- Where appropriate, our Executive Directors and divisional Managing Directors work with major customers to ensure we develop innovative products and services to find solutions to their problems.

How we supported during 2021

- Investment has continued into innovation in products and services to meet customer needs.
- We have sought to align our process for obtaining customer feedback in order to have a coordinated view of our customers' key requirements.
- We are revising our Code of Ethics to align with our sustainability policy and the changing macro factors impacting our industries and environment.
- Through the supplier working group, we are identifying synergies and other benefits of procurement coordination between Group businesses, as well as introducing a supplier code of conduct to create within the supply chain clear accountability and alignment with our sustainability priorities.

Key issues raised

- Innovation and problem solving
- High quality service
- Trusted relationships
- Social and environmental impacts
- Payment practices

Local communities

Why we engage

Aligned with our purpose and values, we must conduct business responsibly and sustainably to ensure that we support the local communities that are impacted by our global operations.

How the Board engages

- Through the Sustainability Committee, the Board receives updates on the implementation of each business's local communities strategy.
- The Board actively encourages and supports employees to engage with projects across the UK and internationally to help make a positive impact, either through charitable fundraising, volunteering their time, or collection and distribution of items to support those less fortunate or in need.
- The Board regularly reviews the Group to consider how our businesses and their services align with the Group purpose.

How we supported during 2021

- We supported our companies and people who were providing support locally in response to the global pandemic.
- We have developed and launched our new sustainability strategy.
- We have provided assistance to individuals through a difficult period for many due to the pandemic and other international issues, including through extension of the employee assistance programme to friends and family.

Key issues raised

- Environmental and social impacts of our operations
- Health and safety
- Supporting people in difficult times

Environment

Why we engage

Our activities are inextricably linked to the environmental considerations related to climate change and the energy transition. This creates specific risks and opportunities which, when managed effectively and responsibly, will reposition James Fisher for a sustainable future.

How the Board engages

- The Board receives regular updates and recommendations from the Sustainability Committee. The Sustainability Committee is led by the Group CEO and includes the leaders of all our stakeholder working groups, including the environment working group. Stakeholder working groups act in the interest of the stakeholders they represent, and improvement recommendations are communicated accordingly.
- The Board engages with shareholders directly to understand their ESG priorities.
- ESG specialist advisers provide expert support to the Board in relation to sustainability and the Group's role in relation to climate change and the energy transition.

How we supported during 2021

- The Group conducted an extensive emissions footprint reporting and consolidation exercise across all operating companies, choosing the one-year period spanning 1 October 2020 to 30 September 2021 as our base year for target setting.
- The new sustainability strategy, with Planet as one of its core pillars, was put forward and approved by the Board. An ongoing portfolio management programme is aimed at aligning the composition of the Group with our sustainability objectives, material issues, and stated commitments.
- We made efforts to implement the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD) and aim to publish a comprehensive TCFD report later in 2022 when ongoing efforts have been concluded.
- The Group continued its reporting and disclosures in accordance with the Carbon Disclosure Project (CDP) and the UK SECR regulation.

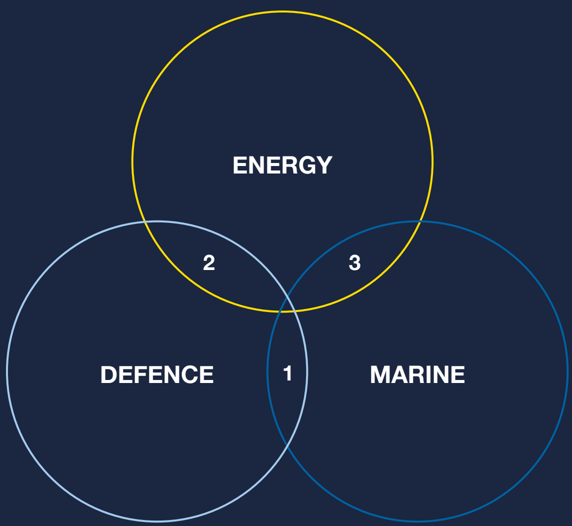
Key issues raised

- Climate change
- Energy transition
- Strategy and implementation
- Financial performance
- Governance

Our markets

RESPONDING TO GLOBAL MARKET DRIVERS

Anticipating change to deliver innovation, operational excellence and specialist engineering to a diverse range of global market sectors.

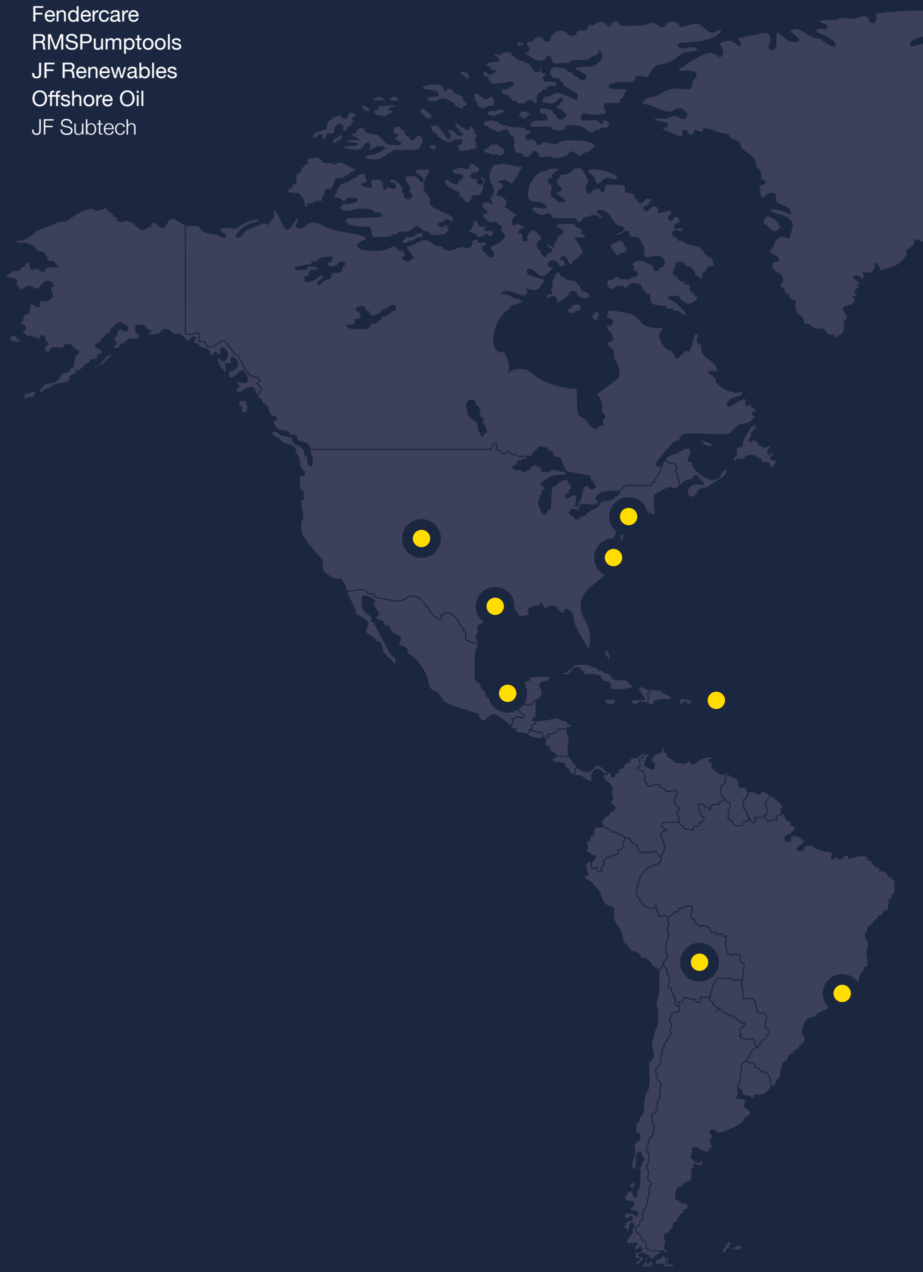


We set ourselves apart where our core markets intersect

1. JFN

2. Digital
JFD
Tankships

3. Data Services
Decommissioning
Fendercare
RMSPumptools
JF Renewables
Offshore Oil
JF Subtech



CLIMATE CHANGE AND RESOURCE SCARCITY

Climate change consequences and the need to cut emissions are driving a transition to renewable energy whilst population growth across developing markets is increasing demand for resources.

SHIFTING GLOBAL ECONOMIC POWER

Economic growth within emerging markets is stimulating increased energy consumption whilst global political instability is escalating defence concerns and amplifying economic turbulence.

TECHNOLOGICAL BREAKTHROUGHS

Technology is advancing exponentially, with significant transformation in data automation and visualisation. Effective and timely adoption of innovative technology is increasingly viewed as a prerequisite of successful differentiation.

The three global mega trends of climate change and resource scarcity, shifting global economic power and technological breakthroughs have been identified as key market drivers for James Fisher, influencing the decision to refocus on the core markets of marine, energy and defence. The necessity to achieve a reduced carbon footprint, growing share for low energy sources (such as gas, nuclear and renewables), greater regulation around information management, enlarging demand for remote asset management and increasing requirements for basic resources and defence capabilities are some of the features we recognise within these long-term trends which afford our stakeholders opportunities.

James Fisher locations

OUR RESPONSE

Mega trends are presenting both near-and longer-term opportunities for above market growth for James Fisher.

In response to the energy transition, we're demonstrating our commitment to reducing GHG emissions with low carbon shipping in our Tankships division; we're fulfilling a growing need to decommission offshore assets with our well severance and infrastructure removal capabilities; we're proving ourselves as a key, innovative partner in developing offshore wind; and we're supporting our customers in their journeys to alternative fuels as with our expansion in LNG ship-to-ship transfers.

Emerging markets are creating additional opportunities for geographic expansion while resource scarcity concerns are prompting us to consider oxygenation for aquaculture, flare gas reduction and waste management. Acceleration in technology meanwhile, is acting as a catalyst for our own advances in IP-backed innovation, digitalisation of offshore services and remote and autonomous subsea operations.

Chief Executive's review

I am immensely proud of our people. It is in times of adversity that our true values are evident, and throughout this past year, James Fisher people have time and time again demonstrated their pioneering spirit, integrity, energy and resilience.

It has been, without question, a most disappointing and difficult year. The challenges we have faced during 2021 have been both unprecedented in magnitude and unpredictable in nature. We underestimated the headwinds faced by some of our businesses, employees and management teams, who have been profoundly tested by ongoing restrictions on travel; uncertainty in investment decisions; disruption to supply chains; inflationary pressures; competition for skilled resources; and a fundamental shift in working practices.

With that as the backdrop, the Group's revenue, at £494.1m, was 4.7% below 2020. Underlying operating profit of £28.0m was 30.9% below the £40.5m achieved in 2020. The Group recorded a loss before tax of £29.0m compared to a loss before tax of £52.5m.

The Group has borne through very difficult circumstances largely thanks to the extraordinary efforts of our people. The headwinds we faced have served to further strengthen our resolve and commitment to focusing our business portfolio on markets where we have a highly differentiated value proposition and can achieve sustainable, profitable growth.

We are confident that the efforts of governments worldwide will gradually enable businesses and their supply chains to serve their customers in a more normalised way, leading to a recovery in our core markets. Following two supremely challenging years, we are focusing our efforts in areas we can directly influence and control in order to place the Group on a firm footing for 2022 and beyond.

At our Capital Markets Day in June 2021 we outlined a roadmap to achieve this based on three phases: "Reset, Reinforce and Realise". Throughout the year we have continued to execute the Reset and Reinforce phases to create the foundations for sustainable profitable growth.

Health and safety

Our overarching goal remains to maintain the health and safety of our employees, contractors, suppliers and customers at all times. The nature of our operations means that we frequently face hazards and harsh environments for which we are well prepared, trained and equipped. The work that we have done in coordinating health and safety statistics, incident information and best practice is beginning to yield results in reducing the number of incidents, and, crucially, in promoting further strengthening of our safety culture.

However, the most significant challenge to our goal remains the more human aspects of complacency, routine, familiarity and distraction. These are inherently more difficult to address, requiring active participation and personal engagement to assess and act on potential threats to individuals and those around them. In response we have launched a Group-wide awareness campaign with the aim of bringing health and safety to the forefront of employees' minds and making it relatable to their specific job role and work environment, whilst equipping people with the ability to identify hazards and empowering them to voice concerns and to take the appropriate action regardless of seniority.

These measures, in addition to enhanced training of existing employees and as part of the on-boarding process for new hires, will further reinforce our commitment to health and safety and will strengthen its foundation in our culture.

Short-term initiatives:

Portfolio management

During the year we completed the disposal of two businesses: a materials testing business in the UK and Ireland and a non-destructive testing business predominantly serving the aerospace and process industries. Both were very sound businesses, but they were neither connected to the key markets we are pursuing, nor did they add to the wider Group as a source of competitive advantage.

We value all our businesses including those we divest, and it is important to us that we consider all stakeholders in making decisions, including in finding the right future owner for those that leave the Group so that they can continue their journeys and flourish. In both cases I believe we have achieved the best possible outcome and I would like to thank the employees of these businesses for their contribution and wish both them and their new owners every success for the future.

In June we concluded the sale of the dive support vessel (DSV) Subtech Paladin to its new owners, Indian offshore service provider Seamec, marking the first step in the return to a more asset light strategy, focusing on the delivery of high-end niche services. This strategy makes extensive use of partnerships to facilitate preferential access to vessels on an as-needed basis. Since this approach was adopted, we have successfully completed several complex subsea projects in the West Africa region as a customer of the Paladin's new owner. We continue to explore similar opportunities, including the potential for a sale and leaseback option for the DSV Subtech Swordfish, which was also acquired in 2019. We have secured a framework agreement with an important Tier 1 contractor that will see the vessel utilised on a long-term basis in the Middle East region.

As 2022 progresses, we will continue to critically evaluate the portfolio against our tests of strategic fit and business attractiveness (which we define as offering a combination of competitive advantage, growing markets, and attractive financial returns). Further divestments are likely, with the aim of reducing net debt, simplifying the Group's portfolio, and allowing us to allocate capital to strong growth prospects, such as decommissioning and renewable energy.

Operational and commercial excellence

During 2021 a number of initiatives have been commenced with specific focus on improving the underlying performance of the Group:

- An Operational Excellence programme to drive improvement in capacity, delivery performance and customer satisfaction through the implementation of Lean principles.
- Investment in upskilling our project delivery and commercial resources to ensure that progress and project budgets are effectively controlled and that delivery, margins and customer satisfaction are improved.
- Continuous improvement in our risk management, contracting principles and internal controls frameworks to provide robust governance and mitigate margin erosion.
- A Commercial Excellence programme focused on identifying and capturing value in our key markets including cross-Group coordination of sales resources to address specific market opportunities where the Group can capture additional value.
- Implementation of best practice tools and methodologies to drive sales and commercial effectiveness.
- Adoption of customer engagement metrics to inform and improve satisfaction scores, as well as retention and referral rates.

Longer-term focus

Our three markets of choice are: energy, marine and defence. These markets offer strong growth potential and we are making progress in developing differentiated niche propositions that are highly valued and rewarded by our customers.

The "energy transition" is creating new growth prospects for our businesses. As a Group, we are well positioned to take advantage of the opportunities that will arise in a more responsible oil and gas sector and the expected transition away from oil and gas into renewable and other energy supplies. Within oil and gas, we see continued and new opportunities for our services in the production, transportation and decommissioning sectors. The global need for decommissioning of old and abandoned oil and gas assets is significant and we believe that our solutions in high-speed cutting, lifting and well-abandonment are well placed to serve this growing demand under our newly formed James Fisher Decommissioning brand.

There is unquestionably an accelerated global investment in offshore wind powered energy production, a key solution to the world's challenge to decarbonise against a backdrop of ever-growing demand for energy. James Fisher has a growing presence in the offshore wind market and the long-term expectation is that this will ultimately compensate for any reduction in demand for our oil and gas-related products and services over the coming decades. Whilst activity levels during 2021 were more subdued than anticipated, there is increased visibility of future requirements and confirmation of projects for delivery in 2022 and beyond. We have consolidated our market offering under the James Fisher Renewables brand, which for the first time brings all the relevant operating companies and services under one go-to-market brand.

Demand in the marine sector softened considerably in 2021 due to reduced economic activity. However, we anticipate that the general increase in investment in offshore infrastructure, recovery of commodity prices post-pandemic, and a return to a more normal pattern of global trade should underpin a steady increase in demand and completion of projects that were deferred or delayed due to COVID.

In the defence sector, the Group holds leading positions in submarine rescue, and life support and diving equipment. Our innovative solutions for defence customers frequently address challenges in the commercial subsea sector, particularly in terms of safety and reliability in extremely hazardous environments. We continue to supply our commercial diving equipment in over 40 countries globally. The business has a number of active product innovation opportunities aimed at maintaining our leading position and the pipeline for subsea vessel construction projects is strong.

Sustainability

We recognise the environment as one of our key stakeholders, but also consider sustainability to encompass financial security, robust governance and workforce stability. In 2021, the year of COP26, we have developed with the support of external experts an ambitious and considered sustainability strategy with science-based targets. Work is ongoing in 2022 to build on these foundations.

We firmly believe that by investing in local communities, working closely with our customers and suppliers, and having a strong employee strategy, our shareholders will also benefit. In this way we are creating an intrinsically sustainable company.

A special thanks to our people

At the onset of the COVID pandemic, like many other businesses, the Group needed to prioritise employee health and safety, and to adapt to a remote working environment. The hybrid working model that evolved during that time is proving itself to be less transitory than perhaps some had assumed. We see this working model as a step towards creating a more sustainable work/life balance, as well as yielding benefits for our other stakeholders. That said, we also recognise that this new working model has, at times, created its own stresses and to address this, we very quickly stepped up our mental health support and employee engagement programme and this has continued to develop in 2021. We know that we have work to do to fulfil our ambitions in this critical area and are grateful for the feedback received from our employees during 2021's employee engagement survey, in response to which action plans across the Group are being implemented during 2022.

Rather than being discouraged by the challenges of the pandemic and remote working, our extraordinary people have been emboldened by them. They have doubled down in understanding and meeting our customers' needs. They have given up their time to offer assistance in our communities, bring food to the needy and help the unwell. I am immensely proud of our people. It is in times of adversity that our true values are evident, and throughout this past year, James Fisher's people have time and again demonstrated their pioneering spirit, integrity, energy and resilience and they continue to do so in support of those affected by the war in Ukraine. Although the path has been difficult it is to the great credit of our people that we have advanced so far on our journey to becoming a purpose-led, values-driven business serving all our stakeholders. I cannot thank them enough.

Chief Executive's review cont.

Looking ahead

2021 was a challenging and disappointing year for the Group. We experienced ongoing disruption from the global pandemic, our markets did not recover at expected rates, and we underestimated the headwinds being faced by some of our businesses.

In June 2021, we outlined a roadmap to achieve our objective of greater than 10% operating profit margin and greater than 15% return on capital employed. This roadmap is based on three phases: "Reset, Reinforce and Realise". Throughout the year we continued to execute the Reset and Reinforce phases to create the foundations for sustainable profitable growth.

Having sold Paladin and two of our businesses, during 2022 we will continue to optimise our portfolio to focus on businesses where we have a competitive advantage, strong growth prospects and attractive returns. The internal change agenda will continue at pace. We are executing a number of self-help initiatives, focusing on operational and commercial excellence, including a Lean programme, to improve the underlying performance of the Group.

Performance in January and February 2022 was in line with management's expectations. The full year outcome will be influenced by ship-to-ship transfer business performance; JFD securing new project wins from its pipeline; the strength of our subsea business during the busy mid-year period; our ability to manage inflationary pressures on the cost base; and the uncertainty arising from the current geopolitical environment.

In 2022 we celebrate 175 years since James Fisher founded the Company in Barrow-in-Furness. In the intervening years, largely thanks to the pioneering spirit, integrity, energy and resilience of its employees, the Company has continually adapted to overcome some of the most challenging events the world has ever known, and I have no doubt that we will do so again to deliver sustainable, profitable growth for our investors and value creation for all our stakeholders.

The Board remains confident in the Group's strategy to deliver sustainable profitable growth from the significant market opportunities that are available to it and remains committed to executing on its long-term strategy.

Marine Support	**2021**	2020	Change %
Revenue (£m)	**214.5**	249.4	(14.0)
Underlying operating profit (£m)	**5.0**	10.1	(50.5)
Operating profit (£m)	**(21.0)**	(69.5)	69.8

Specialist Technical	**2021**	2020	Change %
Revenue (£m)	**133.2**	130.4	2.1
Underlying operating profit (£m)	**9.9**	14.0	(29.3)
Operating profit (£m)	**7.0**	12.4	(43.5)

Offshore Oil	**2021**	2020	Change %
Revenue (£m)	**86.3**	78.0	10.6
Underlying operating profit (£m)	**11.1**	11.2	(0.9)
Operating profit (£m)	**(5.2)**	8.4	(161.9)

Tankships	**2021**	2020	Change %
Revenue (£m)	**60.1**	60.4	(0.5)
Underlying operating profit (£m)	**4.8**	8.0	(40.0)
Operating profit (£m)	**1.3**	8.0	(83.8)

Operating review

Marine Support

The Marine Support division consists of three businesses, all aimed at supporting the marine and energy markets. Marine Contracting principally provides subsea services to both the oil and gas and offshore wind markets; Fendercare provides essential ship-to-ship transfer services and related products; and Digital and Data Services provides innovative technological solutions aimed at improving the efficiency and productivity of our customers' offshore assets. The division saw a significant decline in both revenue and underlying operating profit in 2021, although there was a reduced level of separately disclosed items, with non-cash provisions of £26.0m against goodwill, doubtful receivables and tangible assets recognised in the year.

Marine Contracting

The business showed positive progress during 2021. Revenue increased by 4.0% to £113.3m and after a particularly challenging year in 2020, operating losses were significantly reduced. As part of our strategy to reduce the asset-intensity of this business and to focus more on partnering and the provision of differentiated services, the business sold one of its dive support vessels in June and the other is now on long-term hire for the majority of 2022.

EDS, the high voltage cabling specialist providing services to the offshore wind industry, continued its positive momentum with three new multi-year contracts to maintain offshore windfarm electrical infrastructure over periods of 13 to 15 years. The contracts are worth more than £40m over the period, which includes "availability" bonuses of around £8m for ensuring a pre-agreed level of uptime that could be earned and recognised in future periods.

In Mozambique, the major LNG project remains suspended due to the ongoing security issues in the region. The Group settled all outstanding claims against its customer prior to the end of 2021 and is ready to support the remobilisation of the project in due course.

The order book for 2022 is strong, with several projects deferred from 2021 expected to commence in the first half of the year and a good level of identified tendering targets.

Fendercare

Following a record year in 2020, the Fendercare business experienced a significant decline in 2021. Not only was the comparative year of 2020 boosted by crude oil trading on the back of the significant volatility in the oil price in 2020, but the business was also challenged in 2021 by unfavourable market developments in Malaysia and Brazil. Revenue from the Fendercare Group was £77.9m, some 32% below 2020. Within this, the ship-to-ship (STS) revenues were down 36%.

The business is responding to the challenges by focusing on securing new sites to conduct STS operations in Malaysia, and has been successful in securing new contracts in Brazil. Although a return to the record highs seen in 2020 is not expected (absent significant volatility in the oil price) the business is expected to show some growth in 2022. A steady increase in the number of enquiries for LNG STS operations provides some encouragement for the future.

The sale of related products such as fenders also declined in 2021 as customers sought to defer capital expenditure. An inventory provision of £2.7m has been recognised in the period, reflecting a prolonged reduction in expectations for product sales as a direct result of the pandemic.

Digital and Data Services (DDS)

DDS is a collection of businesses aimed at providing technology solutions to the oil and gas and renewable energy markets. Revenue in 2021 fell by 9% to £23.3m, principally due to JF Strainstall, the provider of load and asset monitoring solutions, which experienced difficult market conditions with the downturn in construction activity reducing demand for its products. Other businesses, such as AIS, which has developed and sells Digital Twin software, providing operators with an online, real-time asset management solution aimed at reducing their operating costs by allowing asset condition to be monitored from anywhere in the world rather than on site, showed good growth, with new contract wins servicing offshore oil BP and Chevron in particular.

Specialist Technical

Specialist Technical saw modest revenue growth of 2.1%, but a reduction in underlying operating profit of £4.1m, adversely affected by the write-off of £2.5m in relation to customer claims previously recognised but ultimately not agreed. Separately disclosed items of £2.9m recognised in the year included the impairment of tangible and intangible assets within the JFD business.

JFD experienced a mixed year. Work continued on its significant long-term projects, with three submarine rescue vessels (SRVs) and a 500m saturation diving spread all progressing well towards final milestones. One of the SRVs was delivered to its Korean customer in December and only relatively minor work is required in 2022 to complete all other projects, triggering final payment milestones.

The business is looking to secure new projects during 2022, with a strong sales pipeline, although with no new orders in hand, the projects side of the business is at a cyclical low point. Demand for diving equipment was subdued during 2021 as many customers had fewer divers in the water, largely due to COVID restrictions, and deferred spend on new equipment.

The Group's nuclear decommissioning business, JFN, showed some positive momentum during the first half of the year, but results for the full year were ultimately held back by the decision of a major customer to defer to 2022 new project awards expected in H2 2021. The level of tendering activity early in 2022 is encouraging, with new contracts for engineering design work already won early in the year.

Offshore Oil

Offshore Oil achieved strong revenue growth of 10.6% during the year, driven by increased demand for its bubble curtain solutions and well-testing services. This traditional oil and gas service business has seen significant success in repositioning itself into new markets, such as the supply of bubble curtain solutions to offshore wind construction projects which protect subsea wildlife from the noise of piling, as well as an earlier stage opportunity in aquaculture which is showing promising signs of future demand. Bubble curtain revenues increased from £3.9m in 2020 to £7.4m in 2021.

James Fisher Offshore, which offers decommissioning services to the oil and gas industry experienced a somewhat frustrating year, with projects delayed at short notice during the second half of the year and the impact of a bad debt provision against amounts receivable from a financially distressed customer holding back profitability. Despite the project delays in Q4 2021, demand for decommissioning services continues to increase, with 13% growth in revenue to £8.0m in 2021 (2020: £7.1m).

RMSpumptools (RMS) saw strong demand for its market-leading artificial lift products, which both prolong the useful life of oil wells and prevent the unwanted escape of methane gas during production. As the oil industry increasingly focuses on minimising its environmental impact, we believe that demand for RMS products will continue to increase.

Separately disclosed items of £16.3m have been recognised in relation to goodwill impairment (£13.9m) and receivables (£2.4m). The impairment in respect of receivables relates to a specific counterparty risk and receivables billed over 12 months ago in relation to certain projects.

Tankships

Revenue for the year was broadly in line with 2020, however profitability was adversely affected by a combination of the UK lockdown in Q1 2020, increased operating costs due to enhanced COVID safety protocols and quarantine requirements, and a short-term dip in utilisation during September. Utilisation rates across the fleet increased over the course of the year from an average of 86% in Q1 to 95% in Q4. The business's exposure to the shorter-term spot-rate charters has increased slightly in the year to c. 23% (2020: c. 21%) as a result of contracts that have not been renewed. During the first two months of 2022, utilisation rates were strong and spot charter rates are showing good signs of recovery.

Impairment charges of £3.5m have been recognised in the year, reflecting a reassessment of residual values of older vessels that are reaching end of life. The two newly-commissioned dual-fuel (marine gasoil and LNG) vessels are well into the construction phase and are due for delivery late in 2022, replacing two vessels that are approaching the end of their useful operational lives.

Cattedown Wharves, which serves the South West of England, performed well in the year notwithstanding the lockdown in Q1 2021. Volumes of cargo transported through the port have now largely recovered to pre-pandemic levels.

Eoghan O'Lionaird
Chief Executive Officer

DECOMMISSIONING

We are building a strong position in helping customers in their decommissioning of oil and gas assets – particularly subsea, where we have specialist knowledge and capability. In 2021, we secured a number of significant decommissioning "wins" across the North Sea, Middle East and Asia Pacific – notably in the Gulf of Thailand.

Our divisions - Marine Support

Our Marine Support businesses provide products, services and solutions to the global marine market. These are supplied to a range of end market sectors including marine, oil and gas, ports, construction and renewables.

SUSTAINABLE SOLUTIONS

FENDERCARE is the leading provider of ship-to-ship transfers of oil and liquefied natural gas. The main market drivers for these services are over-supply, available storage capacity, and fluctuations in prices caused by demand. Fendercare is also a leading provider of mooring and safety equipment to the global marine industry to support new-builds, conversions and port infrastructure development projects.

JF RENEWABLES supports the global offshore wind market through the provision of highly specialist services employed in site preparation, installation, commissioning and operations and maintenance phases. Demand is driven by increased investment in offshore wind with increasing numbers of new sites being constructed and operational sites requiring support.

JF SUBTECH provides specialist subsea services in support of construction, operations and maintenance and decommissioning activities for the offshore wind, oil and gas and marine markets globally. Demand is driven by increased investment in marine infrastructure, asset management campaigns and decommissioning of legacy assets.

Revenue (£m)

£214.5m

2021	£214.5m
2020	£249.4m
2019	£311.6m
2018	£269.9m

Statutory operating profit/(loss) (£m)

£(21.0)m

2021	£(21.0)m
2020	£(69.5)m
2019	£14.9m
2018	£29.1m

Underlying operating profit* (£m)

£5m

2021	£5m
2020	£10.1m
2019	£24.5m
2018	£28.2m

* before separately disclosed items

JF STRAINSTALL is a leading provider of structural integrity monitoring services and technologies that are deployed in a range of marine applications such as mooring systems for fixed and floating assets and high integrity infrastructure applications in the construction and transport sectors.

The market drivers for JF Strainstall are increased investment in construction projects in the marine, oil and gas, infrastructure and renewables sectors and asset optimisation and life extension of existing or legacy infrastructure, where our niche offering and innovative products and services provide assurance to customers and their stakeholders.

Return on capital employed (%)

3.5%

	%
2021	3.5%
2020	5.0%
2019	11.9%
2018	17.9%

INVESTING IN LNG

Fendercare utilises new LNG transfer system to support leading global energy company.

Fendercare has invested in a market-leading liquefied natural gas (LNG) ship-to-ship system amidst growing demand for LNG which is viewed as a transition fuel on the path to clean energy.

The investment, combined with Fendercare's vast experience in conducting highly complex LNG transfers, enabled the successful completion of a series of LNG STS operations for one of the world's leading global energy companies in November 2021.

Following pre-operation due diligence including risk assessments, dynamic mooring studies and compatibility assessments, equipment was mobilised offshore with an expert team and three back-to-back STS transfers were safely and efficiently undertaken off the coast of Malaysia.

These operations were quickly followed in December by the first ever LNG ship-to-ship transfer in Denmark.

The wholly-owned LNG transfer system enables Fendercare to quickly respond to demand from customers, demand which is predicted to increase in future, as more countries transition from legacy options to cleaner sources of fuel, such as LNG, and as owners and operators look for alternative options to transferring at terminals.

Read more on our markets on **page 22**

Our divisions - Specialist Technical

Our Specialist Technical businesses supply diving equipment and services, submarine rescue vessels and through-life rescue services, special operation swimmer delivery vehicles, saturation diving systems and engineering solutions to the international defence, UK nuclear decommissioning and commercial diving markets.

RESPECTED PARTNER

JFD | James Fisher Nuclear | Fisher

JFD is a world leader in fixed and portable saturation diving systems and related diving equipment – demand for which is largely driven by the construction and replacement of dive support vessels which in turn drives ancillary service and product demand. Its end markets are oil and gas and defence based on service, repair and ongoing calibration requirements, and projects requiring specialist diving equipment.

JFD is also a leading provider of submarine rescue services with the ability to design, deliver and operate submarine rescue vehicles. Providing a very niche area of capability, it has long-term service contracts with navies. The driver is the tendering of defence projects for provision of the equipment, which can lead to longer-term service contracts to operate the service. The business also provides swimmer delivery vehicles to the special operations markets.

JFN provides engineered decommissioning solutions and remote handling equipment to the nuclear industry as well as calibration, servicing and repair services for radiological instrumentation. The market drivers for JFN are the demand for its products operable in hazardous environments, services and lifetime support from the UK decommissioning industry, radiological calibration requirements and projects within defence.

Revenue (£m)

£133.2m

	Revenue
2021	£133.2m
2020	£130.4m
2019	£149.4m
2018	£159.6m

Statutory operating profit (£m)

£7.0m

	Statutory operating profit
2021	£7.0m
2020	£12.4m
2019	£18.1m
2018	£20.2m

Underlying operating profit* (£m)

£9.9m

	Underlying operating profit
2021	£9.9m
2020	£14.0m
2019	£18.4m
2018	£20.9m

* before separately disclosed items

Credit: Contains public sector onformation under the Open Government Licence v3.0

LONG-TERM STRATEGIC PARTNERSHIPS

Capability support contract for UK MOD Astute class submarine.

Supporting defence customers through long-term strategic partnerships is fundamental to JFD. The award of a four-year capability support contract (with one-year extension option) for the UK Ministry of Defence (MOD) Astute class submarine attests to this. Worth in excess of £20m, the contract, which commenced in June 2021, is for the provision of equipment-level in-service support including core and non-core tasking and spares.

Combining experienced and knowledgeable people; efficient systems and processes; and proactive management with streamlined decision-making, has enabled JFD to prepare a carefully considered and innovative offer which will deliver a tailored, fit-for-purpose solution offering best value to all stakeholders.

The contract will be managed out of JFD's Capability Support Hub located a short distance from HMNB Clyde. A unique facility, the hub possesses all the support capabilities required to ensure a guaranteed service to the UK Royal Navy's submarine fleet, with assets ready for operational requirements, whenever needed, without compromise.

It is this ability to manage and maintain critical life support assets at exceptional levels of availability, that underpins JFD's long-term strategic partnerships with navies around the world.

JFD currently provides subsea rescue services, products, engineering services and training to 80 countries and 33 of the world's navies including the Royal Navy, Australian, Singaporean, Indian and South Korean navies.

Return on capital employed (%)

9.8%

2021	9.8%
2020	12.9%
2019	16.7%
2018	18.5%

Our divisions - Offshore Oil

Our Offshore Oil businesses supply a range of services and equipment to the global oil and gas and renewable energy industries. This includes the design and engineering of specialist equipment and technology, platform maintenance and modification, well testing support, subsea operations and maintenance services.

INNOVATIVE SOLUTIONS

SCANTECH | ScanTech Offshore | RMS pumptools | Fisher Offshore

SCANTECH AS is a leading provider of ATEX (ATmospheres EXplosives) products and support services to the energy sector. Its equipment is designed and certified to NORSOK standards and supplied to the Norwegian oil and gas market for platform maintenance, well testing and specific projects. The driver for the business is the operation and maintenance spend on offshore rigs in the Norwegian sector.

SCANTECH OFFSHORE is a leading provider of environmental mitigation equipment, air compressors, steam generators, heat suppression equipment and qualified personnel for large multinational oil service and major marine contracting companies in well testing and offshore wind markets worldwide. The driver for the business is the operation and maintenance spend on offshore rigs and the need to protect the marine environment with noise mitigation during offshore piling operations and unexploded ordnance (UXO) disposal.

RMSPUMPTOOLS is a world leader in artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps supplied to the global downhole oil and gas market. The driver for the business is the need to improve well productivity.

Revenue (£m)

£86.3m

	£m
2021	£86.3m
2020	£78.0m
2019	£88.2m
2018	£71.4m

Statutory operating profit/(loss) (£m)

£(5.2)m

	£m
2021	£(5.2)m
2020	£8.4m
2019	£13.7m
2018	£5.0m

Underlying operating profit* (£m)

£11.1m

	£m
2021	£11.1m
2020	£11.2m
2019	£14.2m
2018	£5.9m

* before separately disclosed items

FISHER OFFSHORE provides engineering solutions, equipment and full project support for offshore and subsea operations in the oil and gas and marine sectors. Its market driver is maintenance, inspection and repair demand, and subsea pipeline and cable projects in the oil and gas, renewables and communication sectors with a particular focus on offshore decommissioning.

Return on capital employed (%)

10.2%

	%
2021	10.2%
2020	8.9%
2019	10.3%
2018	4.6%

INCREASING OFFSHORE DECOMMISSIONING EFFICIENCIES

Acquisition advances customer sustainability goals by enabling effective management of legacy infrastructure.

In June 2021, James Fisher announced the acquisition of the entire share capital of engineering solutions and consultancy company, Subsea Engenuity Limited. The move extends its current decommissioning capability under James Fisher Offshore (JFO) and demonstrates the Group's commitment to advancing its customers' sustainability goals through the effective management of legacy infrastructure.

The deal secured access to innovative well abandonment technology affording customers a route to eliminating ongoing platform maintenance costs, as well as technology for well cap setting allowing the seabed to be returned to its natural state with no pollution impact.

The acquisition of Subsea Engenuity's innovative technology is consistent with our purpose of pioneering safe and trusted solutions for our customers and is evidence of our commitment to proactively align our business choices and investments with support for the energy transition including through the responsible management of existing infrastructure and assets.

To date, JFO has completed more than 100 discrete decommissioning workscopes through the provision of specialist equipment, expertise and personnel. The addition of Subsea Engenuity's unique well abandonment technology will allow JFO to significantly grow its share of an estimated addressable market of £170m annually.

Our divisions - Tankships

Our Tankships division operates a fleet of product and chemical tankers which trade along the UK and northern European coastline carrying clean petroleum products and chemicals including increasing volumes of biofuels from refineries and terminals, to major coastal storage facilities. The division also operates a port in Plymouth, UK.

PIONEERING CHANGE

JAMES FISHER EVERARD (JFE) distributes clean petroleum products and chemicals under contracts with primarily oil majors around the European coast and to islands and ports with size restricted access. It operates a fleet of double-hulled product and chemical tankers with capacity ranging from 3,000mt to 35,000mt. The business driver is the level of consumption of clean products (petrol, diesel, gasoil and kerosene) and chemical/biofuels in the UK, Ireland and northern Europe. Products carried serve the marine, transport, agriculture, aviation and chemical industries.

CATTEDOWN WHARVES The division operates Cattedown Wharves, a port in Plymouth which provides berthing and marine services to the oil majors which own tank farms in Plymouth. It also handles dry cargoes such as animal feed being imported into the South West and clay being exported from the region. The primary driver for the business is the level of consumption of clean oil products within the South West region of the UK.

JAMES FISHER SHIPPING SERVICES (JFSS) provides technical vessel and crew management to the James Fisher fleet of tankers, as well as to the wider tanker, research and specialised vessel markets.

Revenue (£m)

£60.1m

2021	£60.1m
2020	£60.4m
2019	£67.9m
2018	£60.7m

Statutory operating profit (£m)

£1.3m

2021	£1.3m
2020	£8.0m
2019	£12.0m
2018	£9.9m

Underlying operating profit* (£m)

£4.8m

2021	£4.8m
2020	£8.0m
2019	£12.0m
2018	£9.9m

* before separately disclosed items

COMMITTING TO LOWER CARBON SHIPPING

Tankships division demonstrates Group's commitment to reducing GHG emissions with the addition of two LNG dual-fuel IMO II tankers.

James Fisher Everard (JFE) will add two liquified natural gas (LNG) dual-fuel IMO II tankers to its existing fleet during 2022 - the first clean product tankers of this size to incorporate this emissions-reducing propulsion technology.

The two vessels will also incorporate innovations in design and construction technology to further enhance hydrodynamic performance, to improve operational efficiency, reduce greenhouse gas emissions and improve local air quality.

This commitment to supporting both the environmental goals of its customers and the sustainability goals of James Fisher also allows JFE to contribute to the International Maritime Organisation's (IMO) commitment to structural GHG reductions.

James Fisher has a long history, spanning more than 170 years, of pioneering innovations in the marine industry, having first adopted steam over sail in 1883, and subsequently motor propulsion during the early twentieth century. The first adoption of LNG as a cleaner alternative to conventional oil based propulsion fuels in this class of vessel continues the entrepreneurial spirit of James Fisher, and demonstrates the Company's commitment to its stakeholders and the environment.

Read more about our sustainability commitment on **page 14**

Return on capital employed (%)

14.7%

2021	14.7%
2020	25.5%
2019	35.4%
2018	37.8%

Sustainability

PLANET

Over the course of our 175-year history, we have successfully navigated several industrial transformations, and helped advance shifts in energy systems.

Beginning with our conversion to steam power from sail in the Nineteenth Century, we have successfully transitioned to and helped harness new forms of energy – from coal to oil and gas, nuclear, renewables and LNG. The large-scale transition from fossil fuel to clean energy sources, while challenging, is another opportunity for us to differentiate ourselves. Our focus is to reduce our own carbon footprint by transitioning to low carbon energy sources and alternative fuels, improving our energy efficiency, applying circular economy principles to our operations, and ultimately supporting our clients in doing the same. As many of our businesses operate within the energy value chain, we will continue to grow our capabilities to service the growing global demand for clean energy, the evolution of legacy energy demand, and increasing demand for remediation to mitigate the impact of human activities on the planet.

PORTFOLIO CHOICES

KPI	BASELINE (2021)	TARGET	TARGET DATE
% Revenue from renewables and remediation offerings	17%	During 2022, we will set clear targets, with the aim to report in 2023	

Why it is important

The James Fisher Group is a portfolio of service companies operating at the intersection of energy, marine, and defence markets. Our activities are inextricably linked to environmental considerations related to climate change and the energy transition. This creates specific risks and opportunities that, when properly managed, open new markets and revenue streams.

Over the past 10+ years, we have strategically funded environmentally sustainable growth by actively reinvesting cash from our legacy position in oil and gas into both established and growing positions in the renewable energy and environmental remediation value chains.

Progress in 2021

Active portfolio management

In line with our stated objectives and target, we developed and deployed a set of clear tests underpinned by well established frameworks to assess all businesses within our portfolio.

The outcome of this assessment informed critical decisions on what businesses to fix, exit, and invest in for future growth. For example, the decision to sell James Fisher Testing Services and James Fisher NDT was based on strategic fit, and the onboarding of a Broad-based Black Economic Empowerment (BBBEE) partner into James Fisher Subtech, South Africa was to improve our competitive strength.

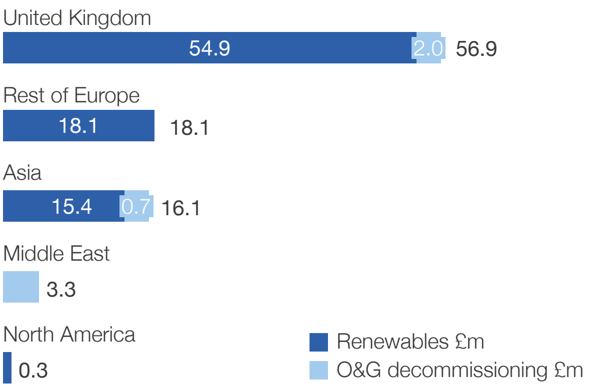
Global contract wins

Our efforts to reposition James Fisher operating companies as leaders within their chosen capabilities in the global renewables and remediation value chain is yielding fruit, with significant contract wins realised during 2021. The services we will provide span across a range of capabilities, including:

- OFTO asset management
- Noise attenuation with big bubble curtains
- Asset commissioning, including HV safety management
- Topsides inspection, repair and maintenance
- Terminations and testing
- Cutting and dredging services
- Wellhead severance
- Pull-in high voltage cables
- UXO investigation and removal
- Crane delivery for HVDC platforms
- Blade inspection and repair

	1	2 Attractiveness		
CRITERIA	**Strategic fit**	A **Market share and growth rate** +	B **Competitive strength** +	C **Sustainable profitability**
DESCRIPTION	**Does the business operate within our core markets, and align with our purpose?**	Is the market attractive? How much more could be captured with existing/new capabilities?	Can we create and maintain a sustainable competitive position?	Can we consistently and sustainably deliver target operating profit margins and ROCE?

2021 Contract wins for renewables and remediation scope, £94.5m



Regions and countries

Rest of Europe
- Denmark
- France
- Germany
- Italy
- Spain
- Sweden

Asia
- Taiwan
- Malaysia

Middle East
- Saudi Arabia

North America
- Canada
- USA

Top clients
- Boskalis
- Equinor
- Equitix
- Heerema
- Iberdrola
- McDermott
- NPCC
- Ocean Winds
- Ørsted
- Prysmian
- RWE Renewables
- Sapura
- Seaway7
- Swancor RE
- Vattenfall
- Weatherford

Climate-related risk and opportunity analysis

We engaged the services of specialist consultants to evaluate climate-related risks and opportunities facing the Group. The exercise involves a climate scenario analysis, an important and useful tool used to identify and assess the implications of different future climate scenarios and associated levels of global warming, including:

- Policy, legal, technology and reputational risks in the different warming scenarios
- Opportunities such as new markets and new products that may arise

The exercise will inform strategic decision-making, financial planning, and the development of appropriate corporate governance structures that help to pre-empt climate-related risks and opportunities. Specifically, this will provide James Fisher with:

- An improved understanding of the potential impact of climate change scenarios on the business across all stakeholder groups
- A climate scenario analysis quantification tool which will enable us to actively track real world events against modelled scenarios and to adapt its planning accordingly
- A stronger positioning that satisfies all TCFD reporting requirements and recommendations

Further details can be found in the TCFD Summary section on **page 52**

How we will deliver against target

Set new portfolio boundaries

To better focus efforts, we have structured our core capabilities into three broad categories:

Energy solutions: Development of products, services, and solutions for the energy industry, with a focus on renewables (offshore wind). James Fisher will continue to deliver services to the oil and gas industry where it makes sense to do so, e.g., where our standards of safety and service quality mean that withdrawing our expertise would result in a net negative impact on the planet.

HIGH VOLTAGE SUCCESS AT SAINT-BRIEUC

EDS HV won a high voltage, turnkey safety-management commissioning contract with Iberdrola for Saint-Brieuc, Brittany's first large-scale offshore windfarm.

Leveraging its considerable experience of energising windfarms safely and efficiently, EDS will help ensure a smooth transition from commissioning through to the operations and maintenance phase at Saint-Brieuc. The windfarm will feature 62 turbines, each set 1km apart and covering 75km^2, at a site 16km off the French coast. The contract is valued at £5.2m.

"We have developed the ability to provide a complete turnkey management service for the high voltage aspect of wind farm construction and we can now offer a trusted and expert package which is unparalleled in the market. With full project management, highly trained teams and 24/7 remote control centre support throughout construction, we can provide exactly what Iberdrola needs for Saint-Brieuc, and for their proposed windfarms elsewhere in the world." – Ryan Calvert, Strategy, Sales and Commercial Director at EDS

Sustainability cont.

Remediation: Removal of pollutants or contaminants from and restoration of the environment. Current efforts are focused on growth in decommissioning of oil and gas infrastructure, with the aim to expand other remediation scopes such as oxygenation and remediation for aquaculture, flare gas reduction, emissions monitoring, and waste management.

Life preservation: Development of products, services, and solutions that preserve the life of people, assets, and other life forms in the environments where we operate. JFD, one of our portfolio businesses, is specialised in submarine escape and rescue and provides a range of innovative and highly capable underwater life support systems for defence divers. The development of offering and capabilities for marine life preservation would be an obvious extension for the Group, and we will continue to evaluate this as other priorities are successfully managed.

Reinforce internal processes

Efforts to upgrade and standardise internal processes across the Group are ongoing, with focus on portfolio management, new opportunity development, and capital allocation. This will ensure transparency in evaluating our businesses, improve decision-making, reinforce the right mindset, and enable us to leverage our collective strength in serving our customers.

Explore new frontiers

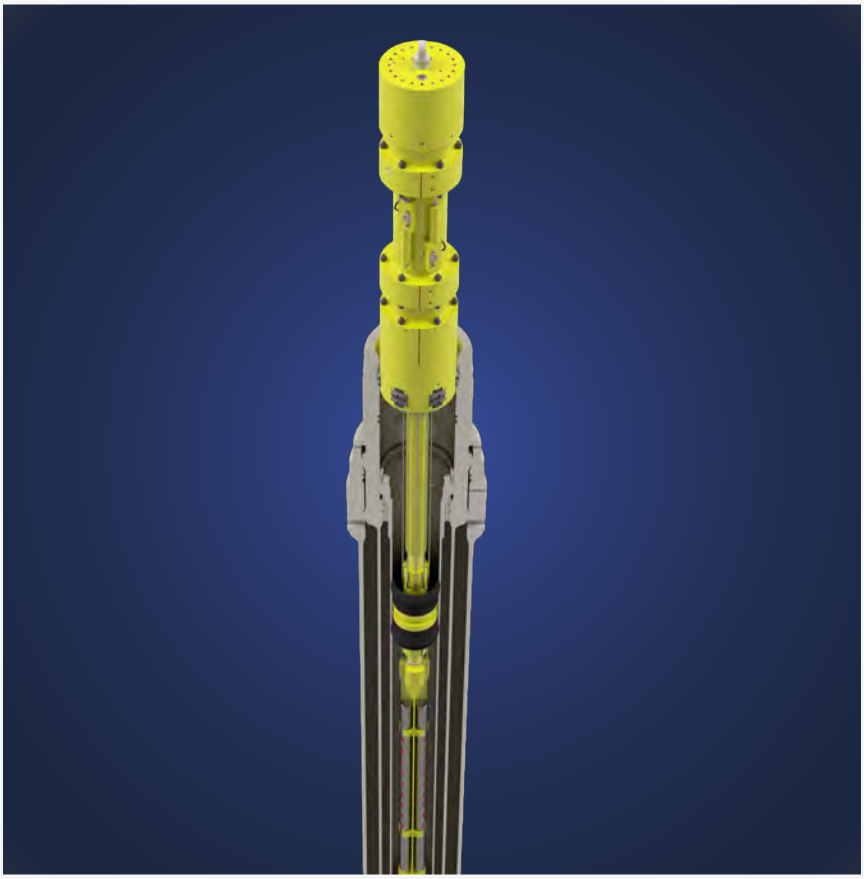
Beyond offshore wind, new opportunities abound globally for the decarbonisation of energy and we at James Fisher are beginning to explore them. Some of these opportunities are outlined below:

- Reduce: Energy utilisation efficiency through digital applications, alternative fuels e.g., hydrogen
- Reuse/Recycle: Reuse of offshore assets, recycling of decommissioned materials for industry
- Remove: Carbon capture and storage (CCS)

As a widely-based services supplier with marine, nuclear, transportation, oil and gas and renewable energy expertise, we are well-positioned to create value in these adjacent sectors.

We will continue to explore opportunities where our technology can play a significant role in solving complex challenges and preserving our planet. In Norway for example, ScanTech AS is in dialogue with the Stavanger Municipal Council to use our nanobubble offering to reverse environmental damage at a local lake within Hålandsvannet.

WELL ABANDONMENT CAPABILITIES EXPANDED



In a move to expand our decommissioning expertise, James Fisher acquired Subsea Engenuity, a subsea project and engineering consultancy. Subsea Engenuity was identified for its expertise, innovation and drive to create better technologies and solutions for subsea well abandonment. The acquisition was announced in June 2021.

With the acquisition came the expertise and skillsets of the original owners and innovators, bringing with them over 30 years combined experience in marine engineering, naval architecture, downhole tooling and design, and SEABASS, a vessel-based subsea well abandonment tool.

SEABASS is a revolutionary, single trip mechanical locking system for the abandonment of category 2 wells. It is designed to remove contaminants and provide barriers to allow the well site to return to its original environmental state.

RESOURCE EFFICIENCY

KPI	BASELINE (2021)	TARGET	TARGET DATE
KPI under consideration	During 2022, we will evaluate the right KPI that reflects our ambition, with the aim to report a baseline in 2023		

Why it is important

At James Fisher, we want to ensure that our resources are utilised in a sustainable manner, that we protect the life systems that support the planet's natural resources, and that our workforce is environmentally aware in carrying out their day-to-day tasks. Our focus is to do more with the resources already in place, with the long-term view of doing more with less resource than is required today. This will be achieved through the application of Lean methodology and other operational excellence principles.

At its core, Lean methodology organises people, materials, water, energy and associated activities in a way that delivers increased value to all stakeholders while eliminating waste. By building Lean methodology into our structure and core systems, employees and extended teams have the tools and techniques at their disposal to drive efficiencies and ensure we can accurately measure and then reduce/remove wasteful activities that consume time, cost, and valuable resources, but add little value to our stakeholders.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Progress in 2021

Deployment of Lean methodology

In 2021, we actively sought and recruited a Head of Lean, with the mandate to build a "Lighthouse" within the Group, showcasing the benefits that a Lean approach will bring to business operations and delivery. This journey is commencing with RMSpumptools. The ambition is to deploy and scale Lean principles across the Group based on success and learnings from RMSpumptools.

Asset optimisation

Due to our business model, some of the portfolio businesses within the Marine Support division are asset intensive. We continued to improve utilisation of these assets through the innovative management strategies outlined below

1. Centralised asset management

Previously, assets such as vessels and portable equipment e.g. Remotely Operated Vehicles (ROVs) were managed regionally across different James Fisher entities. We now monitor and track our asset base from a global perspective to determine where they can be more effectively utilised. This has resulted in the transfer of ROVs across regions e.g., from the UK to Brazil to build capability based on client demand.

2. Move to asset-light model

In 2019 we acquired two dive support vessel (DSV), the Paladin and the Swordfish. Due to challenging market conditions, we have adapted our asset management approach, returning to an asset-light strategy: and

- sold the Paladin
- secured long-term frame agreement contracts for the Swordfish
- established partnerships with vessel owners/ operators facilitating access to multiple vessels in exchange for market access

How we will deliver against target

As Lean methodology, principles and improvement initiatives are implemented across the Group, a Lean operating system framework will materialise. This system will comprise Lean leaders and champions who support and embed the capability, with the aim to improve product excellence, commercial excellence, and operational excellence.

We will continue to drive improvements by:

- standardising policies and processes to embed the right culture and mindset across the Group
- implementing centralised functions, processes, and information management systems where it makes sense to do so e.g., centralising CRM system at division level
- promoting knowledge sharing and learning through curated programmes and campaigns

We have strengthened our investment decision-making process by revising and updating the assessment criteria. We will continue to invest in strategically significant assets where such investments provide a differentiated level of service or sustainable competitive advantage.

CENTRALISED ASSET MANAGEMENT – FROM REGIONAL TO GLOBAL

James Fisher Subtech (JF Subtech), an operating company within the Marine Support division, provides turnkey project solutions and subsea support and services to the renewables, oil and gas, and civils markets. In 2021, due to high asset intensity and the continuous drive to increase utilisation, JF Subtech initiated a centralised, global approach to asset management ensuring that internal equipment solutions are evaluated before committing to third party rental.

To support local customer desires to build diver-less capabilities in South America, SM Continental SA (Continental), another operating company within the Marine Support division, was qualified as a remotely operated vehicle (ROV) service provider to Petrobras and SBM Offshore. The subsequent transfer of four Observation Class ROVs from the United Kingdom to Brazil secured Continental a long-term contract with Petrobras, providing year-round ROV support and increasing asset utilisation by 70%.

Other examples of asset management successes include the transfer of a Cougar ROV from the United Kingdom to the dive support vessel (DSV) Subtech Swordfish operating offshore Qatar. This proved instrumental in achieving continuous vessel utilisation since mid-year 2021.

Sustainability cont.

GREENHOUSE GAS (GHG) EMISSIONS

KPI	BASELINE (2021)	TARGET	TARGET DATE
Scope 1 and Scope 2 emissions	114,374 tCO_2e	During 2022, we will set clear targets, with the aim to report in 2023	
Scope 3 emissions	We will continue to evaluate and measure Scope 3 emissions in line with the GHG Protocol Standards. We aim to report a baseline and targets in two to three years		

Why it is important

We are committed to minimising and possibly eliminating the detrimental impact of greenhouse gas (GHG) emissions from our operational activities. We have stated our commitment to setting net zero emissions targets in alignment with the Paris Climate Agreement. We also recognise the importance of helping our customers reach their own net zero emissions targets.

Progress in 2021

We engaged the services of specialist advisors and conducted an extensive emissions footprint reporting and consolidation exercise across the Group, preceded by a coaching session on reporting definitions, standards and criteria. This was to ensure that those responsible for reporting in a diverse group of operating companies do so effectively for this and future reporting cycles. As a result, our reported emissions footprint has increased, reflecting emissions from international activities and leased assets in our baseline, some of which were not captured in the past.

GHG emissions were calculated in accordance with the requirements of the GHG Protocol Corporate Accounting and Reporting Standard for the 1-year period spanning 1 October 2020 to 30 September 2021 (our target base year). Emission conversion factors from the UK Department for Business, Energy and Industrial Strategy (BEIS) and International Energy Agency (IEA) were applied in the calculations. The baseline we have reported for Scope 1 and Scope 2 will be the reference against which future emissions footprint calculations will be benchmarked.

While the focus was to properly document our Scope 1 and Scope 2 emissions, we have commenced with identifying and measuring our Scope 3 emissions. This is a much more complicated exercise given the diverse and fragmented nature of our businesses. The exercise will involve coordinated engagement with key partners within our supply chains and we will work to influence their journey towards net zero through our actions.

Scope 1 emissions are direct emissions from owned or controlled sources and activities – fuel combustion on-site in gas boilers, fleet vehicles, furnaces, air-conditioning leaks. Emissions from mobile combustion, mainly our vessels and fleet vehicles, accounted for 98.9% of our Scope 1 emissions, with a 1% contribution from stationary combustion (space heating), and 0.1% from fugitive sources (refrigerants).

2021 Scope 1 emissions, 113.2 $KtCO_2e$

Mobile combustion
111.9

Stationary combustion
1.2

Fugitive emissions
0.1

Scope 2 emissions are indirect emissions from the generation of purchased electricity, steam, heating and cooling. Purchased electricity accounted for 94% of our emissions in this scope, with a 6% contribution from purchased chilled water. Our Scope 2 emissions were found to be relatively low as many of our facilities in the UK and Singapore, are already sourcing 100% renewable energy from service providers. As part of our Scope 2 emissions abatement efforts, we will plan to roll out this best practice across all regions, encouraging purchase of all energy from renewable sources, where available.

2021 Scope 2 emissions, 1.2 $KtCO_2e$

Purchased electricity
1.1

Chilled water
0.1

CARBON CAPTURE OPERATIONS, CANADA

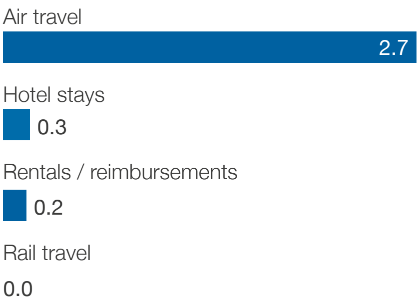
RMSPumptools was selected to provide 'packer penetrator systems' at the Clive Field in Alberta, to protect the oil well casing from the potentially damaging effect of the captured CO_2.

'These systems were critical to safe operations and RMSPumptools was selected for this project as the provider of the most reliable systems for this harsh environment,' says Canada regional manager, Colin Drever. 'We are thrilled to be involved in a cutting-edge project which allows oil to be extracted with a net zero impact on emissions.'

Scope 3 emissions are indirect emissions from sources and activities that we neither own nor control but we indirectly impact within our value chain. As a first step and for 2021, we measured and consolidated emissions impact from business travel only. The reason for prioritising this category is that the nature of support services we provide across our operating companies involves frequent travel and mobilisation on and off work sites around the world.

Emissions from air travel accounted for 86.3% of our Scope 3 emissions (86.8%), with an 8% contribution from hotel stays, 5.2% from rentals and travel reimbursements, and less than 1% from rail travel.

2021 Scope 3 emissions, 3.2 KtCO$_2$e



How we will deliver against target

Develop net zero emissions pathway

Following an extensive Scope 1 and Scope 2 footprint review and the setting of an interim target, efforts are underway to:

- model emissions reduction pathway at Group and operating company levels
- map our approach to net zero emissions.

This will be done in alignment with the SBTi guidance and target setting criteria.

Improve reporting and visibility

In parallel with the extensive emissions reporting and consolidation exercise of 2021, we are developing a centralised, Group-level emissions reporting and visualisation portal. Once completed and rolled out, this tool will ease and standardise internal reporting across all our operating companies by enabling:

- automated conversion calculations from any unit into the tCO$_2$e
- data and report submittal at any day and time of year
- user-friendly, live dashboard visualisation, with reporting consolidated at Group and operating company level.

Ultimately, we are aiming for near real-time visibility of our emissions footprint to improve visibility across our global operation and facilitate proactiveness in our monitoring and reduction efforts.

For the benefit our external stakeholders, we will continue to report our emissions footprint and energy consumption in accordance with the UK SECR regulation (see page 114 for our SECR report). Communicate our environmental impact in alignment with the CDP guidelines, and highlight identified risks, opportunities, and our business resilience to climate change through the TCFD reporting (see page 52 for our TCFD Summary).

Define Scope 3 mapping criteria

The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard has set 15 categories for scope 3, of which we evaluated emissions from business travel in 2021. We are now assessing which of the 15 categories are most material for our operating companies and will work with key suppliers and customers in our value chain to identify, map, and measure Scope 3 emissions footprint, and put in place effective emissions reduction programmes.

Scope 3 emissions categories

1: Purchased Goods and Services
2: Capital Goods
3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2
4: Upstream Transportation and Distribution
5: Waste Generated in Operations
6: Business Travel
7: Employee Commuting
8: Upstream Leased Assets
9: Downstream Transportation and Distribution
10: Processing of Sold Products
11: Use of Sold Products
12: End-of-Life Treatment of Sold Products
13: Downstream Leased Assets
14: Franchises
15: Investments

PIONEERING MODIFICATIONS SET SAIL FOR A GREENER FUTURE

James Fisher Tankships division has demonstrated its commitment to reduce carbon emissions with the addition of two dual-fuel tankers to the James Fisher Everard (JFE) fleet.

The two new IMO II tankers will run alongside the existing fleet and will be the first clean product tankers of this size to feature propulsion technology that reduces greenhouse gas (GHG) emissions. The vessels are configured to run on either conventional fuel or LNG (liquefied natural gas) and are specially designed for enhanced hydrodynamic performance.

The new additions will be replacing two of JFE's oldest vessels, the *Thames Fisher* and *Mersey Fisher*.

A study conducted by the Society for Gas as a Marine Fuel (SGMF) estimates that the use of LNG as an alternative fuel can result in up to 21% emissions reduction over the entire vessel life cycle, when compared with existing marine fuels. Pioneering the adoption of LNG as a cleaner alternative to conventional fuels for this class of vessel is testament to the entrepreneurial spirit of James Fisher.

"James Fisher is committed to protecting the environment, both in terms of our operational footprint and the nature of the activities we undertake. The adoption of LNG dual fuel propulsion vessels is evidence that we are proactively aligning our business choices with customer and environmental needs and demonstrably applying our Company values."
– Eoghan O'Lionaird, CEO

Sustainability cont.

PEOPLE

At James Fisher, we have a responsibility to our people, our customers and those in the communities where we operate.

We are committed to ensuring that James Fisher is a great place to work by providing safe and meaningful work, empowering, and supporting our employees to deliver optimal quality for our customers, acknowledging and rewarding employee contribution to the Group's success, and promoting employee wellbeing. We extend this commitment to our local communities, conscious that our talent pool is fed by the local communities we operate in and that enhancing the lives of people in these communities will deliver benefits for James Fisher as well.

TOP TALENT

KPI	BASELINE (2021)	TARGET	TARGET DATE
Employee Engagement Mean (Gallup)	3.6 (5-point scale)	During 2022, we will set clear targets, with the aim to report in 2023	
Employee retention rate	78.1%		

Why it is important

Our employees are our most important assets. United by a common purpose and shared valued behaviours, their talents, energy, and dedication enable us to create value for all our stakeholders. With James Fisher operations spread across six continents, our people are geographically dispersed and represent a multitude of cultures. While our decentralised and entrepreneurial culture ensures our businesses develop more intimate customer relationships and adapt readily to changes in the markets, regions, and communities where we operate, there is a risk that employees become disconnected from the Group's leadership and overarching vision. Therefore, we must focus on building a healthy and engaging work environment, prioritising our employees' wellbeing, career, and personal development to ensure that we get the best out of them and that their efforts are in line with the Group's growth priorities.

HR TEAM DAY AT LOCAL FOOD BANK

In December 2021, the James Fisher Group HR team donated supplies and volunteered at a local food bank, to support those facing hardships in the local community.

Challenge: The Living Waters (LW) Storehouse – a charity food bank run by volunteers from the Living Waters Church – provides emergency food for thousands of people in crisis each year within the Chorley area. With a 34% increase in local people requiring support from the food bank, LW was struggling to meet its food parcel demands in time for Christmas.

Solution: Acknowledging the food bank's requirements, James Fisher's HR team purchased necessary items, and 10 team members spent the day volunteering at the food bank.

"The team helped us pack almost 500 parcels, brought donations and they were all in good spirits. This was a successful packing session and set us ahead for the collection days that were imminent, allowing us to focus on other obligations.

I'm very thankful for their time and to James Fisher for graciously gaving them the time away for the day. This reduced the pressure and stress on both me and the volunteers that are working tirelessly during these challenging times."
– Helen Schilz, Living Waters Storehouse

Progress in 2021

During 2021, we focused our efforts on implementing and driving change across three themes: employee engagement, wellbeing, and talent management.

Employee engagement

In prior years, engagement surveys were conducted, collated, and analysed internally by the HR team. In 2021, we outsourced this exercise and introduced the Gallup's Q12 Employee Engagement Survey. The Gallup approach is tested and tried, and we scored a mean score of 3.6 on a 5-point grading scale. The transparency achieved from the analysis of survey results has empowered managers to take ownership of outcomes and work collaboratively with their teams to improve engagement levels.

To support managers in developing engagement plans and executing initiatives, we nominated and are training engagement champions across the Group.

Inken Braunschmidt, as designated Non-Executive Director for employee engagement, has joined the engagement working group, with employee representatives from around the Group, has presented to employees on the activities of the Board and Committees, and has engaged with employees at the senior management conference and during a number of site visits following the lifting of travel restrictions.

Inken has reported back to the Board on a regular basis on her activities and the key themes communicated by employees.

Wellbeing

A healthy workforce is more resourceful, productive, innovative, motivated, and committed. We aim to deliver a physically and mentally healthy workplace within which our employees can thrive. To do this effectively, we have drawn on industry-leading expertise and best practices to design our 2022 wellbeing plan, with emphasis on prioritising preventative measures to address the root cause of existing challenges. This will require extensive education, awareness, training, and sensitisation to encourage employee participation and minimise the risk of associated stigma.

We continued to promote and monitor the uptake of our Employee Assistance Programme and are taking action to increase awareness of the benefits and features, for example, making the programme available to family and friends. We have over 80 trained Mental Health First Aiders (MHFAs) across the Group and are continuing to train more volunteers. We have also set a target to train 50% of the MHFA population in Suicide First Aid by year-end 2022.

Our responsibilities extend beyond our employees to the communities where we live and work. By providing a great place to work and building the communities that support our businesses, we can ensure a sustainable future for James Fisher. To that end, the Group encouraged employees to contribute their time and talents in support of their communities in various capacities, providing financial assistance and sponsorship as needed.
For example, James Fisher Group HR team donated supplies and volunteered at a local food bank, to support those facing hardships during the Christmas holiday. Further details can be found on page 42.

Talent management

To unlock and empower our talent of today and the future, we must invest in attracting and retaining them. This means that our talent management efforts, while focused on our current employees, necessarily extend to potential employees within our communities.

We have revised our talent management policy and are in the process of structuring a Group-wide, global talent management process to guide recruitment, career development and management efforts. We have introduced a new process for Organisational Management Review (OMR), succession planning, performance improvement planning, and for identifying high potential performers. We also designed a new leadership training programme for all managers and rolled out four of the 12 modules.

Group-wide, we executed two six-month internship programmes, providing opportunities for recent graduates whose career prospects had been hampered by the COVID pandemic. While interns gained vital work experience, they in turn injected new energy and fresh ideas into the businesses. In addition, some of our employees got the opportunity to develop core leadership skills as mentors and managers.

As our contribution to the community and to develop future talent for our industries, we have partnered with universities and institutions of learning in various capacities. For example, through our partnership with Engineering UTC Northern Lincolnshire, an England-based university technical college for 14- to 19-year-olds, we created a 'sponsored classroom' where budding engineers are taught the importance of engineering in the renewable energy industry.

We also have a business partnership with Meldrum Academy, a secondary school in Scotland.

How we will deliver against target

Apply top-down approach

We believe that managers must lead by example and be strong advocates for our talent initiatives to be successful. Therefore, we will systematically develop and roll out training to educate, raise awareness, empower, sensitise, and coach leaders across the organisation. We will reinforce the importance of healthy team relationships and intervene when people are struggling.

Engage and communicate consistently

To deliver our goal of having an engaged, connected, and committed workforce, we are in the process of restructuring and curating our communication and training campaigns, built around the HR business partners, engagement champions, and wellbeing champions. These campaigns will include:

- monthly lunch and learns to deep-dive on pertinent topics including health, wellbeing, career, leadership, and community engagement
- online training workshops, webinars, newsletters, and videos.

We aim to monitor and measure the success of our engagement initiatives by conducting an engagement survey every six months. Analysis of results will enable us to adapt improvement plans in alignment with our objectives and to set clear targets against which our performance is consistently measured.

Upgrade internal learning programmes

An integral part of talent management is learning and development. At James Fisher, our ambition is to create a transformative culture of learning, engage and empower our employees, and continuously improve their proficiency. We are evaluating various learning programmes and talent support mechanisms we believe will help to build top talent:

- *mentoring programme:* More senior employees provide career guidance to mentees
- *shadowing programme:* Employees shadow colleagues in desired roles to learn about what it entails, and the skills required for success
- *career development toolkit:* Help employees own, design, and drive their career progress.

PARTNERSHIP WITH MELDRUM ACADEMY

James Fisher Decommissioning (JF Decom) is engaged in a partnership with Meldrum Academy, a secondary school in Scotland, as part of its commitment to developing future minds for the world of work.

Mentor Programme: JF Decom have matched mentors from the business with mentees from the academy. Each mentor, with their experience and knowledge, helps students enhance key skills that will help them thrive in professional environments – communication, leadership, problem solving and teamwork.

Online Business Partnership Group: The Business Partnership Group, an initiative set up by Developing the Young Workforce (DYW) Scotland, consists of a dozen local businesses and is led by Meldrum Academy. As part of this group, JF Decom provides an employer's view on the school's initiatives to prepare pupils for the world of work ahead of them.
JF Decom has supported various events such as the #Nowrongpath, an event organised for parents to learn about the different routes available to their children preparing to leave school.

JF Decom has also contributed informational materials about the industry where we work, the work we do, and career opportunities available.

Young Person's Guarantee: JF Decom has signed up to Young Person's Guarantee (YPG). YPG is an initiative that aims to connect with every 16–24-year-old in Scotland with the opportunity of a job, apprenticeship, higher education, training programmes or volunteering opportunities.

Sustainability cont.

DIVERSITY AND INCLUSION

KPI	Baseline (2021)	Target	Target date
% Female employees as a proportion of total employees	23%	During 2022, we will set clear targets, with the aim to report in 2023	
% Black, Asian and minority ethnic (BAME) employees as a proportion of total employees	During 2022, we will establish a baseline, with the aim to commit to a target in 2023		
Total charitable employee days "donated"			
Number of community initiatives executed by James Fisher			

Why it is important

The Company operates in 25 countries across the world, in complex, high-risk, historically male-dominated fields. In alignment with our values, we believe that equality, diversity, and inclusion are critical to how we operate. Our mission is to cultivate a working environment where everyone knows they belong, where our people are comfortable with sharing their perspectives and experiences without fear of recrimination, uniqueness is embraced, and equal pay and access to opportunity exist for people of all backgrounds, personalities, and abilities. With a diverse workforce and an inclusive work environment, we are better able to harness the wealth of ideas that will drive our success.

Our commitment to equality, diversity and inclusion extends beyond our own workforce. We aim to benefit and positively influence the communities where we live and work through proactive engagement, employing local people, contributing to local economies, and investing in local supply chains.

Progress in 2021

Diversity metrics

The ratio of female employees to total employees remained the same in comparison with the previous year. During 2021, we extended the Executive Team to include heads of operating divisions. This had the ripple effect of expanding the pool of Senior Managers that report directly to the Executive Team (see table below – Gender diversity metrics, 2020 vs 2021).

Following an in-depth review of our employee information gathering process and in compliance with the UK General Data Protection Regulation (UK GDPR), we have expanded the list of requirements to include ethnicity-based metrics. We have rolled out these requirements for all new hires and are working to collate ethnicity information for all employees who joined before 2021.

Training and policy

We rolled out two training programmes targeting senior leadership:

1. Leading in an Inclusive World: Delivered with the support of specialist advisors, the training equipped senior leaders with the tools to advocate diversity and inclusion, and to challenge contrary behaviour.
2. 'Leading the Business' series: Online diversity and inclusion training module rolled out for all line managers across the business.

In response to an identified need, we introduced the Bereavement and Pregnancy Loss policy, shedding light on the cultural aspects of bereavement so that our employees are afforded the necessary support.

Partnership

James Fisher is signed up to the If Not Now, When? campaign. The campaign is driven by a community of over 80 CEOs who are committed to achieving black and wider race inclusion by first establishing an internal culture that is fully representative and inclusive of individuals from BAME backgrounds, and then extending that commitment to customers, suppliers, and other key stakeholders. Alongside other co-signatories, we are:

- diversifying the face of our organisation: Setting targets on BAME talent and holding recruiters accountable for presenting diverse shortlists.
- measuring: Investigating the specific challenges and barriers faced by BAME talent and implementing processes to track ethnicity data.
- starting the conversation: allowing senior leaders and middle managers to speak boldly about issues of systemic racism and creating safe spaces for these conversations to take place.

Gender diversity metrics, 2021 vs 2020

	2021			2020		
Gender diversity	**Male**	**Female**	**% Female**	**Male**	**Female**	**% Female**
Main Board Directors	6	2[(1)]	25%	5	2	29%
Executive Team	8	4	33%[(3)]	5	2	29%
Senior Managers[(2)]	69	34	33%[(3)]	34	25	42%
Employees	1,991	577	22%	2,115	623	23%
Total	**2074**	**617**	**23%**	**2159**	**652**	**23%**

(1) In Q1 2022, we appointed Claire Hawkings to the Board, increasing the total of Main Board Directors to nine and raising the % female metric up to 33%

(2) Includes those reporting to members of the Executive Team, including Senior Managing Directors

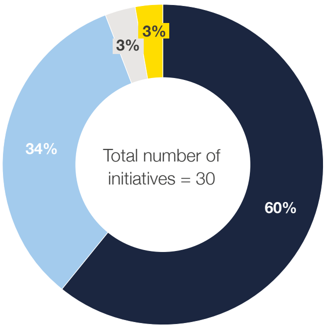
(3) Movement in % female metric is due to the extension of the Executive Team to include heads of operating divisions

Local community efforts

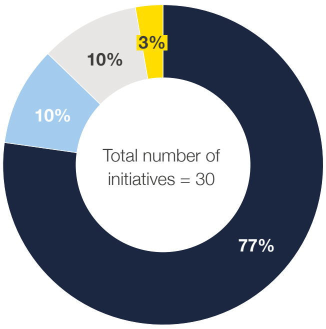
During 2021, our employees contributed their time and talents to support causes across the world. Our goal was not to only support the charities and organisations, but for our employees to engage with the people we were helping directly, because it is in those instances that we have the biggest impact. No matter how big or small the interaction, we found that employees came away with a greater sense of purpose, better appreciation for the benefits of volunteering, and a renewed energy to contribute even more.

Some examples of our community initiatives are outlined below:

2021 Community initiatives split by region



2021 Community initiatives split by theme



Health and wellbeing

- James Fisher Nuclear (JF Nuclear) supported Mark Harding, an Army veteran who executed a Walking Home for Christmas campaign to support a wounded veteran charity in the United Kingdom. Mark pulled a snow pulk from Wigton through Penrith to Carlisle, and then walked an additional 12 miles in Sunderland to add up to 50 miles. Funds went towards subsidising the cost of treatment for veterans with PTSD. Leigh Dunn from JF Nuclear joined Mark to pull the snow pulk.
- Fendercare Marine is a Futurestars partner and continues to support the charity's efforts in Africa. In 2021, employees sorted through 25,000 items, loading up 20 pallets of donated items that made their way to Ghana through Futurestars.
- In Kuala Lampur, Fareen Noor is setting a good example by feeding the homeless with her home-cooked meals.

Hobby

- Since 2020, JF Subtech has sponsored a 15-year-old Junior Motorboat Champion from Lowestoft, United Kingdom. Due to our sponsorship, she can afford to compete at an international level.

Education

- During British Science Week, Marc Glenn from EDS HV was guest speaker at Euxton Primrose Hill Primary School. He engaged students on the offshore wind and renewables industry.

Career/business support

- As part of our supplier development contribution to the Broad-based Black Economic Empowerment (BBBEE) integration programme in South Africa, office and training areas were supplied by the JF Subtech team at no cost to local suppliers.

Historically, these volunteer programmes were coordinated in an ad hoc manner and within small teams across operating companies. With the creation of the local communities working group, the mission is to further incentivise employees to volunteer and ensure that future programmes are executed in a more structured manner, leveraging our size to scale impact and initiating partnerships with other organisations/ institutions where possible. We know that the diversity of our people and their talents will act as a force multiplier, and we are challenging ourselves to have even greater impact in the years to come.

CHARITY CHALLENGE: FROM HARTLEPOOL TO THE EIFFEL TOWER

Two keen fitness enthusiasts from Rotos 360, a business unit within the Marine Support division, embarked on a gruelling charity challenge, cycling, rowing, marching, and running the 566 notional miles from their local gym in Hartlepool to the Eiffel Tower in Paris. They used gym equipment including an exercise bike to simulate the 327 miles from Hartlepool to Dover and the 182 miles from Calais to Paris, a rowing machine to cover the 31 miles across the English Channel, a step-up box to cover the 1,665 steps to the top of the Eiffel Tower and the seafront on Hartlepool's promenade to cover the remaining distance.

Aaron Myers and Ben Bywater completed the challenge with ten others, all working in pairs, to raise awareness and funds (over £10,000) for Great Ormond Street Hospital.

"We set a time limit of 44 hours but managed to finish more quickly than expected, with Ben's team smashing a time of 33 hours," says Aaron.

Sustainability cont.

How we will deliver against target

Scale up recruitment efforts

We have strengthened female representation on the Board with the appointment of Claire Hawkings, increasing the total of Main Board Directors to nine and raising the % female metric up to 33%. We continue to intensify efforts to improve the diversity of our employee pool.

Reinforce internal processes

As we revise and communicate our culture statement, including our equality, diversity and inclusion policies and principles in alignment with the sustainability agenda, and work to set clear gender- and ethnicity-related targets, we will also update our recruitment processes to deliver our stated objectives. We must ensure that our recruitment partners share our values and support our efforts to increase our talent pool across the spectrum of human demographic differences – gender, ethnicity, age, sexual orientation, religion, socio-economic status, or physical ability. We must also sensitise interviewers, internal and external, about their conscious and unconscious biases, to ensure that prospects that do not fit with preconceived notions of what an ideal employee might be are not adversely impacted.

In compliance with the UK General Data Protection Regulation (UK GDPR), we aim to expand the list of employee information requirements to include other demographic differences – sexual orientation, physical disability, and religion. We will continue to review and update our monitoring and tracking processes to ensure transparency and accuracy.

Extend diversity and inclusion training

We aim to extend our diversity and inclusion leadership training to all aspiring managers and are exploring options for non-manager training, to better inform and empower the remainder of our employee pool.

Centralise coordination of local community efforts

Building on our successes in 2021, we will continue to:

- Work with local communities as collaborators and partners rather than simply focusing on them as beneficiaries and strengthen existing partnerships
- Support STEM initiatives, promote education in local schools and explore further partnership opportunities
- Engage customers and suppliers on their community development efforts, with the intent to collaborate where possible.

RMSPUMPTOOLS SUPPORT A COMMUNITY PROJECT

A team of volunteers from RMSpumptools' Aberdeen site day at the Pitcaple Environmental Project's (PEP) Pitscurry site, to refurbish the charity's garden areas for its service users.

Challenge: PEP Pitscurry, a charity organisation located in Inverurie, Scotland, provides training and support for adults with learning or physical disabilities. Pitscurry required volunteers to help create outdoor living landscapes that enhance the benefit for its service users and the wider community – helping towards Pitscurry's sustainable development goals.

Solution: One team member visited the site prior to the volunteering day to understand what works and supplies were needed for the refurbishments. On the day, a team of 15 employees worked tirelessly to stain wooden cabins and perform various maintenance tasks in the garden area.

Staff and service users at PEP's Pitscurry site were overwhelmed by the number of volunteers.

"The team stained three wooden cabins which were in desperate need of being painted, extending the lifetime of these much-needed spaces which are used for music therapy and bases for some of our service users. They also removed the large net from the orchard area, which was a huge help as it's usually one of the annual jobs which can be difficult for service users to help with. The RMSpumptools employees also did some general tidying up around the site!"

– Lorraine Ewen, Day Services Deputy Manager at Pitscurry.

HEALTH, SAFETY AND SECURITY

KPI	BASELINE (2021)	TARGET	TARGET DATE
Number of fatalities	0	0	YoY
Lost Time Incident Frequency (LTIF)*	2.6	During 2022, we will set clear targets, with the aim to report in 2023	
Total Recordable Injury Frequency Rate (TRIFR)**	7.4		

* LTIF = (Number of lost time injuries x 1,000,000) / (Total hours worked)

** TRIFR = ((Fatality + Lost Time Injury + Restricted Work Day Case + Medical Treatment Case) x 1,000,000)/ (Hours Worked)

Why it is important

We work in challenging, high-risk environments to solve complex problems. Protecting our people, the people who work with us and those impacted by our activities is vital. We want people to return to their homes, families, and friends every day and safely. This is the inspiration for our "goal zero" incidents vision. To embed the right mindset and realise this vision, we will invest our efforts in three areas: policy development, education, and engagement.

The Group's health, safety and security priorities, objectives, and performance monitoring are coordinated and governed by:

- The Health and Safety Committee: Chaired by the CEO and comprising the Executive Team, the committee has oversight and conducts quarterly reviews of the Group's health, safety and security performance
- The Safety Forum: Comprising the health and safety leaders from each operating company, the forum is responsible for providing updates on health, safety and security issues and events, sharing best practices, and advising the Health and Safety Committee on Group-wide initiatives to improve performance.

Through the efforts of the Health and Safety Committee and the Safety Forum, we will empower our people to prioritise their own health, safety, and security, ensure the safety and security of assets we own and/or control, and engage with customers, suppliers, and other partners to align them with our policies, standards, processes, and values.

Progress in 2021

Engagement and empowerment

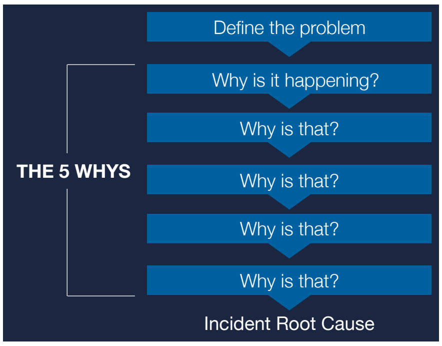
We continued to engage and empower all our employees, emphasising the responsibility and authority they have, to intervene where individuals and assets may be at risk and stop any job where the standards of health, safety and security are compromised. We executed several internal campaigns and initiatives such as the Health and Safety Hints and Tips intranet page, where health and safety best practice from around the Group is regularly updated. We also ensured that health, safety and security priorities were affirmed in leadership townhalls throughout the year.

Increased participation from the managing directors (MDs) of operating companies in the Safety Forum has increased its effectiveness. Through proactive engagement and communication, best practices, learnings, knowledge, and ideas were cross-pollinated across the group, driving performance improvement towards our 'goal zero incidents' vision.

Process improvement

We aligned on a consistent approach to Root Cause Analysis, with the goal to identify and understand the underlying or systemic causes of incidents, rather than staying focused on the generalised or immediate cause. This ensures that our incident resolution approach and corresponding recommendations address the incident root cause, to prevent reoccurrence. The "5 Whys" technique is a tool that has been deployed for this purpose.

The technique involves asking '"why?" several times over, each question forming the basis of the next until a root cause is identified.



How we will deliver against target

During 2022, we aim to deploy a centralised, cloud-based health, safety and security reporting tool that will enable continuous reporting of individual operating company performance data and the monitoring of consolidated Group information. We will explore opportunities where digital applications and solutions can improve efficiencies and continue to upgrade reporting, management, and monitoring systems across the Group where necessary.

We will ensure that the relevant policies, including the Health, Safety and Security policy, are aligned with our sustainability priorities and continue to educate, inform, and engage employees, customers, suppliers and other industry partners on safety matters.

UXO INVESTIGATION AT SOFIA OFFSHORE WIND FARM

JF Renewables has completed the first part of a two-phase contract to investigate unexploded ordnance (UXO) and potential archaeological features ahead of the installation of export cables for RWE's Sofia Offshore Wind Farm, located off the north-east coast of the UK.

"Expertise gained from performing more than 3,000 UXO investigations around the globe enabled us to identify additional targets and to ensure phase one of the work was completed to the highest safety standard."

– Wayne Mulhall, Managing Director at JF Renewables.

Sustainability cont.

PARTNERSHIP

James Fisher operates in specialised segments of the energy, marine and defence markets where a strong track record of safety, integrity, innovation and responsible operations is a key differentiator.

In these niche areas, success is defined by the ability to consistently deliver safe and trusted solutions, providing assurance to all stakeholders by minimising their risk exposure. Our culture of shared success means that we seek out collaborations – with customers, suppliers and other industry players – that align with our values and contribute to our shared vision for a sustainable future. We aim to build trust with our partners through transparency, compliance, and by operating with the highest standards of business ethics.

INNOVATION

KPI	BASELINE (2021)	TARGET	TARGET DATE
KPI under consideration	During 2022, we will evaluate the right KPI that reflects our ambition, with the aim to report a baseline in 2023		

Why it is important

In our 175-year history, we have differentiated ourselves through innovation and technology. We are pioneers in our chosen markets, emerging as the global leader in submarine rescue, removal of offshore unexploded ordnance (UXO) and ship-to-ship (STS) transfer. We were the first to decommission a Magnox nuclear reactor, are experts in high voltage (HV) engineering, and we design bespoke digital solutions for asset owners and operators in high risk, critical infrastructure sectors.

The energy, marine, and defence markets are going through a period of transformation, galvanised by climate change, energy transition, and other macro challenges. To position ourselves for success and take advantage of the opportunities that result from this transformation, we must continue to innovate. Our innovation goal is value creation – to deliver tangible revenue gains and cost savings for our customers. We consistently strive to better understand market challenges, articulating the value we can and do create by:

- Tapping into the brain power and expertise of our capable people to feed the innovation stream.
- Partnering with customers and key industry players to co-design, develop, and commercialise cutting-edge solutions to industry challenges.
- Engaging our suppliers to ensure services are provided in accordance with our valued behaviours and code of conduct.

To improve efficiencies and accelerate pace, we aim to centrally facilitate and support innovation efforts to better identify synergy opportunities, particularly where multiple operating companies serve the same markets, customers, and suppliers, or operate in the same region.

Partnering with Asset Information Services is an exciting opportunity for us at APIteq, as it allows us to support our collective clients with the best-in-class digital twin software platform on the market.

Per Erik Berger, CEO of APIteq AS

Progress in 2021

Individual James Fisher operating companies have applied their own unique methodologies to the innovation process, driving cutting-edge, market defining solutions as in the examples below.

Product innovation

JF Decommissioning's SEABASS well abandonment tool: A strategic investment made through the acquisition of Subsea Engenuity. SEABASS is a cost and time effective alternative to rig-based solutions when abandoning category 2 wells, due to its ability to deploy from a vessel and its suitability for any water depth.

Scan Tech's ScanOxy™ oxygenation system: Scan Tech AS have developed ScanOxy™ based on gas production and management experience from the oil and gas industry. The complete engineered system comprises an electrical compressor, oxygen generator, control system, nanobubble generator, and distribution system, and is primed for use in aquaculture. ScanOxy™ is perfect for both offshore and onshore fish farms in recirculating aquaculture systems (RAS) systems, well boats and hatcheries, and provides local oxygen production in lieu of liquid oxygen tanks or bottles. Scan Tech's ScanOxy™ nanobubble technology is easily scalable, enables continuous oxygen production, is largely unaffected by water quality, and technologically ahead when compared with most stable nanobubbles.

Service innovation

Fendercare Marine's LNG ship-to-ship (STS) transfer: By utilising a new transfer system, the Fendercare team successfully delivered three successive LNG STS transfers off the coast of Malaysia. The new system is a universal, "plug and play" system providing the latest in technology and ensures that maximum throughput can be achieved. The system has been manufactured to meet all necessary ISO accreditations and applicable Safety Integrity Levels (SIL).

Among Fendercare Marine's LNG achievements are many firsts, including the first open seas LNG STS for two of the world's largest gas majors, the first LNG STS at Cyprus and Gibraltar and the world's first on the buoy LNG STS operation.

Workflow Modelling: James Fisher Asset Information Services (AIS) has developed a user-led design thinking approach that is delivered through a workflow modelling workshop format. The workshops are an immersive, engaging, and fast-paced interaction, resulting in the creation of a prioritised map of challenges specific to the customer and sector in which they operate. The map allows AIS to then structure and tailor solutions that will deliver optimal value to customers and the industry at large. The workflow modelling offering has been successfully deployed for customers in oil and gas and renewables markets.

Commercial innovation

James Fisher Renewables (JFR) turnkey offering: JFR's asset optimisation turn-key offering consolidates capabilities across James Fisher operating companies to deliver end-to-end operations and maintenance solutions for offshore transmission asset owners (OFTOs). It integrates a flexible approach to contract maintenance with our expertise in delivering on complex projects.

With the turn-key contract model, JFR won three multi-million pound, 13-15-year contracts with BBEC (Balfour Beatty Equitix Consortium), leading investors and long-term fund managers of core infrastructure assets.

Innovation partnerships

Ultra-High Temperature Automatic Diverter Valve (ADV): In partnership with an independent oil and gas operator and a third-party development partner, RMSpumptools developed and successfully piloted an ultra-high temperature ADV for Steam Assisted Gravity Drainage (SAGD) wells in Canada. In traditional SAGD applications, wells are drilled as a pair – a steam injector well and a producer well. With the ultra-high temperature ADV, the same well can be used for both steam injection and production. This cuts the requisite number of wells in half, decreasing the environmental footprint required to recover the same amount of oil, and reducing the risk of pollution and environmental damage from drilling operations.

Digital Twin: James Fisher Asset Information Services (AIS) entered a comprehensive partnership deal with digitalisation experts APIteq, to further develop, expand and deliver digital twin products and services to clients around the world. The combined teams represent the most experienced group of experts in the world regarding photogrammetric digital twin models and their application in industrial energy and process markets. Focus is on driving down costs, enhancing safety and productivity, reducing carbon footprint, and supporting industrial clients to transition to efficient digital workflows.

The Big Bubble Barrier (BBB): In partnership with German specialist, HydroTechnik Lübeck, ScanTech Offshore provides environmental protection through the application of Big Bubble Barrier (BBB) technology. The BBB is a compressed air system that can be used to flexibly reduce noise emissions during offshore development projects and protect marine life during ammunition clearance underwater blasting. While the BBB technology has been in use for about 50 years, there was unprecedented surge in demand during 2021 due to the size and stackability of ScanTech Offshore compressors.

How we will deliver against target

To improve the efficiency of our innovation process and bring consistency to how we manage the development of products, services, and capabilities, we have introduced and are integrating some tried-and-true innovation methodologies pertinent to our complex portfolio e.g. design thinking and Lean. These methodologies will enable our operating companies to refine their product and service portfolio, to better understand customer needs and how success is defined, to apply design thinking and agile methodology in developing minimum viable products, to improve the speed to market, and to objectively measure the value and impact of solutions for stakeholders.

During 2022, we will evaluate the right KPI that reflects our innovation ambition, with the aim to set targets by 2023.

REMOTE DESIGN THINKING WORKSHOP FOR OIL AND GAS MAJOR

Due to the COVID pandemic, James Fisher Asset Information Services (AIS) adapted the delivery of its in-person design thinking (DT) workshops to virtual. Even so, the remotely conducted workshops were engaging and collaborative, delivering desired results for the customer.

Challenge

As part of a broader digitalisation strategy, the oil and gas major wanted to explore use cases and model the impact that implementing digital solutions could have on its operational business, including enhancing the management of its oil and gas platforms.

Solution

AIS ran a series of DT workshops with the Company which aimed to solve its unique and complex problems by aligning teams around the real needs of its users. The workshops were conducted in Portuguese to suit the customer's needs.

During the sessions, the major identified the key stakeholders and activities, the pain points it was facing, and the impact of removing these challenges. User problems included:

- Multiple asset trips for all planning activity.
- No flow of data or integration between systems.
- Not able to prioritise work execution effectively based on factors such as location and risk.

AIS explored how its digital twin solution, R2S, could add value to the major's operations and help to mitigate identified challenges.

Results

The DT workshops allowed the major to gain clarity on existing issues with its key operational processes. The major was able to understand and calculate the value of different digital solutions to solve identified challenges.

Following the success of the remote DT sessions, the Company undertook further value-focused workshops with AIS to solve deep-rooted business challenges.

Sustainability cont.

CUSTOMER ENGAGEMENT

KPI	BASELINE (2021)	TARGET	TARGET DATE
Customer Net Promoter Score (NPS)	During 2022, we will establish a baseline, with the aim to commit to a target in 2023		

Why it is important

Responsiveness to customers' current needs and anticipation of their future pain points is critical to how James Fisher operating companies build strong, trust-based relationships. Our success depends on achieving a deep understanding of the challenges that our customers face, and the complexities posed by the environments in which they operate.

Due to our decentralised, entrepreneurial model, each operating company and its subsidiaries are well positioned to directly engage customers and adapt solutions to address their challenges, both local and global. With support from Group functions and the stakeholder working groups, we aim to design a more robust engagement approach, with the purpose of identifying opportunities to consolidate, simplify and reinforce efforts towards building more effective customer relationships.

Progress in 2021

The customer working group, comprising representatives from each operating company, was set up with the mission to put in place a structured methodology to gain feedback from customers, to measure their attitudes towards our businesses over time, and to drive action towards customer relationship improvement.

By having open conversations to discuss existing challenges and best practices, the working group was able to:

- Align behind the customer Net Promoter Score (NPS) as the chosen KPI for measuring customer perception across all operating companies.
- Consolidate a list of six core questions to be used in requesting customer feedback.

How we will deliver against target

Determine NPS baseline

The NPS metric is being piloted across a selection of participating operating companies, with a view to rolling it out Group-wide by year end. Individual company NPS scores will be aggregated to give a Group-level customer NPS score – our customer NPS baseline. Insight from this exercise will inform our target setting and initiatives that will drive future progress.

Reinforce internal processes

We will continue to improve on our processes to enable us to identify and celebrate best practice across our businesses, learning from each other and leveraging industry best practices to accelerate pace. We will also explore a common approach to our sales methodology and the systems surrounding it, as we look to develop and communicate a common James Fisher culture to our customers and other external stakeholders.

GOVERNANCE

KPI	BASELINE (2021)	TARGET	TARGET DATE
% suppliers signed up to James Fisher Supplier Code	During 2022, we will establish a baseline, with the aim to commit to a target in 2023		

Why it is important

We believe that every James Fisher employee, from the Board of Directors to the engineer at the work site, must live and breathe our valued behaviours – pioneering spirit, integrity, energy and resilience. By extension, we expect our suppliers to align with and demonstrate these valued behaviours. A solid governance framework is required to underpin our strategy implementation and ensure that we continue to deliver value for all our stakeholders while managing and minimising our risk exposure (see page 61 for more information on our principal risks).

Business ethics

Our business ethics commitments are established in the Group's Code of Ethics, Anti-Bribery and Corruption Policy and Modern Slavery Policy. Clear expectations and obligations are set with our employees, partners, suppliers and customers in alignment with these policies and processes are put in place to monitor compliance. These policies are continually reviewed to ensure alignment with evolving challenges in the world, whilst staying true to our core values and principles. Several training programmes and assurance processes support our policies, and these are described in detail on page 70.

Supply chain management

We want to work with responsible suppliers who adhere to our principles and are committed to sustainable business practices. Our supplier onboarding process includes a detailed questionnaire that captures their governance processes, policies and commitments, and examines the credentials of their own supply chains. We strive to lead by example, using our own credentials to set the tone for what we expect from our suppliers.

Progress in 2021

Corporate governance

We reviewed and identified several governance improvements that will help to strengthen the Group's foundation and support the implementation of its strategy:

- Improvements identified by CGI as part of the externally facilitated Board and Committee evaluation are described on page 85.
- Changes to the Group's risk management systems and controls following a review by PwC LLP are set out on page 61.

Implementation of these governance improvements is underway.

Supply chain management

The Supplier Working Group was established to create mutually sustainable, beneficial and collaborative supplier partnerships that offer superior value whilst attaining the highest standards aligned to our Group values. Focus in 2021 was to:

- Identify efficiencies: While individual operating companies are responsible for managing their own supply chains and procurement processes, the working group has highlighted opportunities to optimise cost through common categorisation, spend allocation, and supplier relationship management. For example, we are realising new economies of scale where operating companies have been using the same suppliers or purchasing similar products.
- Revise supplier onboarding questionnaire to include key elements of our sustainability strategy and evolving commitments.
- Improve sharing of best practices across operating companies, using the supplier working group as the medium.

How we will deliver against target

Review Code of Ethics

We will review and refresh our Code of Ethics to align with our sustainability strategy and the changing macro factors that impact our world and industries.

Revise supplier management processes

We aim to formalise and introduce a supplier code of conduct, to instil financial and social transparency in the supply chain, with the intention of creating accountability and full disclosure around issues such as human rights, health and safety and environmental impacts. The supplier code will be an extension of our current supplier onboarding questionnaire.

We will continue to target further opportunities for improving supply chain efficiency, develop stronger, open relationships with our suppliers, and streamline the Group's approach to understanding and influencing our suppliers' commitments to our sustainability strategy and the Code of Ethics.

STACKABLE COMPRESSORS FOR BUBBLE BARRIER

ScanTech Offshore has the world's largest fleets of 1600cfm Zone II and Rig-Safe air compressors in a containerised, stackable design, that frees up deck space and allows for reduction in costly management bandwidth. Engineered to operate in arctic or tropical climates, these compressors provide reliability and high performance at reduced physical footprint.

In April 2021, 27 stackable air compressors were shipped out of the ScanTech Offshore UK base in Great Yarmouth on their way to Taiwan, where they were used to create bubble curtains around the installation of 186 pin piles at one of the windfarms there.

"We are able to provide the maximum amount of compressed air for the smallest possible footprint on any heavy-lift installation vessel. This means our compressor package can be adapted for use with a variety of different vessel configurations."

– Barry Craig, Project Manager

Task Force on Climate-related Financial Disclosures (TCFD) summary

Investors, customers, and regulators want to understand how companies are planning for and adapting to changing climate. 2021 saw the UK host the COP26 Climate Summit in Glasgow and, with a plethora of pledges and announcements, momentum for action on climate change is growing. This is evidenced by the 2021 Status Report from the TCFD which shows that a growing number of countries, including the UK, are aligning their official reporting requirements to the TCFD framework.

James Fisher and Sons plc (the Company) and its group of companies (the Group) take the TCFD reporting requirements seriously. We are building on our progress from previous years to develop a net zero strategy and conduct climate scenario analysis, with support from specialist third-party advisory (SLR Consulting). The Company has prepared its TCFD disclosures in line with guidance in the 2021 updates to the TCFD Final Report and Annex, including the supplementary guidance for all sectors. At the time of this publication, several key elements of our TCFD disclosure work are still in progress and will be disclosed as part of a more in depth TCFD report to be published later in 2022.

At the time of publication, the Company has made climate-related financial disclosures consistent with the TCFD recommendations and recommendations disclosures in this TCFD summary against:

- governance (all recommended disclosures)
- risk management (all recommended disclosures)
- strategy (disclosures (a) and (b))
- metrics and targets (disclosures (a) and (b)).

For strategy disclosures (a) and (b), further work is underway to enhance the identification, impact and reporting for climate-related risks and opportunities, and how these map over the short, medium and long term. This further work will be published in an updated TCFD report which the Company will publish later in the year.

Current metrics used by the Company are included in the sustainability report in the Strategic report on pages 40 and 41. Work is ongoing to enhance and extend the metrics used by the Company. This further work will be published in an updated TCFD report which the Company will publish later in the year.

The Company has not included climate-related financial disclosures consistent with the TCFD recommendations and recommendations disclosures in relation to:

- strategy (disclosure (c) – scenario analysis)
- metrics and targets (disclosure (c) – targets)

Due to the diverse nature of the Group's operations and the difficulties in obtaining, verifying and consolidating relevant data and rolling out and embedding the relevant modelling and analytical processes and capabilities within each operating company, the Company has further work to do to be able to enhance its disclosures with respect to strategy and metrics and targets. That work is underway, and the Company expects to be able to publish a full TCFD report by the end of the year. The TCFD summary in the strategic report provides detail on the steps being taken to address the areas of disclosure that require enhancement and completion.

Here, we describe our governance and risk management processes in line with the TCFD reporting requirements and provide insight into our ongoing efforts around net zero and climate scenario analysis. We aim to publish a more comprehensive report once the current scope is completed later in 2022.

Governance

The Company's Board of Directors (the Board) has ultimate responsibility for James Fisher's climate change strategy, with day-to-day responsibility delegated to the Group CEO. The Group CEO is supported by the governance structures described below.

Group Support Functions

The Group's operating companies are supported by Group functional teams. Each functional team reports to or is led by an Executive Director. The Board retains an oversight role and receives regular reports on key issues as follows:

- Financial, tax and treasury matters from the Group Finance Director
- People and HR matters from the Group Human Resources Director
- Legal and regulatory matters from the Group General Counsel and Company Secretary
- Strategy and sustainability matters, including climate strategy, risks, and commitments, from the Head of Corporate Development.

The Sustainability Committee

Climate-related issues are assessed throughout the year by the Sustainability Committee. The Sustainability Committee meets monthly to develop plans for delivering and embedding the sustainability strategy across the Group (including the climate strategy), to monitor and track progress against plan, to support Group leadership and functions on sustainability-related matters and to discuss recommendations to be made to the Board. On a quarterly basis, the Sustainability Committee consolidates and reviews these recommendations then presents a list of actions and decisions to be made to the Board.

Members of the Sustainability Committee include:

- Group CEO
- Group General Counsel and Company Secretary
- Head of Corporate Development
- Group HR Director
- Group Strategy Manager
- 10 representatives of the stakeholder working groups, aligned with the Group's sustainability priorities.

The governance structure of the Sustainability Committee is described in more detail on page 18.

Risk Committee

The Company has a Risk Committee that meets quarterly and is attended by the Executive Directors and the heads of functional teams. Each functional head provides a report that identifies any matters in their functional area which relates to the Group's principal risks and uncertainties, or to the individual operating companies' risk registers. The minutes of the Risk Committee are reported to the Board, and any key issues raised are discussed at meetings of the Board. The main responsibilities of the Risk Committee are to:

- Keep under review the effectiveness of the Group's overall risk management framework and processes and ensure corrective action is taken where necessary
- Make recommendations to the Board/Audit Committee with respect to the appropriate risk appetite for the Group
- Review the principal and emerging risks that the Group is willing to take across all major activities considering the Group's risk appetite, long-term strategy and the interest of all stakeholders impacted by the Group's activities – shareholders, employees, customers, suppliers, the environment, and local communities
- Review reports from functional heads on risks encountered in interactions with the operating companies

- Review reports from the operating companies on their principal risks and mitigating activities, as well as any emerging risks
- Ensure that a robust assessment of the principal and emerging risks facing the Group has been undertaken annually by reference to risk registers from operating companies and functions.

The terms of reference of the Risk Committee are aligned to bring recommendations for improvements of risk reporting to the Audit Committee and the plc Board at the appropriate time in the Board's corporate cycle.

Internal Audit Function

The Group's Internal Audit function is supported by a co-sourcing arrangement with PricewaterhouseCoopers (PwC LLP). Main responsibilities of the function are to:

- Conduct audit assurance for all operational, compliance, financial and other risks in all businesses and locations throughout the Group, both existing and under development
- Make recommendations for improvement and follows up to ensure that management implements recommendations made
- Provide consulting and advisory services related to governance, risk management and control so long as Internal Audit's independence will not be compromised.

The annual Internal Audit plan is determined on a risk assessment basis and is reviewed and approved by the Audit Committee. The head of Internal Audit attends all Audit Committee meetings and, twice annually, presents a summary of the Internal Audit findings, recommendations, and implementation progress. Internal Audit also implements the annual risk evaluation process and the internal control and risk management review questionnaire process with the individual businesses before their presentation to the Board.

During 2021, alongside its assistance in overseas locations, the co-source partner PwC were asked to expand their remit to include internal audits in certain functional areas within the UK, including IT implementation and finance, where the partner's specialist skills will complement the Group's Internal Audit function.

The Audit Committee

The Audit Committee is made up of the Non-Executive Directors. The Audit Committee supports the Board in determining the nature and extent of principal risks it is willing to take in achieving its strategic objectives, and in monitoring the effectiveness of the Company's risk management and internal control systems.

Further details in relation to the Audit Committee can be found in the Governance section from pages 89 to 93.

Strategy

In the 2020 Annual Report, we articulated how climate change is a key consideration in defining the strategic direction of our businesses. As such, we have identified the energy transition as the most defining strategic challenge and opportunity for the Group. This is driven largely by the transition from fossil fuels to renewable energy and other low carbon energy sources. We are aligning our strategy accordingly, supporting the energy industry's own transition efforts by expanding our portfolio of solutions and offerings, in particular in the renewables and oil and gas decommissioning sectors.

Climate change has been identified as one of the Group's principal risks. The Board considers the transition away from fossil fuels and the exponential growth of the renewables market to represent both a risk and an opportunity for the Group. The risks are mitigated by the continued strategic diversification of the Group into new markets, and the expansion of our core capabilities through direct investments and bolt-on acquisitions. Identified opportunities are set out in more detail in the Sustainability section on page 22.

In terms of climate-related impact, the Group may endure the operational impacts of extreme weather events, as well as potential changes in technologies, markets, and regulation in response to climate change. This could increase costs, challenge the viability of Group services, or affect asset values. The Group is also conscious of the need to reduce its impact on climate, including its carbon footprint.

In 2021, in alignment with our ongoing commitment to develop our climate strategy, we carried out a detailed climate risk and opportunity assessment. The results of this assessment have allowed us to identify the three pillars and nine focus areas for our ESG strategy, and feed into a scenario analysis and quantification exercise that is currently underway and expected to be completed before the half year. The process is described in more detail on page 54.

Task Force on Climate-related Financial Disclosures cont.

Risk and opportunity identification process

The approach taken on the climate-related risk and opportunity analysis followed guidance set out by the TCFD, and considers climate-related risks under two overarching categories:

- Risks related to the transition to a lower-carbon economy (transition risks)
- Risks related to the physical impacts of climate change (physical risks).

The TCFD categorises transition risks as risks that occur due to policy and legal changes, technology changes, market changes and reputation changes. The TCFD categorises physical risks as risks that occur as discrete events (acute risks), and/or because of longer-term shifts in prevailing climate conditions (chronic risks).

Furthermore, we considered risks over three timeframes and three climate scenarios, as defined below.

Timescales (as highlighted in the third column):

- Short-term: 0-1 year
- Medium-term: 1-5 years
- Long-term: >5 years

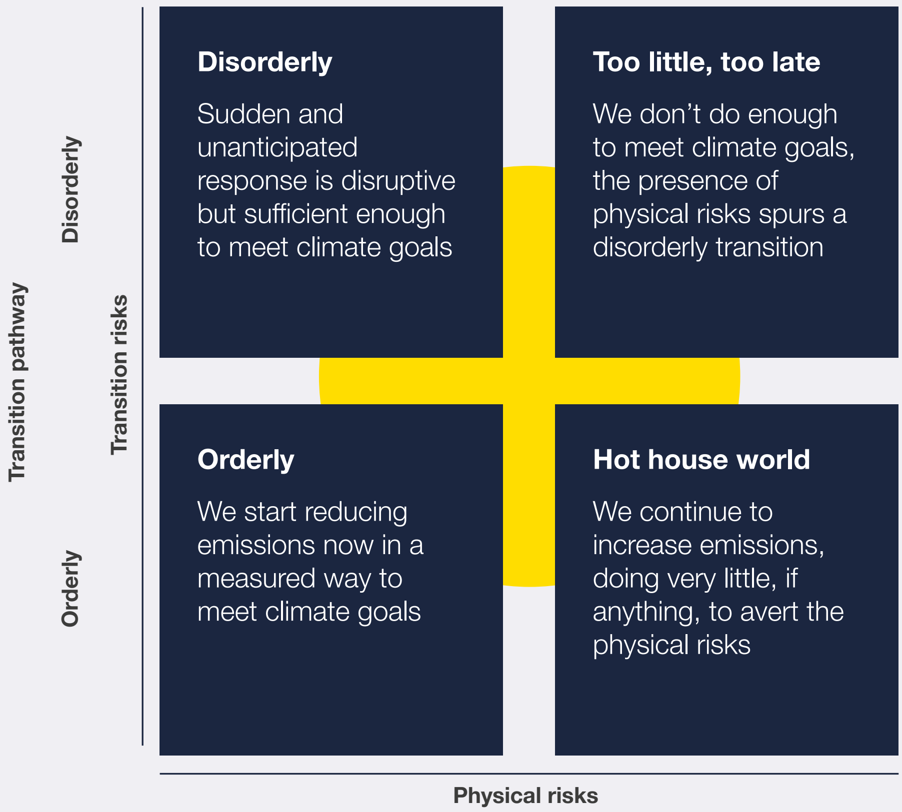
Climate scenarios:

- Orderly transition: early, ambitious action to a net zero CO_2 emissions economy
- Disorderly: action that is late, disruptive, sudden and/or unanticipated
- Hot house world: limited action leads to a hot house world with significant global warming and, as a result, strongly increased exposure to physical risks.

The approach uses climate scenarios defined in best practice guidelines by the Network for Greening the Financial System, a consortium of central banks and supervisors (NGFS, 2020)[1] as set out in the graphic below. The scenarios are designed to act as a foundation for analysis across institutions, creating much needed consistency and comparability of results.

Because these scenarios are being used by a growing number of central banks, supervisors, and companies to better understand risks to financial systems, economies, and businesses, we have chosen them to provide greater comparability and to enable our stakeholders to assess our response to climate change across all markets where we operate.

1 NGFS (2020) Guide to Climate Scenario Analysis for central banks and supervisors. Network for Greening the Financial System, Technical Document.



Risk scoring methodology

Risk scoring followed risk determination guidelines provided by the Intergovernmental Panel on Climate Change (IPCC) and was aligned to James Fisher's internal risk management processes. The term risk signifies the possibility of adverse effects in the future, driven by the occurrence of a hazard. Risk therefore occurs when organisations, assets, societies, processes, or systems become exposed to hazard. To determine the level of vulnerability to risk, three terms were considered: exposure, sensitivity, and capacity to adapt. Sensitivity reflects the predisposition of organisations, assets, societies, processes, or systems to be adversely affected by climate-related risks. Capacity to adapt refers to characteristics or actions that may reduce the level of risk posed by a hazard and thereby alleviate vulnerability. Two types of capacity to adapt were considered in recognition of the two overarching TCFD climate-related risk categories: adaptive capacity – the ability of organisations, assets, societies, processes, or systems to alleviate the level of physical risks through actions; and transition capacity – the ability of organisations, assets, societies, processes, and systems to alleviate the level of transition risks through actions. Vulnerability, which is determined as a function of risk exposure, sensitivity, and adaptive/transition capacity, is therefore the degree to which organisations, assets, societies, processes, or systems will be, or have the propensity to be, negatively affected by risk.

The sensitivity and adaptive capacity scores of the hazards identified were validated at a Group level and operating company level during a series of workshops held with representatives from the operating companies and the Group functions. Final risk scores were then determined by considering vulnerability, likelihood of occurrence (likelihood), and magnitude of impact (magnitude). Both likelihood and magnitude will vary as functions of time and climate scenario. For example, most physical risks associated with climate change (e.g., flooding, drought etc.) are expected to occur more frequently, and have greater impact, under higher-emissions/higher-warming climate scenarios, as well as further into the future. However, transition risks (e.g., policies implementing a rapid decarbonisation of the economy) may be more likely and have greater impact under lower-emission climate scenarios (e.g., Orderly and Disorderly Transition scenarios), as well as in the near-term (e.g., if nation states impose regulations within the next 12 months). The likelihood of occurrence and magnitude were considered over three timescales (short-term, medium-term, and long-term) and three climate scenarios (Orderly Transition, Disorderly Transition, Hot house World).

Except for risk exposure, which was considered binary, the risk scoring methodology was based on a five-point scoring system:

1. Very high sensitivity (5) indicated an organisation, asset, society, process, or system that is very highly predisposed to being adversely affected
2. Very high adaptive/transition capacity (5) indicated an organisation, asset, society, process, or system that is very highly capable of alleviating risk through mitigation actions
3. A high vulnerability score (a function of sensitivity and adaptive/transition capacity) indicated an organisation, asset, society, process, or system that had very high sensitivity to risk and very low adaptive/transition capacity
4. Very high likelihood scores (5) indicated risks that are 'very likely' to occur
5. Very high magnitude scores (5) indicated very high (catastrophic) impact should a risk occur.

Total risk scores were the product of vulnerability, likelihood, and magnitude, and therefore scale between 1 and 125. Finally, risk scores were normalised to 100 to provide intra- and intercompany comparability.

Opportunities were scored against two key metrics: opportunity size, and ability of the relevant company to execute the opportunity. The objective of the approach was to provide an indicative score to assist with future prioritisation. Further investigation should be carried out to better understand the competitive landscape and market size for individual opportunities.

Climate scenario analysis process

Having selected three climate scenarios and identified and prioritised risks and opportunities associated with short-, medium- and long-term timeframes across each scenario, the next phase of the journey for the Company is for us to consider the implications of different climate scenarios and their potential financial implications for the Group. At the time of publication this work is ongoing, with a workshop session scheduled for February 2022 with the Executive Committee members to discuss the implication of different scenario categories and to develop and validate the underlying assumptions, which will feed into the subsequent modelling activities with representatives from the wider Group. The output of this workshop will feed into a scenario analysis financial quantification exercise, the results of which will be published in the Group's subsequent TCFD report later in 2022.

Risk management

The Board is responsible for management of all risks in the Group, including climate-related risk, and is supported by the Group functions (including Internal Audit), the Sustainability Committee, the Risk Committee and the Audit Committee.

Approach

The Group employs a bottom-up and top-down approach to risk management.

- Bottom-up perspective: Quarterly Board meetings are held at the operating company level and provide a forum to discuss and report changing risks and mitigation options, including options for climate-related risks. Any changes are then communicated to the Risk Committee. Assurance is provided by Internal Audit through the internal audit cycle and, twice annually, the Internal Audit team consolidates risk registers and risk management questionnaires from the operating companies for review by the Risk Committee to understand better the view of risk from the operating companies
- Top-down perspective: The Risk Committee overlays the operating company risks (provided by their registers and questionnaire responses), with the view from the functional teams, and with any macro external issues which are impacting or may impact the Group

More details on this process are set out below.

The Risk Committee and Executive Directors report the results of this bottom-up and top-down approach to risk management to the Board and Audit Committee. The results of that assessment, including risk management and mitigating activities, are set out on pages 61 to 69.

At most scheduled Board meetings, there is a deep dive into one of the Group's principal risks and, twice annually, the Board reviews the Group's principal and emerging risks, their mitigating activities, any changes, and the Company's risk appetite.

Internal controls and frameworks

The internal control and risk management framework comprises a series of policies, processes, procedures, and organisational structures which are designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and strategic objectives, as defined by the Board. The framework is overseen by the Risk Committee. The Risk Committee also consolidates reporting, overlays the functional and macro-economic view of risk and reports to the Board on the management and assessment of risk within the Group. An assessment of the Company's risk management and internal control systems is carried out annually by the Audit Committee on behalf of the Board. Results of these assessments are reported in the Audit Committee report as set out on pages 89 to 93.

Systems

Key features of the Group's risk management systems used to identify and monitor material risks are as follows:

- A risk evaluation process commences in the operating companies with an annual exercise to identify the significant operational and financial risks facing the business. Each trading business is required to maintain an up-to-date risk register, which identifies key risks, assigns each a "risk score" based on the likelihood of the identified risk arising and the potential impact on the business of an adverse outcome, both before and after mitigation measures are taken. The risks and their respective risk scores before and after mitigation are reviewed at business level
- To support this process, each operating company Managing Director completes an internal control and risk management review questionnaire on an annual basis. This exercise is a robust self-assessment of operational controls and compliance with Group policies, applicable laws and regulations relating to their business. This ensures that Managing Directors identify risks and relevant mitigating strategies, and have in place adequate control systems to identify, mitigate, and report any weaknesses that require management attention
- The risk registers and annual review reports are reviewed by Internal Audit, the Risk Committee, and the Board. They are used twice a year by the Board to help determine the Group's principal and emerging risks and uncertainties, their potential impacts, how they are being managed and/or mitigated, and any change in the nature of the risk. Internal Audit uses them to define its areas of focus for the forthcoming period

Task Force on Climate-related Financial Disclosures cont.

The Company has aligned its strategy with the key risk and opportunities of climate change and the energy transition. Similarly, following a review of the Group's risk management systems by PricewaterhouseCoopers (PwC), the Group is realigning the risk management process with the strategic review cycle so that risks, including climate change related risk, are considered as part of the Group's strategic review and budgeting process. This also allows the operating companies to build their principal and emerging risks (and opportunities) into their own strategic outlook at an operating level.

Each operating company reviews and presents to the Board on its strategy over a five-year period, including the opportunities which arise from climate-related factors. Their strategies are then consolidated at Group level, impacting on financial planning for operating costs, capital expenditure and allocation, acquisitions and divestments, and access to capital. By way of example, this process has enabled ScanTech Offshore, a company that traditionally operates an oil and gas business, to identify opportunities for noise attenuation during piling for offshore wind projects. Also, the Tankships division has made investments in two new dual fuel vessels, offering customers a lower emissions option for the transfer of their products.

These risk and opportunity processes have been assisted by the Sustainability Committee which recommends the Group's sustainability policy and approach to the Board. During 2021, the Sustainability Committee engaged the support of specialist third-party advisorors to assist in carrying out additional, more focused reviews of climate-related risks and opportunities. The team are working closely with the management teams of each operating company, with outcomes being routinely reviewed with the Sustainability Committee and reported to the Board. This has resulted in the Company's summary of climate-related risk and opportunity set out on page 64.

In future, James Fisher's identification of climate-related risk and opportunity will be undertaken as part of the Group's strategy review with the Board, with related policy and day-to-day management of climate matters continuing to be overseen by the Sustainability Committee. This will bring closer alignment between the Group's environmental commitments and the Group's strategy, at both a Group and individual operating company level.

Metrics and targets

The Group has quantified and reported its Scope 1 and Scope 2 emissions, setting a baseline against which future emissions reduction efforts will be measured. During 2021, we started the process of modelling our near-term (2030) and long-term (2050) Scope 1 and Scope 2 emission reduction targets, with 2021 as the base year.

An interim emissions reduction target will be disclosed at the same time as the forthcoming full TCFD report, to be published later in 2022. In addition, efforts are underway to map out emissions reduction pathways for Scope 1 and Scope 2 emissions in order to meet our near- and long-term targets. These pathways will include both our scheduled and planned emissions reduction options.

Considering the diverse nature of the Group's operating companies, the markets they operate in, regional variations deriving from our global footprint, the complexity of our supply chain, and the multiple categories as defined by the GHG protocol, quantification of Scope 3 emissions will take more time to establish and will involve more intimate detailed engagement with suppliers and customers. During 2021, we started the process of mapping out our Scope 3 emissions in accordance with the requirements of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and reported on our footprint in business travel category. In 2022, we will expand on our measurement of Scope 3 emissions footprint beyond business travel, with the ambition to report on fuel and energy-related activities, waste generated in our operations, employee commuting, and upstream leased assets. In parallel, we will put effective processes in place for measuring and collating information on other outstanding Scope 3 emission categories. Further details can be found in the GHG Emissions section on page 40.

In guiding efforts in modelling the Group's pathway to net zero, we have adopted the Science Based Targets initiative (SBTi) criteria. We aim to reduce our emissions in alignment with the SBTi guidance once the measurement of the full breadth of our Scope 1, 2 and 3 emissions have been completed.

A key output of the ongoing TCFD-aligned, climate-related risk and opportunity identification and climate scenario analysis engagement is the identification of relevant metrics and targets that will help to build climate resilience into the Group's strategy. The identification and ranking of material risks and opportunities is the first step towards developing insight into the financial impact of climate change on the Company. The next stages in the climate scenario analysis are as follows:

- Define and parameterise three climate scenarios based on different climate futures under three temperature regimes, including a high warming scenario and Paris-aligned 1.5°C trajectory
- Develop narratives that explore the socioeconomic, political, and physical climate conditions associated with each climate scenario
- Integrate key risks and opportunities identified in the risk and opportunities analysis into the climate scenarios and develop trajectories of key indicators that are material to the Company
- Quantify the financial impact of key risk and opportunity indicators on the Company under different climate scenarios using modelled trajectories, business costs and revenues, and assumptions about the changing landscape under different climate scenarios

The process will identify key climate-related indicators, which will become the focus for developing metrics that the Company will track on its transition towards a preferred climate future. We aim to publish the relevant metrics and targets that will enable us monitor and track performance in the Group's subsequent TCFD report.

Key performance indicators

Underlying operating profit (£m)

2021	28.0
2020	40.5
2019	66.3
2018	62.1
2017	54.1

Underlying operating profit is after adjusting for separately disclosed items and is the underlying profit from operations before interest.

Operating margin (%)

2021	5.7
2020	7.8
2019	10.7
2018	11.0
2017	10.8

Operating margin is the ratio of underlying operating profit to revenue. The Group's operating margin in 2021 was 5.7% (2020: 7.8%).

Return on operating capital employed (%)

2021	3.6
2020	6.7
2019	11.3
2018	12.2
2017	12.0

Return on operating capital employed is defined as underlying operating profit divided by average operating capital employed. Operating capital employed comprises tangible fixed assets, intangible fixed assets, operating debtors net of creditors, less provisions. The Group's post-tax return on operating capital employed was 3.6% in 2021 (2020: 6.7%).

Underlying profit before tax (£m)

2021	19.7
2020	31.5
2019	58.5
2018	56.1
2017	48.6

Underlying profit before taxation is after interest and before separately disclosed items and related taxes. Underlying profit before taxation in 2021 was £19.7m (2020: £31.5m).

Cash conversion (%)

2021	168
2020	220
2019	99
2018	157
2017	57

Cash conversion is defined as the ratio of operating cash flow to underlying operating profit. Operating cash flow is defined as underlying operating profit, adding back depreciation and amortisation and adjusting for net movements in working capital, pension payments and for the cash profits of associates. Cash conversion was 168% in 2021 (2020: 220%) and has averaged 132% over five years.

Gearing (times)

2021	2.6
2020	2.3
2019	2.1
2018	1.3
2017	1.7

Gearing is defined as the ratio of underlying net borrowings to underlying earnings before interest, tax, depreciation and amortisation. The gearing of the Group at 31 December 2021 was 2.6 times (2020: 2.3 times).

Non-financial KPIs are set out in the Sustainability report by reference to the priority areas. For any priority not currently including a non-financial KPI, metrics and targets are under development and the Company intends to publish the full non-financial KPIs before the next Annual Report and Accounts.

2021 was another challenging year for the Group. Despite the reduction in performance our businesses have remained resilient throughout, which is testament to the hard work and dedication of all employees.

2021 was another challenging year for the Group. The pandemic continued to adversely affect trading conditions, resulting in both revenue and underlying operating profit being below 2020. Despite the reduction in performance our businesses have remained resilient throughout, which is testament to the hard work and dedication of all employees.

Underlying performance in 2021

Revenue was 4.7% below 2020 at £494.1m (2020: £518.2m). It was a mixed performance across the divisions, with Specialist Technical and Offshore Oil showing growth, Tankships being in line and Marine Support behind 2020. Within Marine Support, the ship-to-ship (STS) transfer revenues in the Fendercare business showed a significant decline due to 2020 being a record year, compounded by market challenges in Malaysia and Brazil.

Gross margin was down by 220 bps to 24.4% compared to 26.6% in 2020. Contributing factors include the reduction in higher margin STS revenues and a provision against slow-moving inventory reflecting reduced demand for Fendercare's related fender products, together with increased operating costs as a result of enhanced COVID safety protocols across the world, particularly in our offshore project-based businesses and Tankships division which both rely on mobilising significant numbers of people over the course of a year.

Admin expenses were 4.3% below 2020 at £94.5m, as the Group continued to keep tight control over its operating expenses following cost reductions achieved in 2020. No general pay increase was awarded to employees in 2021, which is something the Board has sought to rectify in 2022, with an average pay increase of 3% being awarded in January against a backdrop of increasing inflation and competition for talent.

Foreign exchange provided a modest headwind in the year, with an average GB£:US$ rate of £1:$1.37 compared to £1:$1.29 in 2020. This adversely affected revenue by 2.1% and underlying operating profit by 4.5% respectively.

Underlying operating profit fell from £40.5m in 2020 to £28.0m in 2021.

Separately disclosed items

Principally as a result of a second year of reduced profitability and the ongoing impacts from the pandemic, the Group has recognised a net charge in relation to separately disclosed items of £48.7m, reduced from £84.0m in 2020.

In 2021, non-cash goodwill and intangible asset impairments of £29.2m (2020: £19.4m) have been recognised principally in relation to the Marine Support and Offshore Oil divisions, as future growth expectations have been tempered by the ongoing effects of the pandemic. Impairment provisions have also been made against tangible fixed assets, principally vessels, of £9.3m (2020: £34.0m including £31.6m in relation to two dive support vessels). The carrying value of these assets prior to impairment exceeded both the value in use and likely recoverable amount.

Bad debt impairments of £4.3m have been made in respect of receivables relating to a specific counterparty risk and receivables billed over 12 months ago in relation to certain projects (2020: £19.3m provision against three specific projects). All balances, including those provided for in 2020, continue to be pursued, with a number of ongoing legal actions to support recovery. The Group reassessed the methodology applied to expected credit losses and now requires all debt over 180 days overdue to be provided for unless there is compelling evidence to support future collection.

Costs of material litigation of £3.1m (2020: £nil) have been incurred in relation to a number of resolved and ongoing disputes.

The Group sold the Paladin dive support vessel and two businesses during the year. These sales generated net proceeds of £20.8m. After deducting the carrying values of the related assets, liabilities and goodwill, the Group recognised a net profit of £0.6m in relation to the disposals.

The net cash outflow in relation to other separately disclosed items was £1.7m (2020: £3.3m).

Statutory operating loss

The Group's operating loss, which is the sum of underlying operating profit and separately disclosed items, reduced to £20.7m (2020: £43.5m) as a result of lower separately disclosed items partially offset by the reduction in underlying operating profit.

Finance charges

The Group's net finance charges reduced by £0.7m to £8.3m (2020: £9.0m). Bank interest reduced from £7.0m to £6.0m during the year as a result of lower borrowings. Non-cash pension and lease liability charges are broadly in line with 2020 at £2.3m (2020: £2.0m). The Group's interest cover ratio, which is calculated by dividing underlying operating profit by net finance charges (excluding IFRS16 finance charges) is 5.4 times (2020: 6.1 times), which compares to banking covenants that require the ratio to be greater than 3.0 times.

Taxation

The Group has recognised an overall net tax credit of £0.8m in the year (2020: net charge of £4.8m). The underlying tax charge for the year is £10.1m (2020: £7.2m) representing an underlying effective tax rate of 51.2% (2020: 22.8%). Compared to the UK Corporation Tax rate of 19%, the following principal factors have had an adverse impact in 2021:

- Losses incurred during 2021 but not provided for as a deferred tax asset (+13pps)
- Higher effective tax rate in overseas jurisdictions (+11pps)
- Retranslation of the Group's net deferred tax liability to 25% from 19%, reflecting the forthcoming UK Corporation Tax increase (+7pps).

Tax on separately disclosed items is a net credit of £10.9m, relating principally to the recognition of a deferred tax asset in the UK on certain fixed assets that were impaired in 2020. This follows a review of the likely future profitability of the UK group and likely duration of the ongoing business associated with those fixed assets. Corporation Tax payments during the year were in line with 2020 at £7.9m.

Dividend and EPS

Having regard to the financial position of the Group, the Board has recommended no dividends during 2021 (2020: interim dividend £4.0m; no final dividend). The Board remains committed to reintroducing a sustainable dividend policy at the right time. Basic and diluted earnings per share are a loss of 55.2p, compared to a loss of 114.2p in 2020.

Table A

£m	2021	2020	Movement
Bank net borrowings	**(139.6)**	(165.6)	26.0
Finance leases (IAS17 basis)	**(7.8)**	(9.4)	1.6
Right-of-use liabilities	**(38.2)**	(23.1)	(14.7)
Net debt	**(185.6)**	(198.1)	12.9

Table B

£m	2021	2020	Movement
Bank net borrowings	**(139.6)**	(165.6)	26.0
Finance leases (IAS17 basis)	**(7.8)**	(9.4)	1.6
Bonds and guarantees	**(8.4)**	(28.3)	19.9
Net debt – covenants basis	**(155.8)**	(203.6)	47.8
Ebitda – covenants basis	**54.3**	73.2	
Net debt : Ebitda	**2.9**	2.8	

Table C

£m	2022	2023	2024	2025	2026	Total
No extensions	40.0	47.5	200.0	–	–	**287.5**
With extensions	40.0	–	87.5	30.0	130.0	**287.5**

Cash flow and borrowings

The Group generated £48.9m (2020: £88.0m) from operating activities. The reduction is due to lower profits and a negative working capital movement in the year. Net working capital was an outflow in 2021 of £8.1m (2020: net inflow £19.9m), driven primarily from timing of payments on long-term projects. A number of cash milestones are due in 2022 from long-term projects.

Net cashflow from separately disclosed items (excluding the sale of assets and businesses which is included in "investing activities") was £1.7m (2020: £3.9m) and tax payments were in line with 2020 at £7.9m.

Cash flows from investing activities generated a £1.9m outflow (2020: £24.2m outflow) as the disposal of the Paladin dive support vessel and two businesses between them generated £20.9m in proceeds. This was balanced against the deployment of £22.1m (2020: £18.9m) of capital expenditure, principally aimed at ensuring the sea-worthiness of our vessels (£4.3m), investment in decommissioning and related equipment (£3.8m), upgrading our bubble curtain equipment (£1.8m) and the purchase of ship-to-ship transfer equipment, for both LNG and oil operations (£2.5m).

Investment in M&A was much reduced, with £1.1m being deployed in 2021, principally in relation to the acquisition of Subsea Engenuity, compared to £7.9m in 2020 which related to the purchase of Fathom and deferred consideration on previously completed transactions.

The Group reduced net debt, including all lease liabilities, by £12.9m to £185.2m. Within this, the net bank borrowing position improved by £26.0m to £139.6m (2020: £165.6m). Additional lease liabilities principally relate to a new charter vessel in the Caribbean and the renewal of seven existing leases within the Tankships division (see table A).

The Group's net debt for the purposes of its banking covenants consists of net bank borrowings, finance lease liabilities (on an IAS17 basis), and bonds and guarantees, as summarised in table B. On a covenants basis, net debt has reduced by £47.8m. The ratio of net debt : Ebitda has remained broadly steady at 2.9 times, which compares to banking covenants requiring the ratio to be less than 3.5 times (see table B).

Financial review cont.

Liquidity

The Group has retained good access to borrowing facilities. A new £130m revolving credit facility was signed during 2021 with three of the Group's existing lenders (replacing £142.5m of expiring bilateral facilities). Table C summarises borrowing facilities by year of maturity, with and without the inclusion of available "+1" extensions. It is the Board's current expectation that extension periods will be exercised in the normal course (see table C overleaf).

Balance sheet

The Group's net assets reduced by £27.3m to £210.6m (31 December 2020: £237.9m), broadly in line with the loss for the year of £28.2m.

Non-current assets

Non-current assets reduced by £51.7m in the year. Goodwill reduced by £33.0m to £133.5m (31 December 2020: £166.5m) as a result of impairment charges of £29.2m, disposals of businesses that had £3.9m of goodwill allocated to them and foreign exchange differences of £1.6m. Intangible assets reduced to £13.3m from £20.1m due to amortisation and impairment charges of £9.2m offset by additions of £2.2m, including £0.7m in respect of the acquisition of Subsea Engenuity.

Within Property, Plant and Equipment the Group invested £19.4m in additions. This was offset by disposals with a net book value of £15.0m (principally the Paladin dive support vessel), depreciation of £23.6m, impairment charges of £5.1m against underutilised assets, the reclassification of the Swordfish dive support vessel to "held for sale" within current assets (£10.7m) and foreign exchange differences of £1.0m.

Right of use assets increased by £9.9m, principally as a result of movements in the Group's Tankships fleet. One new formal vessel was taken on a long-term operating lease in the Caribbean to service a newly won, long-term commercial chartering arrangement, and seven existing vessel leases were renewed in the period. Depreciation of £8.4m against vessels was provided in the normal course and an impairment provision of £4.2m was booked to reflect the latest view of the likely residual values of a number of vessels in the fleet.

Current assets and current liabilities

The Group's net current assets increased by £17.7m to £85.5m. Short-term cash and borrowings increased by £21.1m to a net position of £34.4m of cash. Assets held for sale with a value of £10.7m at 31 December 2021 were transferred from non-current assets, representing the Swordfish dive support vessel.

Non-current liabilities

Long-term borrowings reduced slightly to £173.9m (2020: £178.8m). An increase in long-term lease liabilities of £10.8m represents the new charters within the Tankships division. Net pension liabilities, as measured under IAS 19, reduced to £1.9m compared to £10.3m at 31 December 2020. The Group continues to make deficit repair payments in line with agreed profiles.

Duncan Kennedy
Chief Financial Officer

Principal risks and uncertainties

MANAGING RISK AND ENABLING GROWTH

The Group's emerging and principal risks

The Group is subject to macro risks such as changes in social, political, financial, regulatory and legislative changes. Our operating companies are also impacted by individual risks, often distinct to their operations or operating environment and location, in light of the diversity of the Group in these areas. Our Group risk management process (described in more detail on page 68 below) provides the framework for the risk management practices across all parts of the Group. We use these practices to evaluate and accept those macro and business-level risks that we believe we have the capacity, know-how and experience to manage, or to understand and tolerate those risks that we cannot influence, in order to realise the Group's potential opportunities for growth and development.

Changes in 2021/22

We recognise that risks are evolving rapidly in our changing world. That requires new ways of thinking and working to identify, assess and manage risks effectively. We want to improve and build on the risk management foundations that we have already established, which provided a firm base for operating companies to respond to the COVID pandemic. Following the material write offs in 2020 and the impacts of the COVID pandemic, the Group asked PwC LLP to conduct a detailed review of its risk management systems and controls. The review found that the current systems and controls are supported by significant investment in terms of documentation, reporting and analysis, but that they are made more complex by the diversity and geographic spread of the Group's operations. The report recommended some improvements, in particular potential enhancements in communication of risk from the operating companies, in analysis of risk and in methods for reporting risk to the Board. This has resulted in some immediate improvements which have been implemented during 2021, which are set out below. The Board has also agreed further improvements in the risk systems and controls to obtain better quality output from the corporate planning process and year-end risk assessments.

2021 changes included:

- Tone from the top emphasis of risk management during operating company board meetings has improved operating company analysis and mitigation of risk in day-to-day activities.
- Enhanced templates and guidance for operating companies to assist with their recording, reporting and management of principal and emerging risks.
- Most Board meetings in 2021 have included a risk "deep dive" into the Group's most impactful principal risks, supported by functional specialists: cyber risk, risk of operating in emerging markets, and risk in the recruitment and retention of key people have been covered, with some of these risks discussed at multiple Board meetings. Each session considers the nature of the risk, the mitigating activities, the assurance methodologies and the Group's appetite for that risk.

Further improvements in 2022 will include:

- Further risk "deep dives" will provide coverage of all Group principal risks.
- Improved communication and resources to be put in place to improve the flow of information between the Risk Committee and the operating companies.
- Enhanced analysis of operating company risks in management and Risk Committee's reporting to the Board, assisted by improved mapping of assurance activities against principal risks.
- The cycle of risk reporting, analysis and Board consideration is being built into the strategy cycle to ensure alignment of risk with strategy setting and implementation.

Our principal risks and uncertainties are those that may have the greatest impact on our key priorities when assessed by considering our controls and other mitigating factors on a net risk basis. These risks have been consolidated, discussed and reported on by the Risk Committee, and discussed at the Board and Audit Committee meetings during 2021.

We are monitoring carefully developments in Ukraine and Russia, and the impacts on the Group, both direct and indirect. The Group has well-established sanctions review processes in place, supported by an international law firm. We are also providing support to our Ukrainian employees and contractors.

The Group's key risks follow similar themes to those in previous years, but they evolved over the past year, mainly due to the impacts and learnings from the COVID pandemic and the performance challenges experienced by the Group. Nine principal risks have been identified in our latest assessment. The key changes compared to the last report include:

- Climate change – the Group's understanding of the nature of the climate change risk continues to develop. Based on the definition of climate change risk provided by the Task Force on Climate-related Financial Disclosures (TCFD), the Group continues to develop its strategy around the risks and opportunities related to the transition to a lower-carbon economy, in particular around the energy transition. The Group is developing its understanding of the risks (and opportunities) related to the physical impacts of climate change on the Group, with extreme weather events being a particular focus in light of the predominance of the Group's offshore operations and the need to keep our people safe.
- Project delivery and recruitment/retention – the Group's strategic focus on offshore renewables and oil and gas decommissioning is reliant on project management and engineering skills which are in enormous demand in growing industries. There is an increasing risk in relation to recruiting and retaining the talent and skills needed to deliver on the projects the Group is winning in a very competitive skills market. The Group is seeking to address the risk through improvements in recruitment and retention processes, and through building the skills needed through training.
- Financial risk – the Group's financial risk description has been broadened to encompass financial governance in addition to foreign exchange, interest rate and liquidity risks. The Group's decentralised operating model requires robust internal financial controls, in addition to those that govern contracting, operating in emerging markets and project delivery that are specifically articulated within its principal risks already. The Board recognises that there are a number of control enhancements recommended each year by its Internal Audit department and that the level of separately disclosed items in each of the last two reporting years may indicate a heightened risk associated with its operating model. A number of enhancements to the financial control environment are underway, including the appointment of a Head of internal controls, the planned outsourcing of its Internal Audit department and new policies governing inventory and debt provisioning.

Principal risks and uncertainties cont.

1. HEALTH AND SAFETY RISK

Nature:

Group trading companies may experience an adverse operational incident or failure to maintain appropriate levels of health and safety.

Potential impact:

- The health and safety of our workforce and others could be impacted by our operations
- The Group's reputation could potentially suffer if there was a major accident or health and safety issue
- Claims and regulatory action may be taken against the Company or the affected business

Mitigation:

- First item on plc and business board agendas
- Policy and training
- Group Health and Safety Committee
- Group safety forum
- Insurance
- Group-wide safety initiative

Context:

During 2021, although there have been no fatalities, there continue to be incidents, including a number of high potential near misses, which point at the ongoing need for vigilance and increased focus on health and safety. Executive management continues to increase the level of awareness and focus on HSE, and the Group safety forum is successfully sharing best practice, improving root cause analysis and sharing incident learnings amongst the Group's HSEQ specialists. A new health and safety initiative called "Look, See, Act" is due to be launched imminently to communicate the level of required focus and the need to avoid complacency in this vital area.

Movement:

No change. On balance the net risk has remained the same, and efforts to bring greater coordination, diligence and awareness in this area are ongoing.

Opportunity:

Operating in competitive markets there is an increased opportunity to provide differentiation to our customers by our strong commitment to health and safety, thereby building long-term trust.

2. CYBER SECURITY RISK

Nature:

The Group may experience loss or harm related to technical infrastructure or the use of technology within the Group.

Potential impact:

Cyber attacks could result in financial and reputational damage by way of significant interruption to business systems. Phishing could result in financial and reputational damage by way of theft or fraud.

Mitigation:

- Further embedding of new Group-wide operating system with enhanced security, alongside infrastructure and software updates to existing systems
- Regular review of IT security issues, including penetration testing
- Enhanced cyber awareness training and regular briefings
- Improved threat detection software and cyber phishing testing introduced

Context:

The Group has continued to invest in cyber security and awareness during 2021, with improvements in cyber training and awareness, threat detection software and phishing testing. Despite the increased protections in place at the Group, the external threat continues to increase.

Movement:

Increase. The Group is reliant on its systems in order to operate effectively and has continued to invest to enhance cyber resilience. The external threat is continually adapting and increasing, notwithstanding the mitigating activities.

Opportunity:

Upgraded IT systems increase security, but also flexibility, facilitating secure working while travelling or from home.

3. OPERATING IN EMERGING MARKETS

Nature:

The Group operates in overseas emerging markets and key growth economies with fluctuating legislative restrictions, embargoes, sanctions and exchange controls, often undertaken in association with local joint venture partners.

Potential impact:

Those operations may expose the Group to increased risk of governance and compliance issues. Any significant failure to comply with laws or regulations could lead to penalties and other financial liabilities, as well as reputational issues. Where there is a jurisdictional requirement for local investment or representation, the Group's ability to continue business in that jurisdiction could be adversely impacted from an ethical or legal perspective.

Mitigation:

- Corporate governance framework, including limits of authority
- Risk tracking of JVs, agents and other third party relationships, including use of bespoke web-based platform
- Policies and training
- Corporate structuring of relationships, using external local legal advice
- Internal audit operating overseas using co-sourced PwC resources to leverage advantages of working in local language and consistent with local law/regulation

Context:

Operating in challenging conditions in developing markets remains a key part of our strategy. This continues to be challenging due to worldwide Government-imposed travel restrictions in response to COVID, complicating control and communications in relation to our operations in developing markets. The suspension of Subtech Offshore's projects in Mozambique illustrated how quickly and materially instability in emerging markets can impact on our operations, and puts increased pressure on contractual risk (see below). The improvements in mitigating controls, along with an ongoing increase in Group awareness in this area, result in the net risk being unchanged.

Movement:

No change. Commercial and financial controls, project management and risk management, along with increasing Group awareness in this area continue to mitigate the risk.

Opportunity:

The Group's ability to operate in emerging markets for global customers offers an increased opportunity to be differentiated from our competitors.

Principal risks and uncertainties cont.

4. CLIMATE CHANGE

Nature:	Potential impact:	Mitigation:
The Group operates in industries which may be adversely impacted due to the change in energy mix. The Group is committed to minimising the impact of its operations on climate change.	The Group may suffer operational impacts of extreme weather events, as well as potential changes in technologies, markets and regulation in response to climate change which could increase costs, challenge the viability of Group services or affect asset values. The Group is also conscious of the need to reduce its impact on the climate, including its emission of greenhouse gases.	• Continuing the Group's end markets and geographical diversity • Focus on oil and gas decommissioning, and renewables markets • Initiatives to reduce the Group's emissions and other impacts on the environment

Context:

Energy markets remain a key source of Group revenue, including both the oil and gas and renewables industries. With the strategic focus of the Group supporting the macro transition from oil and gas to renewables, with increased investment in oil and gas decommissioning and renewables markets, the Board continues to consider the impact of climate change on energy markets as one of the Group's principal risks, as well as one of the Group's key strategic opportunities. The 2021 strategic review has clarified the Group's commitment to renewables and decommissioning, although the Group's businesses which operate within them have been impacted by a combination of volatile oil prices and COVID. Oil and gas remains an important market for the Group and through 2021, the Offshore Oil division continues to be a consistent and important contributor to Group results, while other Group companies have seen material impacts in their support for oil and gas customers. The risk is mitigated by the continuing diversification of the Group into new markets which, aligned with focused strategic opportunities, targets the ongoing long-term sustainability of the Group. The Board believes that the global market for renewable energy will continue to grow, and therefore sees the energy markets as both a risk (long-term oil and gas, post decommissioning) and an opportunity (renewables).

Movement:

Increase. The Group has built its strategic goals around sustainability, driven in part by the impacts of climate change on the Group and the markets it serves. External scrutiny continues to increase on all companies in relation to climate change, and the Company has ongoing work in this area, in particular in understanding the physical risks of climate change on the Group.

Opportunity:

The Board believes that the global market for renewable energy will continue to grow, and therefore sees the energy markets as an opportunity.

5. CONTRACTUAL RISK

Nature:

The Group operates in markets where larger project-based contracts may seek to pass risk down the supply chain.

Potential impact:

Through its growth and diversification into new markets and geographies, the Group may be exposed to increased contractual risks, which could result in financial impact caused by late payment, cost overruns, increased claims and litigation, and/or exposure to non-UK legal jurisdictional uncertainty.

Mitigation:

- Internal contract management governance, including policy and training
- Internal and external specialist legal support
- Appropriate balance of risk and reward in contracts, based on Group principles
- Targeting increased contract management skills
- Insurance

Context:

The financial challenges of 2020/21 increased the pressure on the Group to secure profitable contracts but we remained focused on managing our contractual risk and ensuring that our risk continues to be appropriately balanced with reward. Customers continue to push more risk down the supply chain and reduce the level of financial assurance they give to their contractors. 2021 has seen positive examples of good contractual risk management in Subtech's Mozambique project which was impacted significantly by COVID, and there has been an improvement in contractual management skills across the Group, both through organic training and recruitment of specialists. The limits of authority relevant to each business are designed to ensure that contracts are reviewed and approved at the appropriate level, and are being reviewed during 2022.

Movement:

Increase. The Group is diversifying its operations to secure a more sustainable future for its energy businesses and that will bring its own challenges whilst the Group adjusts to new customer expectations and industry developments.

Opportunity:

As the Group pursues its strategy, contracts become a key mechanism for managing risk and also enhancing engagement with our customers and suppliers.

6. PROJECT DELIVERY

Nature:

Group businesses may fail to meet customer expectations or contractual requirements on project delivery.

Potential impact:

This could cause significant adverse financial and reputational consequences, and/or increased cost and management time resulting from management of disputes and litigation

Mitigation:

- Increasing the specialist project management skillset across the Group through training and recruitment
- Implementation of project management best practices
- Focus on post-signature contract management
- Salary benchmarking and role banding exercise

Context:

The profile of the work undertaken by the businesses continues to shift more towards project work. Established mitigating processes include targeting increased project delivery skillsets through external hire and training, ongoing development of project management best practice, and building post-signature contract management into the project management skillset. We remain focused on improving outcomes across a fragmented group where resource and skills in certain areas are less mature.

Movement:

Increase. 2021 has seen increased challenges in the recruitment and retention of skilled personnel in a fluid recruitment market where these skills are highly prized and under-resourced.

Opportunity:

Our customers require suppliers which can manage large projects in demanding environments. The Group is in a key position to support them, grow our customer engagement, and win new work.

Principal risks and uncertainties cont.

7. RECRUITMENT AND RETENTION OF KEY STAFF

Nature:

The Group may fail to attract, retain and develop personnel of the requisite calibre and to plan for succession in key leadership positions.

Potential impact:

This may result in the Group not being able to maintain its existing strong and experienced management teams in its operational businesses, and/or a risk to the Group's delivery of its strategic objectives, which depends on recruiting and retaining the right people in all areas of our business to maintain competitive advantage.

Mitigation:

- Implementation of employee strategy
- Graduate recruitment
- Talent identification and management
- Management development programmes
- Appraisal process
- Training plans
- Remuneration incentives
- Succession planning
- Salary benchmarking and role banding exercise

Context:

Progress continues on implementation of the employee strategy to improve recruitment and retention. New senior management positions have been filled during the course of 2021. Succession and recruitment have improved. Retention has been a challenge and remains a key focus. Unchanged.

Movement:

Increase. The Group's employee turnover rate has increased through 2021, due to a very competitive and liquid external recruitment market, although this has not materially impacted key positions and resulting recruitment has been successful.

Opportunity:

Improvements in recruitment and retention will strengthen our teams worldwide, as well as the ability to compete in our chosen markets.

8. FINANCIAL RISK

Nature:

The Group is exposed to interest rate, foreign exchange and credit risk. The Group's decentralised operating model requires robust and effective financial controls.

Potential impact:

An increase in interest rates or change in exchange rates or credit restriction would have a financial impact on the Group. Poor financial controls may impact adversely on reporting accuracy or risk of fraud.

Mitigation:

- Formalised Group internal controls and accounting policy manuals
- Documented levels of delegated authority for all operating companies
- Half-yearly self-certifications covering the effectiveness of financial controls signed by operating company Finance Directors
- Third party whistleblowing hotline available to all employees (from mid 2022)
- Internal Audit reviews on a periodic basis for all operating companies
- Non-syndicated banking relationships plus new 3-bank RCF club
- RCFs with spread of maturity profiles
- Centralised finance function management of Group cash and debt, and FX
- Forward currency contracts
- Interest rate swaps

Context:

The level of separately disclosed items may indicate a heightened risk of ineffective financial controls. The Group has sufficient banking and debt facilities in place, but a reduction in earnings during 2021 put significant pressure on achieving compliance with banking covenants at the end of December 2021. The Group continues to sell USD forward to cover about 50% of its exposure to reduce earnings volatility. Interest rates, foreign exchange and credit risks remain key risks and are reviewed at each Board meeting.

Movement:

Increase, due to separately disclosed items and current covenant compliance risk, albeit the Group remained in compliance with all banking covenants for 2021.

Opportunity:

None.

9. PANDEMIC RISK

Nature:	Potential impact:	Mitigation:
The Group is a global business and continues to be impacted by the COVID pandemic. The Group may face a risk of future pandemics, and in particular an enhanced international government response to future potential virus spread which may lead to quicker triggering of restrictions on work and travel in the places where the Group needs to provide its services.	The current impact on the Group's operations created by the COVID pandemic may continue. A future pandemic, or governmental response to a potential virus spread may impact the Group's ability to provide services to its customers.	• Tracking and following Government restrictions and recommendations • Making office locations safe for work • Home working where possible, supported by improved IT services enabling better communication • COVID working group providing advice and support to employees • Enhanced employee assistance programme • Encouraging vaccination where possible

Context:

The ongoing COVID pandemic, and the resulting restrictions imposed by governments in locations where the Group needs to provide its services, are continuing to impact the Group's operations. This is seen through customers delaying anticipated work, and projects taking longer to complete, with increased cost. Governments are likely to have a quicker and more conservative approach to tackling possible future pandemics and variants, meaning restrictions may be deeper and quicker. However it is anticipated that, due to the material economic impact of the first lockdowns, governments will be keen to avoid lockdowns where possible.

Movement:

Decrease. It was not anticipated at the start of the COVID pandemic that its impacts would still be felt at the end of 2021. While restrictions continue to impact on the Group, our businesses have found effective ways to continue to provide products and services to our customers, albeit with some delays and increased costs. As restrictions lift, the impacts are decreasing.

Opportunity:

Through finding creative ways to continue to deliver for our customers through the pandemic, we are able to build further customer loyalty and differentiate ourselves through our energy and resilience.

Emerging risks

Our risk management programme includes a review of emerging risks. We define emerging risks as those which take the form of a systemic issue or business practice that has either not previously been identified, has been identified but has remained dormant, or has yet to rise to an area of significant concern. The Risk Committee is working to develop a more detailed understanding and better management of this specific area of risk management, with support from PwC, following their review of Group risk management.

The impacts of the COVID pandemic since 2020 have created a heightened awareness of new and emerging risks that could impact the Group, its customers and suppliers – this has come through in the trading company reporting in relation to the pandemic, although no specific individual "new" issues or business practices have been identified; for example, post-pandemic ways of working and longer-term skill requirements may emerge as workforce planning risks, closely associated with risk in relation to the recruitment and retention of key people. Furthermore, ongoing scenario planning work in line with TCFD guidelines is focusing in on the identification and assessment of potential short to longer-term emerging physical risks linked with climate change, which are already captured in part in the Group's principal risks relating to energy markets, although this will develop in further directions once the analysis is complete.

The ongoing development with respect to an energy mix in transition continue to be at the forefront of the Company's risk management and strategic planning, as renewable sources produce more energy, and environmental concerns lead to an increased focus on the decommissioning of oil and gas assets. Although the Company recognises that oil and gas will remain part of the energy mix for some time, we aim to provide services for the benefit of the production, delivery and decommissioning industries in a safe and sustainable way, whilst we support the energy transition to low carbon sources.

Principal risks and uncertainties cont.

Risk governance framework

The Board is responsible for the management of risk in the Group, supported by the Risk Committee and the Group functions, including internal audit. The internal control and risk management framework is comprised of a series of policies, processes, procedures and organisational structures which are designed to ensure that the level of risk to which the Group is exposed is consistent with the Group's risk appetite and strategic objectives, as defined by the Board. The framework is overseen by the Risk Committee which helps the trading companies with their risk management and reporting, consolidates reporting, overlays the functional and macro-economic view of risk and reports to the Board on the management and assessment of risk within the Group. An assessment of the Company's risk management and internal control systems is carried out annually by the Audit Committee on behalf of the Board. The results of that assessment are reported in the Audit Committee report as set out on pages 89 to 93 and below. The focus for further improvements to the framework are set out in more detail on page 61.

Group functions

The Group's trading companies are supported by Group functions. Each functional head reports to an Executive Director. The Board retains an oversight role and receives regular reports on key issues: on financial, tax and treasury matters from the Chief Financial Officer, on people and HR matters from the Group Human Resources Director, and on legal and regulatory matters from the Group General Counsel and Company Secretary. The Board conducts a "deep dive" review into the Group's most potentially impactful principal risks at most scheduled Board meetings. The Board has a schedule of matters specifically reserved to it for decision, designed to ensure that it maintains full and effective control over appropriate strategic, investment, financial, organisational and compliance issues. This schedule is subject to review by the Board on an annual basis.

Internal Audit

The Group's Internal Audit function is supported by a co-sourcing arrangement with PwC, and undertakes regular reviews of the individual businesses' operations and their systems of internal controls. It makes recommendations to improve controls and follows up to ensure that management implements the recommendations made. The annual Internal Audit plan is determined on a risk assessment basis and is reviewed and approved by the Audit Committee. Internal Audit's findings are reported to the individual management team, the Executive management team, the functional heads, and the chairman of the Audit Committee. The head of Internal Audit attends all Audit Committee meetings and presents a summary of the Internal Audit findings, recommendations, and implementation progress on an ongoing basis. Internal Audit also implements the annual risk evaluation process and the internal control and risk management review questionnaire process with the individual businesses, before their presentation to the Board. During 2021, alongside its assistance in overseas locations, making best use of videoconferencing technology, the co-source partner was asked to expand its remit to include internal audits in certain functional areas within the UK, including IT implementation and finance, where the partner's specialist skills have complemented the Group's Internal Audit function. With effect from April 2022, we will be moving to a fully out-sourced model for Internal Audit, supported by PwC.

Risk Committee

The Company has a Risk Committee, which meets quarterly and is attended by the Executive Directors and the heads of the functional teams. Each of the functional teams provides a report at each Risk Committee meeting which identifies any matters in their functional area which relates to the Group's principal risks and uncertainties, or to the individual trading companies' risk registers. The minutes of the Risk Committee are reported to the Board, and any key issues raised are discussed at meetings of the Board. The main responsibilities of the Risk Committee are: to keep under review the effectiveness of the Group's overall risk management framework and processes and ensure corrective action is taken where necessary; to make recommendations to the Board/Audit Committee with respect to the appropriate risk appetite for the Group; to review the principal and emerging risks that the Group is willing to take across all major activities, taking into account the risk appetite, the long-term strategy of the Group and the interests of its stakeholders (shareholders, employees, customers/suppliers, the environment and local communities impacted by the Group's activities); to review reports from the functional leads on risks that their teams are encountering in their interactions with the trading companies; to review reports from the trading companies on their principal risks and mitigating activities, as well as any emerging risks; and to ensure that a robust assessment of the principal and emerging risks facing the Group has been undertaken annually by reference to risk registers from trading companies and functions.

Through the Executive Directors and the Group General Counsel and Company Secretary, the Risk Committee presents to the Board its annual assessment of the principal and emerging risks of the Group, taking into account the existing principal risks of the trading companies, and those tracked by the functional teams, as well as presenting the emerging macro risks, and those emerging risks identified by the trading companies, the impact of which could potentially develop to impact the Group as a whole. This enables the Board to carry out its own robust assessment of the principal and emerging risks of the Group as a whole. The results of that assessment, including risk management and mitigating activities, are set out on pages 61 to 69.

Risk management systems

The key features of the Group's risk management systems used to identify and monitor material risks are as follows:

- Each operating business is required to maintain an up-to-date risk register, which identifies key and emerging risks, assigns each a "risk score" based on the likelihood of it arising, and the potential impact on the business of an adverse outcome, both before and after mitigation measures are taken. The risks and their respective risk scores before and after mitigation are reviewed by each business and discussed with the Executive Directors at each quarterly operating board meeting.
- The risk registers are reviewed by Internal Audit, the Risk Committee and the Board twice a year, based on the process outlined in the "Risk Committee" section above, with the mid-year review focused on the material changes to those risks.
- The risk registers are supported by an internal control and risk management review questionnaire, completed annually by each trading company managing director. This is a robust self-assessment of operational controls and compliance with Group policies, applicable laws and regulations relating to their business. This ensures that managing directors identify risks and relevant mitigating strategies, and have in place adequate control systems to identify, mitigate and report any weaknesses that require management attention.
- The risk registers are used twice a year by the Board to help to determine the Group's principal and emerging risks and uncertainties, their potential impacts, how they are being managed and/or mitigated, and any change in the nature of the risk. Internal Audit uses them to define its areas of focus for the forthcoming period.

Business reporting and performance reviews

The Group operates an annual budgeting process and produces quarterly forecasts which are reviewed and approved by the Board. Monthly results are compared with budget and prior year, and individual business reviews are conducted quarterly, which include a review of financial results. The operating companies also compile a three-year strategic plan. The Executive Directors hold quarterly board meetings with each business unit to discuss strategy, financial results and forecasts, business needs and the management of risks facing the business.

Regulatory compliance policies

Whistleblowing

As part of its internal control procedures, the Group maintains a whistleblowing policy which:

- encourages the workforce to report any suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate;
- provides staff with guidance as to how to raise those concerns; and
- reassures staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.

The policy covers any suspicions of criminal activity, failure to comply with any legal obligation, miscarriages of justice, danger to health and safety, damage to the environment, bribery under our anti-bribery and corruption policy, facilitating tax evasion, financial fraud or mismanagement, and breach of our internal policies and procedures including our Code of Ethics. The policy is designed to ensure that any employee who raises a genuine concern is protected. Any concerns can be raised in the first instance with the Chief Financial Officer or the Group General Counsel and Company Secretary in confidence. The Group is launching a new externally-facilitated whistleblowing hotline in the first quarter of 2022 which will provide a simple platform for communication and management of whistleblowing issues, in the many languages used around the Group. The Board has overall responsibility for the policy, its application to individual concerns raised under the policy and for reviewing and approving the effectiveness of actions proposed in response to concerns raised under the policy. During 2021, there were three whistleblowing reports raised and investigated.

Anti-bribery and corruption

The Board is committed to ensuring the highest standards in all of the Group's business dealings and condemns corruption in all its forms. The Group has a formal anti-bribery and corruption statement and policy and does not tolerate or condone corruption or bribery in any of the Group's business dealings. This policy has been implemented throughout the Group and is supported by a Group-wide training programme (both online and in person, delivered by the Group legal team) and regular compliance reviews through Internal Audit. This policy is reviewed annually by the Board and is available on the Group's website. More detail is provided on page 71.

Modern slavery

The Board has a zero-tolerance approach to any form of modern slavery and is committed to acting in an ethical manner and with integrity and transparency in our Group's business dealings. The Group has a formal slavery and human trafficking statement and policy which outlines the steps taken by the Group to ensure that slavery and human trafficking is not taking place within any part of the Group's business or within the Group's supply chains. Both the statement and the policy are available on the Group's website. More detail is provided on page 71.

Viability statement

The Group's business model and strategy are detailed on pages 12 and 13, and our risk management framework is described on page 61. Understanding of our business model, our strategy and our principal risks is a key element in the assessment of the Group's prospects, as well as the formal consideration of viability.

As part of the strategic planning process, the Directors have assessed the Group's viability over a three-year period ending 31 December 2024, being the most relevant time period given the current uncertainty in global markets and represents a subset of the Group's five-year outlook in its strategy planning process. During the strategy planning process, the Board reviews the Group's strategy and its detailed financial plan in light of the Group's current position and prospects, together with factors and risks that might affect the future outlook. The Board carefully assesses the performance and prospects of each business regarding entering new markets and geographies, current and expected growth rates, macro and individual business risks, prospective new projects (and their timing), and the robustness of individual business performance.

The Group's plan overlays a number of assumptions and sensitivities which are reviewed by the Board; this includes a review of whether additional bank facilities will be required and available in the plan period, as well as a robust assessment of the likely downside sensitivities aligned to the principal and emerging risks facing the Group as set out on pages 61 to 69, and the potential impact of those sensitivities on its business model, future performance, solvency and liquidity over the period. The sensitivities which are considered include the diverse nature of the markets and geographies in which the Group's businesses operate, and their ability to react quickly to change, as well as:

- COVID – assuming no growth from 2021 and a further lockdown between November 2021 and February 2022, profits reduced accordingly;
- contractual risk – winning larger contracts and operating in more geographies with partners potentially exposed to increased risk of late payment or cost overruns. To reflect this the cash receipts were reduced over the three-year period to 31 December 2024;
- project delivery – risk that a project not delivered in line with the budgeted profit and payment terms. To reflect this the profit and debtor receipts were reduced over the three-year period to 31 December 2024;
- increase in guarantees – risk that the Group needs to take on significantly more guarantees to secure long-term projects; and
- acquisition/disposal programme delayed – risk that disposals take longer than planned or are delayed by six months, and assets held for sale are not sold.

The analysis further takes into account:

- the potential mitigating actions, including the following possible actions: reduction of capital expenditure; delay of acquisitions; drawdown on additional available facilities; not declaring dividends; outright sale or sale/leaseback of Group assets; and
- the effectiveness of the Group's risk management and control systems, as well as current risk appetite.

More details on the potential impacts of these scenarios are set out in Note 1 on page 134.

Based on their assessment of the Group's prospects and viability, and in accordance with Provision 31 of the Code, the Directors confirm they have a reasonable expectation that the Group will be able to continue to operate and to meet its liabilities, as they fall due, for the period to 31 December 2024.

Non-financial information statement

The information set out below, together with the cross references listed in the table below as to where further information can be found in the main body of the Strategic report, is in compliance with the Non-Financial Reporting requirements as set out in sections 414CA and 414CB of the Companies Act 2006:

Reporting requirement	Relevant policy	Location	Page
Business model		• Business model and Strategy	12-13
Environmental matters	• Group Health, Safety and Environmental policy	• Our stakeholders • Planet • Principal risks and uncertainties • TCFD	20-21 36-41 64 52-56
Employees	• Group Health, Safety and Environmental policy • Code of ethics	• Our stakeholders • People • Principal risks and uncertainties • Directors' report	20-21 42-47 66 111-114
Social matters	• Code of ethics	• Our stakeholders • People	20-21 42-47
Respect for human rights	• Modern slavery and human trafficking policy • Code of ethics	• Principal risks and uncertainties • Non-financial information	69 70-71
Anti-bribery and corruption	• Anti-bribery and corruption policy	• Principal risks and uncertainties • Non-financial information	63-69 70-71
Principal risks		• Principal risks and uncertainties	61-69
Non-financial KPIs		• Sustainability	36-56

Our policies

A combination of online and in-person training on all the key policies is carried out across the Group, and there is also a system of biannual certification for compliance officers, certifying that the relevant individuals in their businesses have read and understood the policies and are fully compliant. All employees, contractors and third parties are encouraged to report any circumstances where there is a suspected or actual breach of any Group policies, applicable laws, or the high standards as set out in the Code of ethics. All reported incidences of actual or suspected breach of any of the policies are promptly and thoroughly investigated, and reviewed by the Audit Committee. The Audit Committee also considers any high-risk areas identified by the internal audit function, the Group legal team or the business's compliance officers.

Key policy	Relevant policies
Code of Ethics	James Fisher is committed to ensuring the highest standards in its activities and is particularly concerned that appropriate and ethical policies and procedures are followed in all business dealings across the Group. The Group strives for a culture of honesty, openness and accountability, aligned with the Group value of integrity. The Group's commitment to the highest level of ethical conduct should be reflected in all our business activities including relationships with our stakeholders. All employees and others must conduct themselves according to the language and the spirit of this Code and seek to avoid any appearance of improper behaviour. As part of our work on governance, aligned with our sustainability priorities, we are reviewing our Code of Ethics in 2022.

Key policy	Relevant policies
Group Health, Safety and Environmental policy	Health and safety is the top priority and the Group actively strives for the continuous improvement of health and safety in the workplace. We aim to provide a healthy and safe working environment for all our employees and to ensure the safety of others affected by our operations. The Group recognises its responsibility to protect the environment for the benefit of all. This policy represents a declaration of our intent and commitment to minimise the environmental impact of our activities, our consumption of raw materials and our production of waste. The ultimate responsibility for health and safety, and the environment rests with the Group Chief Executive Officer, the Board members, and the Executive team. This responsibility is cascaded through the organisation via divisional/regional managing directors (MDs) and their leadership teams. In the case of health and safety, this is supported by the Group Safety Committee, as well as by the Group safety forum and its individual members, who are the health safety, environment and quality (HSEQ) representatives for each business. In the case of the environment, this is supported by the Sustainability Committee, and by the environmental working group, with representation from across the Group.
Anti-bribery and corruption policy	James Fisher has zero tolerance for any form of bribery or corruption and is committed to complying with all applicable anti-bribery and corruption laws. The Group has an established anti-bribery and corruption policy and has introduced a compliance programme which has the support of the Board and senior management within the Group. This includes communication of the statement and policy, training, risk assessment and ongoing monitoring. Employees are required to complete the training and to self-certify that they understand and agree to be bound by its provisions. Ongoing compliance is monitored by local compliance officers who are required to report to their local boards and to the Audit Committee, via Internal Audit on at least a biannual basis. The compliance officers are responsible for ensuring that risk assessments, training and awareness are carried out and are kept up to date. In addition to ensuring that our people are compliant with the Group's anti-bribery and corruption policy, we require that all third-party agents and joint venture partners engaging with any Group entity comply with these policies in order to ensure compliance with applicable anti-bribery and corruption laws. The policy is supplemented by mandatory due diligence on all third-party agent and joint venture relationships, enabled by a bespoke web-based platform available to all Group businesses, supported by due diligence provided by an international risk consultancy, Control Risks. It provides a robust tool through which our businesses can risk assess agent and joint venture partners with whom they are considering doing business. It forms part of our internal control procedures and helps mitigate the business's compliance risk.
Modern slavery policy	James Fisher respects fundamental human rights and is committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our business or in any of our supply chains or in the communities in which we operate across our international businesses. We have implemented work practices and policies throughout the Group which are designed to ensure that respect for human rights is integrated into the systems and culture of our businesses. We do not tolerate the use of child or forced labour within our business and take all steps possible to ensure that our suppliers and customers also uphold internationally recognised human rights. This is enabled through risk assessments undertaken by our Group businesses which identify parts of their supply chain which could be susceptible to risk in this area, as well as confirmation from our suppliers of compliance with our policy and relevant law. Our progress in modern slavery is set out in our annual Modern Slavery statement which is available on the Group's website outlines steps taken by the Group to ensure that there is transparency in the Group and throughout our supply chains. The Group encourages any concerns relating to modern slavery to be raised using the procedure set out in the whistleblowing policy.

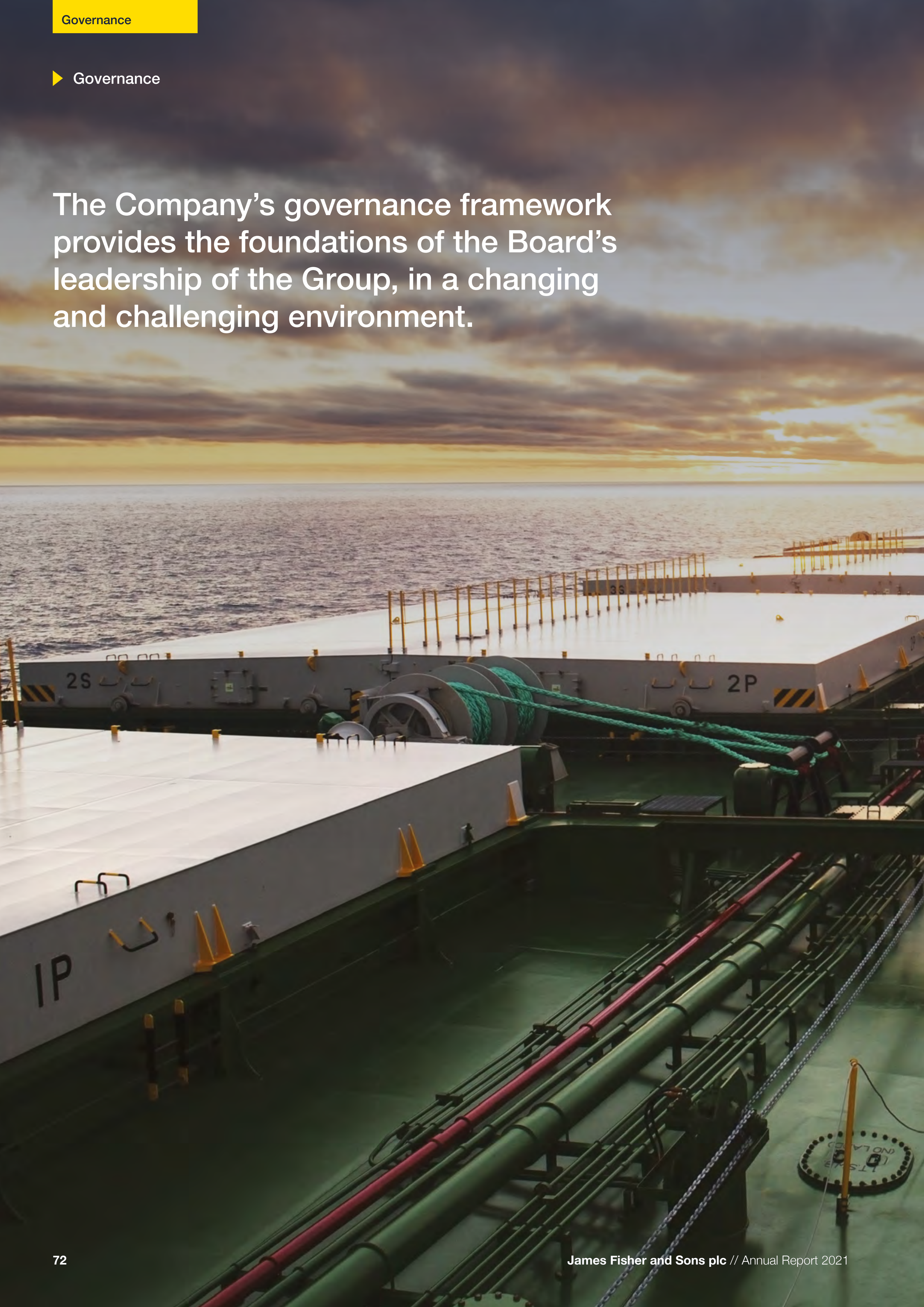
Approval of Strategic report

Our Strategic report on pages 1 to 71 was approved by the Board on 9 March 2022.

Eoghan O'Lionaird
Chief Executive Officer
9 March 2022

Governance

The Company's governance framework provides the foundations of the Board's leadership of the Group, in a changing and challenging environment.



In this section

Governance at a glance

Applying the Principles of the UK Corporate Governance Code

This governance section of the report is structured around the Company's application of the Principles of the Code:

1 Board leadership and company purpose

Details about the Company's purpose, culture and values are set out on **pages 12 and 13**

The key activities of the Board during the year and key priorities for 2021 are summarised on **pages 82 and 83**

2 Division of responsibilities

An explanation of our governance structure is set out on **pages 78 and 79**

3 Composition, succession, and evaluation

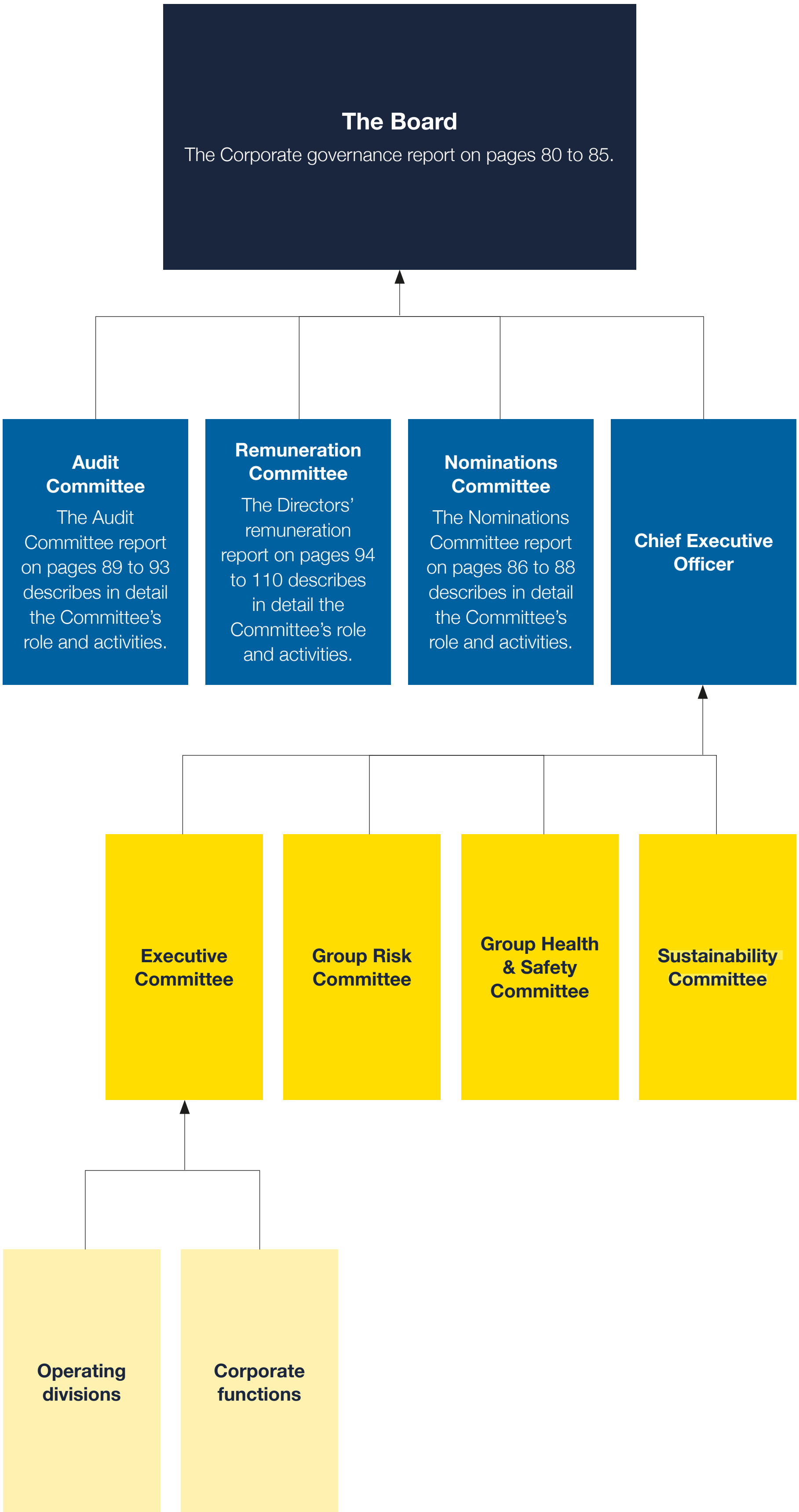
Details of this year's Board evaluation is set out on **pages 84 and 85**

Report from the chair of the Nominations Committee is set out on **pages 86 to 88**

4 Audit, risk and internal control

Report from the chair of the Audit Committee is set out on **pages 89 to 93**

Governance structure



Board Membership and Meetings

The composition of the Board and the Board Committees meets the requirements of the Code.

The Board and Board Committees held a number of scheduled meetings in 2021 and individual attendance is set out in the table below. Additional unscheduled meetings were held as and when required.

Board and Committee scheduled meetings attendance (2021)

	Board	Audit	Remuneration	Nominations
Executive Directors				
Eoghan O'Lionaird	12/12	N/A	N/A	N/A
Duncan Kennedy(1)	5/5	N/A	N/A	N/A
Non-Executive Directors				
Angus Cockburn(2)	5/5	2/2	3/3	3/3
Aedamar Comiskey	12/12	5/5	5/5	4/4
Michael Salter	12/12	5/5	5/5	4/4
Justin Atkinson	12/12	5/5	5/5	4/4
Inken Braunschmidt	12/12	5/5	5/5	4/4
Kash Pandya(3)	2/2	0/1	1/1	1/1
Former Directors				
Malcolm Paul(2)	7/7	3/3	2/2	1/1
Stuart Kilpatrick(1)	7/7	N/A	N/A	N/A

(1) Stuart Kilpatrick resigned from the Board on 29 April 2021. Duncan Kennedy joined the Board with effect from 4 May 2021 and has attended 100% of available meetings since joining.

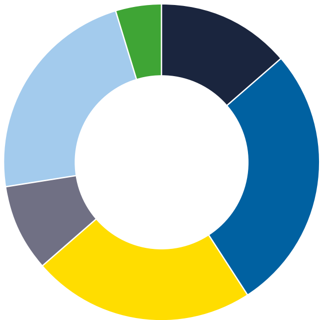
(2) Malcolm Paul resigned from the Board on 30 April 2021. Angus Cockburn joined the Board with effect from 1 May 2021, and has attended 100% of available meetings since joining.

(3) Kash Pandya joined the Board with effect from 1 November 2021, and has attended all available meetings since joining, except that he was unable to attend a meeting of the Audit Committee, due to a commitment made prior to him joining the Board.

Where exceptionally, due to other commitments, a Director has been unable to attend a meeting, they have separately submitted their comments and input on the matters under discussion to the Chair of the Board or the relevant Board Committee.

HIGHLIGHTS*

Industry knowledge and experience



Finance:	3
PLC Experience:	6
Strategy Development:	5
Relevant Industry Experience:	2
International Experience:	5
ESG:	1

Diversity (all Directors)

Male:	6
Female:	3

Length of Tenure (Chairman and Non-Executive Directors)

0-2 years:	3
2-5 years:	2
5-9 years:	2

* Includes Claire Hawkings, who joined the Board on 1 January 2022.

Chairman's introduction to corporate governance

Dear Shareholders

On behalf of the Board, I am pleased to introduce the corporate governance report for 2021. As we set out elsewhere in this report, 2021 was a challenging year for the Group. In times of challenge, a strong governance framework, overseen by an experienced and engaged Board, is critical. During 2021, we made a number of changes to the Board, undertook a detailed review of the governance structure, as well as an externally-facilitated review of the operation of the Board, and are in the process of implementing the resulting recommendations. Over the course of 2021, the Board has continued to support the Executive team in addressing the issues created by the pandemic and the poor performance of the Group to ensure that all its decisions and actions were taken with a clear governance framework in place.

The Board is focused on turning around our performance and resetting the Group onto a path towards sustainable profitable growth, whilst ensuring that the Group also delivers for all its stakeholders, especially during a time of great challenge for our staff, our customers and the communities in which we operate. To achieve this, the Board has worked on building resilient governance structures for the long-term, whilst at the same time supporting the Executive management team in taking appropriate strategic decisions in a rapidly changing world. The Group has previously laid out a clear purpose supported by a strong values-based framework and the Board will continue to ensure that the Group is run in a manner consistent with this framework.

Progress against 2020 governance priorities

Last year my predecessor, Malcolm Paul, outlined the Board's priorities for 2021, which were focused on navigating the operational and economic impacts of the pandemic on our business, our people and our wider stakeholders; on completing a strategic review of the Group's operations; and on embedding the Group's purpose and values in line with the recommendations of the Code. With the support of colleagues across the Group, the Board has made good progress on addressing these priorities. The Group maintained operations and, critically, a safe working environment for our people through detailed COVID risk assessment and mitigation as well as providing wellbeing support to all those who required it. The Executive team, supported by the Board, completed its strategic review, which was presented to shareholders at a Capital Markets Day event in June 2021. In terms of embedding the Group's purpose and values, the Executive team created employee representative groups with the mandate of generating and then implementing ideas on how best to embed the Group's purpose and values into day-to-day activities. We have also continued to focus on creating a positive impact, rather than just words, through our work on Environmental, Social and Governance (ESG) matters outlined in the Sustainability report section of this report.

Board and Committee composition

During 2021, there were several changes to the membership of the Board. I was appointed to the Board as independent Non-Executive Chairman on 1 May 2021, following the retirement of Malcolm Paul as Non-Executive Chairman on 30 April 2021. Following the Company's AGM on 29 April 2021, Stuart Kilpatrick also stood down as Group Finance Director. Duncan Kennedy was appointed Chief Financial Officer on 4 May 2021.

Both Malcolm and Stuart contributed significantly to the development of the Group during their tenure, and I would like to thank them on behalf of the Board and wish them well for the future.

Since the last report, the Board has also welcomed two new Non-Executive Directors: Kash Pandya joined on 1 November 2021, and Claire Hawkings joined on 1 January 2022. I welcome them both to the Board and am confident that their contributions will help to shape James Fisher's future in the coming years.

In line with best practice, Michael Salter, who has served on the Board for almost nine years, will retire from the Board from the date of the AGM and will not seek re-election. The Board has benefited greatly from Michael's experience in the marine and oil and gas industries, and I would like to thank him on behalf of the Board for his support and constructive challenge throughout his tenure.

2022 Governance priorities

Following a challenging 2021, the Board's focus in 2022 is on putting in place the governance structures to support and enable the short-term business objectives of reducing leverage through improved operational performance and the disposal of non-core businesses, as well as supporting the implementation of the Group's long-term strategy. In order to support these business objectives, the Board's governance priorities for 2022 include the review and refinement of the delegated authority matrix, and the creation of a new Investment Committee consisting of key members of the Executive team, with the mandate to oversee capital expenditure, acquisitions and disposals and the delivery of key business projects. We are also in the process of completing a detailed review of our risk management systems and controls and will then look to embed the improved risk framework across the business. I look forward to reporting on progress on these priorities next year.

UK Corporate Governance Code

The Board understands that good corporate governance is an important element in helping to build a successful business in a sustainable manner. The UK Corporate Governance Code 2018, publicly available at www.frc.org.uk (the Code) applied to the Company through the year, and this report explains how the Company has applied the principles set out in the Code.

During the year ended 31 December 2021 (and up to the date of this report), the Company has complied with the relevant provisions of the Code, except in the instances set out explained below: these two instances relate to the matters disclosed in last year's Annual Report, which are relevant to the first part of the 2021 year in review, but which have now been resolved.

Firstly, as outlined in the Chairman's statement in the 2020 Annual Report, by the time of the Company's AGM in April 2021, Malcolm Paul had served as a Director for a period of 10 years. Whilst the Code recommends that Non-Executive Directors should not serve on a board for more than nine years, the Board requested that Malcolm continued to serve as Chairman whilst the Senior Independent Non-Executive Director commenced a search for a new Non-Executive Chairman, for the reasons set out in the 2020 Annual Report. As announced on 25 January 2021, and as described in more detail in the 2020 Annual Report, I joined the Board as independent Non-Executive Director and Chairman on 1 May 2021 and Malcolm Paul stepped down from his role as Non-Executive Director and Chairman the previous day. Therefore the Company was compliant with the Code with effect from 30 April 2021.

Secondly, while the Code recommends that Executive Director pension provisions should be aligned with the workforce, and although it was announced that Stuart Kilpatrick's pension provision would step down to 7.5% of salary from 1 January 2023 without compensation, Stuart Kilpatrick stepped down from the Board with effect from 29 April 2021. Pension contribution rates of both current Executive Directors are aligned with those available to the workforce. The Company therefore now complies with the Code.

In addition, the Company has focused recently on how best to engage with the workforce on Executive remuneration under one of the elements of Principle 41. On page 101 of the Remuneration Committee report, we outline the steps undertaken so far by the Non-Executive Directors to engage the workforce to explain how Executive remuneration aligns with wider Company pay policy. While the Company is compliant with Principle 41, this is an area of ongoing development, and the Company intends to build on this during 2022 as part of its engagement activities with employees.

Strategic review

The Code provides that a Board should establish a company's strategy, purpose and values, and that its directors should lead by example and promote the desired culture.

In June 2021, the Company hosted a Capital Markets Day event at which the Executive team presented its strategy. The strategy presentation, which is on our website, addressed the challenges facing the Group in the short term, as well as the Company's longer-term view of its markets and strategic priorities. An integral element of this event was a discussion on the Company's purpose and values and why they are important to the delivery of our long-term strategy. In terms of leading by example, the importance of the Executive Directors being visible in the business and reinforcing the messaging about our purpose and values goes without saying. In addition, there is a programme of visits organised for the Non-Executive Directors, a key element of which is meeting with the workforce for a two-way dialogue about a wide range of issues, including purpose and values.

Employee engagement

It is something of a truism to write that "employees are key to the success of an organisation" but given the challenges we face, the importance of having an engaged workforce cannot be overstated, particularly as they are often performing their jobs in very challenging environments. To better understand the views of our workforce, we have just completed our first externally facilitated engagement survey of all our employees. Around two thirds of our employees completed the survey and as the engagement survey is further embedded, we anticipate this participation rate will increase. The results of the engagement survey revealed that we have a number of challenges to address in areas such as career planning and employee development. I am encouraged by the actions being taken to address the issues arising from the employee feedback at both a Group and operating company level, and believe that we will see engagement improve over the coming years. The results of the survey and the actions being taken as a result are set out more fully on page 42.

Stakeholder engagement

The Code highlights the importance of effective engagement with shareholders and other stakeholders. From a stakeholder perspective, we have identified shareholders, employees, the environment, customers and suppliers and local communities as being our key stakeholders. During Board and Committee meetings, the Group's key stakeholders and their differing perspectives are identified and considered as part of the decision-making process. These discussions, assessments and conversations focus not only on delivering increased value for shareholders, but also assess the impacts of our decisions and strategies on the Group's wider stakeholders.

The Board recognises the importance of regular, open and constructive dialogue with shareholders and other stakeholders, and this has long been a key aspect of our culture and decision-making. The Executive Directors meet key shareholders regularly and other members of the Board are available to be consulted as appropriate. I have met with most of our largest shareholders since starting with the Company and will continue to engage as appropriate.

The Board is also committed to embedding sustainability into day-to-day decision making and making this a central theme of delivering the Group's strategy. The Sustainability Committee, which reports into the Board, monitors progress on achieving the Group's ESG priorities. One of its key roles is overseeing the stakeholder groups, which include employee representatives from all around the Group which play an important role in delivering our sustainability objectives.

Given the nature of the services we provide, stakeholder engagement is a multi-faceted issue and is one that is frequently discussed at the Board. More information about how we consider and engage with our stakeholders as part of our Board activities is set out on pages 82 and 83.

Managing risk

The Board, assisted by the Audit Committee, ensures that our approach to risk management is effective, extending beyond financial risk to a wider range of operational risks. There is a full report on our risk management activities in our Principal Risks and Uncertainties section of the Strategic report on pages 61 to 69. Given the challenges posed by the pandemic as well as the trading issues that have faced the Group, the Board engaged external support from PwC LLP, to carry out an independent review of the Group's risk management systems and controls. This review concluded that the risk framework is generally appropriate but it also recognised that the Group's diversity in terms of its operations and geographies added an inherent layer of complexity to risk management. The report recommended a number of improvements, which are described in more detail on page 61, and which will be implemented through the course of 2022.

Board composition and diversity

We are committed to ensuring that the composition of the Board has the diversity required to be as effective as possible. The Board is currently composed of nine Directors, each bringing a variety of skills, knowledge and experience, in addition to diversity of thought. With two Executive Directors and six Non-Executive Directors (excluding myself as Chairman), there is a strong independent element to the Board, which ensures that the balance of power rests with the Non-Executive members of the Board. After the AGM in May 2022 at which Michael Salter will retire, the Board will comprise eight Directors, with two Executive Directors and five Non-Executive Directors and myself as Non-Executive Chairman, thereby maintaining an appropriate balance of independence. Diversity is a matter which we consider regularly, and in 2021 we published a new Board Diversity Policy, which is available on the Group website and sets out our aims to ensure an appropriate mix of skills and experience as well as our commitments with respect to gender and ethnic diversity. More details in relation to diversity can be found in the Nominations Committee report on pages 86 to 88.

Board effectiveness review

As Chairman, I lead an annual evaluation of the effectiveness of the Board, its Committees and the individual Directors. For 2021, the Board undertook its triennial externally-facilitated evaluation. I am pleased to report that the review highlighted that the Board is committed and cohesive during what is a period of significant change in its membership. The report identified some recommended actions with respect to governance and other improvements to the operation of the Board. These actions have included adding an extra Board meeting to the calendar, scheduling regular Non-Executive meetings and formalising Board roles and responsibilities. There is further detail provided on the process and outcomes on page 85.

Conclusion

Having the right governance structure is vital in enabling the Group to operate effectively in a rapidly changing political, economic, social and technological environment, and to make the most of the resulting opportunities that present themselves, as well as managing the associated risks. As this letter sets out, we are undertaking a number of reviews to improve our governance structure. I am pleased with the progress we are making but there is more to do in building the optimal organisational structure and supporting governance and control frameworks. In turn, this will provide a strong foundation from which the Group can build its turnaround and deliver sustainable growth and returns, whilst making a positive impact for the benefit of all our stakeholders. This governance report outlines the ongoing actions required to continue this work, and I look forward to reporting to you on progress next year.

Angus Cockburn
Independent Non-Executive Chairman
9 March 2022

Governance framework

THE BOARD

Chair: Angus Cockburn

Meets regularly, with at least seven scheduled meetings during the year. During 2022 the Board met outside of the scheduled meetings to discuss and approve event-driven matters, such as trading updates.

The Board is responsible for steering the Group's purpose, culture and values, for setting the Group's strategic priorities and for overseeing their delivery in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of effective controls. It has a schedule of key matters which are reserved for its own decision-making, which is reviewed annually and approved by the Board.

Chairman

- Leads the Board, sets the agenda and promotes a culture of open debate between Executive and Non-Executive Directors.
- Regularly meets with the Chief Executive Officer, the other Executive Directors and other senior management to stay informed.
- Ensures effective communication with our shareholders.

Senior Independent Non-Executive Director

- Provides a sounding board to the Chairman and appraises his performance.
- Meets with Directors to review the Chairman's performance. This review is then shared with the Chairman.
- Acts as intermediary for other Directors, if needed.
- Available to respond to shareholder concerns when contact through the normal channels is inappropriate.

Non-Executive Directors

- Contribute to developing our strategy.
- Scrutinise and constructively challenge the performance of management in the execution of our strategy.

Non-Executive Director for Employee Engagement

- Responsible for representing the voice of our colleagues in the boardroom.
- Provides a regular platform for the independent element of the Board to have direct conversations with the employees, individually and in group settings, to gain insights into their experiences, concerns and perspectives, and to better understand whether the cultural change is already underway.

Executive Directors

- Responsible for management of the Group as a whole.
- Delivers strategic objectives within the Board's stated risk appetite and delegated limits of authority.
- Responsible for management of Group finances and records.

Matters reserved for the Board

At least once a year the Board reviews the nature and scale of matters reserved for its decision. These include:

- Company strategy and financial performance
- Internal control and risk management systems
- Review of the Board's own effectiveness

BOARD COMMITTEES

To assist in fulfilling its oversight responsibilities the Board has established Non-Executive and Management Committees that provide dedicated focus to particular areas, and management of the day-to-day operations of the business. Supported by its principal Non-Executive Committees (Nominations, Audit and Remuneration Committees), the Board sets the strategic direction of the business. The Committees operate within defined terms of reference as defined by the Board. Each principal Board Committee is comprised of independent Non-Executive Directors appointed by the Board. Terms of reference are available upon request from the Group General Counsel and Company Secretary and are also published on the Company's website. The Group General Counsel and Company Secretary acts as secretary to each of the Committees. Each Committee chair reports to the Board on the Committee's activities following each Committee meeting.

KEY MANAGEMENT COMMITTEES

Group Health and Safety Committee

Chaired by Group CEO

Meets on a quarterly basis.

Discusses all health and safety issues including incidents, root cause analysis, mitigating actions and training requirements. Reports updates on material safety incidents and developments to the Board.

Group Sustainability Committee

Chaired by Group CEO

Meets on a monthly basis.

Identifies, monitors and coordinates the Group's sustainability commitments, includes representation from each of the stakeholder working groups. Works with sustainability champions from each operating business. The Sustainability Committee report on pages 36 to 56 describes in detail the Committee's role and activities.

Group Risk Committee

Chaired by Group CEO

Meets on a quarterly basis.

Identifies and monitors operational risks throughout the Group, supports the internal control and risk management strategy and policy. The Principal Risks section of this report on pages 61 to 69 describes in detail the Committee's role and activities.

Audit Committee
Chair: Justin Atkinson

Meets at least three times a year.

Assists the Board in its oversight and monitoring of financial reporting, reviews the Group's internal financial controls and systems for risk management and internal controls and assesses independence and objectivity of external auditor.

The Audit Committee report on pages 89 to 93 describes in detail the Committee's role and activities.

The Audit Committee report on **pages 89 to 93** describes in detail the Committee's role and activities.

Remuneration Committee
Chair: Aedamar Comiskey

Meets at least three times a year.

Agrees the remuneration policy for Executive Directors and oversees remuneration for other senior executives; reviews the appropriateness and relevance of the Group's remuneration policy; and ensures that the provisions of the Code relating to remuneration are fulfilled.

Reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive remuneration.

The Directors' remuneration report on **pages 94 to 110** describes in detail the Committee's role and activities.

Nominations Committee
Chair: Angus Cockburn

Meets at least three times a year.

Reviews the structure, size and composition of the Board (including skills, knowledge, diversity and experience) and recommends changes.

Reviews succession planning for Directors and senior executives.

Identifies and nominates candidates for approval by the Board, to fill vacancies when they arise.

The Nominations Committee report on **pages 86 to 88** describes in detail the Committee's role and activities.

Disclosure Committee

Consisting of the Chairman, the Executive Directors and the Group General Counsel and Company Secretary

Meets when necessary.

Oversees the Company's compliance with its disclosure obligations.

Special Purposes Board Committee

Consisting of the Chairman and the Executive Directors

Meets according to business requirements.

Empowered, under written terms of reference, to take specific actions relating to the affairs of the Company in the normal course of business and of a routine nature, subject to such limits as the Board in its discretion determines.

Executive Committee
Chaired by Eoghan O'Lionaird

Consisting of the Chief Executive Officer, Chief Financial Officer, HR Director, Head of Corporate Development, Group General Counsel and Company Secretary, Group Business Development Director, Group Financial Controller and five divisional managing directors. The Head of Corporate Development is also a divisional managing director.

Meets monthly.

Responsible for supporting the Executive Directors in the exercise of their delegated authority from the Board and the day-to-day operation of the Group.

Operating Divisions

Day-to-day business delivery.

Executive Directors meet on at least a quarterly basis and have monthly performance management calls with managing directors of principal businesses.

Corporate Functions

Day-to-day business delivery.

Executive Directors and heads of corporate functions meet at the Risk Committee on a quarterly basis.

Board of Directors

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Key

- A Audit Committee
- R Remuneration Committee
- N Nominations Committee
- Chair of Committee
- Member of Committee

1. Angus Cockburn

Independent Non-Executive Chairman of the Board

Year of appointment: 2021

Appointment:
Angus was appointed Non-Executive Chairman to the Board and the Nominations Committee on 1 May 2021

Key strengths and experience:
- Extensive business leadership experience.
- Strong strategic and financial knowledge.

Angus joined from Serco Group plc, where he was Group Chief Financial Officer, a position he held since October 2014. Angus' previous roles have included Chief Financial Officer and Interim Chief Executive of Aggreko plc, Managing Director of Pringle of Scotland, and senior finance positions at PepsiCo Inc. He was also previously a Non-Executive Director of Howdens Joinery Group plc and GKN plc.

He is a chartered accountant with an MBA from the IMD Business School in Switzerland and is an Honorary Professor at the University of Edinburgh and a member of the Institute of Chartered Accountants of Scotland.

External appointments:
Senior Independent Non-Executive Director of Ashtead Group plc; Non-Executive Director of the privately owned Edrington Group Limited and Non-Executive Director of Securities Trust of Scotland plc.

2. Eoghan O'Lionaird

Chief Executive Officer

Year of appointment: 2019

Appointment:
Eoghan joined the Group as an Executive Director of the Board in September 2019, and was appointed Chief Executive Officer on 1 October 2019.

Key strengths and experience:
- Strong leadership skills.
- Clear strategic mindset.
- Extensive international experience.
- Commercial and business management.

Eoghan joined from Spectris plc where he was Business Group Director of the Materials Analysis and Test & Measurement segments from February 2014 through June 2019, having previously been President of the Leica Microsystems division of Danaher Corporation in Germany. Prior to that, he spent eleven years at Royal Philips Electronics, latterly as CEO of the Respironics Sleep business unit in the USA. He started his career with Mitsui Kinzoku where he held a number of engineering, commercial and general management positions in Japan, the US and Thailand.

External appointments:
None

3. Duncan Kennedy

Chief Financial Officer

Year of appointment: 2021

Appointment:
Duncan was appointed to the Board as Chief Financial Officer on 4 May 2021.

Key strengths and experience:
- Significant managerial and financial experience.
- Track record of creating sustainable stakeholder value through both organic and acquisitive strategies.

Duncan joined from BTG plc ("BTG"), previously a FTSE250 international specialist healthcare company, where he was Chief Financial Officer for two years until the company was acquired in 2019. Duncan joined BTG in 2005 and held a number of finance and commercial leadership positions from that time. Duncan is a chartered accountant with a primary degree in mathematics.

External appointments:
None.

4. Aedamar Comiskey

Senior Independent Non-Executive Director

Year of appointment: 2014

Appointment:
Aedamar was appointed to the Board in November 2014. She was appointed chair of the Remuneration Committee in May 2018 and Senior Independent Non-Executive Director in March 2019.

Key strengths and experience:
- Extensive global business experience.
- In-depth knowledge of legal, regulatory and governance issues for listed companies.

Aedamar is the Senior Partner of Linklaters LLP, where she has been a partner since 2001. Aedamar specialises in mergers and acquisitions, joint ventures and fundraisings, and is the lead relationship partner for many of the firm's FTSE clients.

External appointments:
Linklaters LLP and Trustee of Tommy's.

5. Justin Atkinson

Independent Non-Executive Director

Year of appointment: 2018

Appointment:
Justin was appointed to the Board in February 2018 and was appointed chairman of the Audit Committee in May 2018.

Key strengths and experience:
- Significant operational and financial experience through his previous and current roles.
- Substantial experience on boards of listed companies in both executive and non-executive roles.

Justin was formerly Chief Executive Officer of Keller Group plc between April 2004 and May 2015, having previously held the position of Group Finance Director and Chief Operating Officer. Justin was a financial manager at Reuters plc, and trained and qualified as a chartered accountant at Deloitte Haskins & Sells.

External appointments:
Chairman of Forterra plc and Senior Independent Non-Executive Director of Kier Group plc.

6. Michael Salter

Independent Non-Executive Director

Year of appointment: 2013

Appointment:
Michael was appointed to the Board in August 2013.

Key strengths and experience:
- Significant operational and strategic delivery experience through a number of senior management roles.
- In-depth knowledge of oil and gas and marine industries.

Michael was formerly Chief Operating Officer at Abbot Group plc and earlier in his career, CEO of Smedvig Limited and Vice President and General Manager of Bawden Drilling UK Ltd and is a Chartered Engineer, Fellow of the Institution of Mechanical Engineers, and a Member of the Institute of Marine Engineering and Technology.

External appointments:
None.

7. Inken Braunschmidt

Independent Non-Executive Director and the Non-Executive Director for Employee Engagement

Year of appointment: 2019

Appointment:
Inken was appointed to the Board on 1 March 2019.

Key strengths and experience:
- Strategy development.
- Digital innovation.
- Diversity & Inclusion.
- Significant operational experience through her previous and current roles.

Inken is Chief Innovation and Digital Officer and member of the Executive Board at Halma plc. Prior to joining Halma plc in 2017, Inken spent 13 years at RWE AG, the German energy giant, and its renewables subsidiary innogy SE, where she held various international leadership roles focusing particularly on strategy, innovation, digital transformation and change management. Inken studied Innovation & Technology at Kiel University and has a PhD in Technology Management. Inken is a committee member of the Royal Academy of Engineering Enterprise Hub.

External appointments:
None

8. Kash Pandya

Independent Non-Executive Director

Year of appointment: 2021

Appointment:
Kash was appointed to the Board on 1 November 2021.

Key strengths and experience:
- Considerable international leadership experience.
- Strong knowledge of manufacturing and service businesses.

Kash is CEO of Helios Towers plc ("HTWS"), a FTSE 250 company, a post from which he will step down at its AGM in April 2022 and then assume the role of non-executive Deputy Chairman for HTWS. Prior to joining HTWS in 2015, Kash spent eight years on the board of Aggreko plc, with responsibility for managing its European and International businesses. Kash previously worked for various engineering and manufacturing companies in a number of senior roles, including Jaguar, General Electric Company, Ford Motor Company, Novar plc (then Caradon) plc, APW Limited and Johnston Group.

External appointments:
Helios Towers plc.

9. Claire Hawkings

Independent Non-Executive Director

Year of appointment: 2022

Appointment:
Claire was appointed to the Board on 1 January 2022.

Key strengths and experience:
- Significant experience in the energy sector.
- ESG/sustainability leadership and management expertise.
- Experience of the development and delivery of organisational strategies including business process transformation, leadership succession and diversity and inclusion.
- Extensive experience in portfolio management and leading complex commercial transactions.

Claire is a Non-Executive Director and chair of the ESG committee of Ibstock plc, a market leading manufacturer of clay and concrete building products, as well as a Non-Executive Director of Defence Equipment and Support, a Bespoke Trading Entity and Arm's Length Body of the Ministry of Defence. Claire has over 30 years' experience in the energy sector, where she held a variety of international leadership positions, most recently with Tullow Oil plc, and prior to that with BG Group plc and British Gas plc.

External appointments:
Ibstock plc and Defence Equipment and Support (a Bespoke Trading Entity and Arm's Length Body of the Ministry of Defence) and FirstGroup plc.

Board focus in 2021

Through the course of 2021, at the same time as the regular cycle of annual reporting and planning processes, the Board has focused on some key matters, including:

- Trading: the Board received regular updates from the Executive Directors in relation to the Group's trading.
- Indebtedness: the Board identified reduction of debt as a key priority and agreed a refinancing programme, along with a plan for debt reduction, including a programme of planned disposals, which is ongoing.
- Board composition: the Board approved a number of Board changes to key roles, including Chairman, CFO and two Non-Executive Directors.
- Strategy: the Board continued to refine the Group strategy to deliver sustainable growth in shareholder value for the future.

Key Board activities

Key activities of the Board during 2021, how the Board considered the interests of its stakeholder groups in its decision making and key priorities for 2022 are set out below:

Topic	Key activities and discussions in 2021	Stakeholder considerations	Key priorities for 2022
Trading	• Received regular updates from the Executive Directors on Group trading. • Invited divisional and operating company MDs to present to the Board on trading and strategic delivery. • Carefully managed Group indebtedness through the approval of refinancing, and enhanced cash forecasting process and a programme of disposals.	• The Board carefully considered the impacts of trading updates during the year. The Board also balanced the decision-making in relation to the dividends against the Company's trading, the need to reduce leverage and the need for equitable treatment of all of the Company's stakeholders. • In working to address and reduce the Company's leverage, the Board in particular took into account the views and interests of shareholders and employees.	• Continue to maintain a close review of Group trading. • Ensure delivery of disposals programme and successful implementation of enhanced cash forecasting process.
Strategy	• Approved strategic priorities for sustainable profitable growth and addressing the energy transition. • Delivered summary of strategy at Capital Markets Day. • Reviewed implementation plans for each strategic priority, ensuring they align with the Group's sustainability strategy.	• The Board received updates on strategic implementation from the operating companies. In reviewing implementation, and agreeing on strategic priorities, the Board sought to balance the impact of prioritisation on all stakeholder groups, notably shareholders, employees and the environment.	• Oversee implementation of strategic priorities. • Ensure reduction of Group indebtedness. • Building KPIs for strategic priorities.
Risk management	• Reviewed risks management systems and controls. • Considered key principal risks in individual risk "deep dives". • Agreed actions for improvement of risks management controls.	• The Board has sought to improve the Group's risk management systems and controls during 2021, and discussions on this, including with PwC which has advised the Company in this regard, took into account the Group's principal risks from the point of view of each stakeholder group, with particular focus in 2021 on risks in relation to cyber, recruitment and retention, operating in emerging markets and climate change.	• Oversee implementation of risk management controls improvements. • Ongoing principal risk "deep dives". • Improvements in analysis of emerging risks and risk appetite.
Governance	• Engaged with institutional shareholder and other stakeholders throughout the year. • Reviewed and approved the 2021 Annual Report and Accounts. • Approved updated Board Diversity Policy. • Approved a whistleblowing hotline platform for individuals to raise concerns confidentially. • Approved improvements to the governance framework.	• The Group's materiality assessment undertaken in 2021 involved input from representatives from both internal and external stakeholder groups, including representatives from the Group's working groups which have been set up to consider the interests of the stakeholder groups. The Board reviewed the results of the assessment and, taking all views into account, agreed that governance as one of the most material matters for the Group. The Board confirmed governance as one of the key pillars of the Group's sustainability strategy, with actions (as set out on page 51), and their potential resulting impacts on stakeholder groups discussed and agreed at the Board.	• Maintain and enhance the Group's culture and values and key policies and procedures. • Oversee governance framework improvements. • Continue to strengthen internal controls and reporting.

Topic	Key activities and discussions in 2021	Stakeholder considerations	Key priorities for 2022
Organisational capacity	• Monitored health and safety performance across the Group. • Health & safety governance and reporting reviewed and enhanced. • Supported by the Nominations Committee, monitored senior executive talent management and development plans with succession planning for all key positions in mind. • Oversaw ongoing implementation of employee strategy.	• During 2021, the health and safety of those working for the Group has been a keen area of focus for and discussion by the Board, in particular ensuring for a balance between seeking to continue the Group's delivery to its customers and suppliers, while safeguarding the health and safety of its employees working in difficult conditions, made harder by the ongoing impacts of COVID. • The Board has received safety updates from the CEO at each Board meeting. In addition, Inken Braunschmidt, in her role as designated Non-Executive Director for employee engagement, has reported to the Board on a regular basis on her activities, including her discussions with employee representatives on the employee engagement working group. • Members of the senior talent pipeline have been invited to present to the Board on strategic priorities and this will continue in 2022.	• Continue to monitor senior executive talent management and succession plans for all key positions. • Continue to enhance the diversity across the Group. • Continue to hold meetings with people in the senior talent pipeline to further improve information flow. • Monitor key initiatives under employee strategy. • Improve employee engagement at all levels.
Board development	• Continued to focus on the composition, balance and effectiveness of the Board, with the appointment of four new Directors. • Reviewed Board composition, diversity, and discussed and acted on the recommendations of the Nominations Committee. • Undertook an external evaluation of the Board, its Committees and individual Directors, and developed an action plan.	• The Board has considered the interests of its stakeholder groups in making changes to the membership of the Board. In particular the Nominations Committee has sought to make recommendations for new Board members who bring expertise and experience of working with all stakeholder groups, and who can improve the engagement with those groups and ensure that stakeholders' voices are heard clearly in the Boardroom.	• Enhance the Board's strategic understanding of key markets. • Increase the number of Board site visits to promote understanding of markets, and to promote employee engagement with Board. • Annual internal evaluation of Board and Committee performance.

The Board understands the importance of making visits to businesses in the Group to engage with employees and to enhance Non-Executive Directors' knowledge of operations, and to strengthen their individual contribution to Board debate. Due to the ongoing restrictions imposed as a result of the pandemic, Non-Executive Directors' visits to Group sites have not been as extensive as originally planned for 2021. However, as part of his induction following his appointment as Chairman, Angus Cockburn conducted a number of site visits to the material operating sites in the UK. Non-Executive Directors have also visited Group sites, including Inken Braunschmidt, who reported back to the Board on her discussions with employees, in her role as designated Non-Executive Director for employee engagement. Justin Atkinson and Inken Braunschmidt attended the Company's senior leadership conference held in Windsor in September and talked about the Group's governance framework and the roles of the Board and Committees, including the Remuneration Committee's role in aligning Executive pay with workforce remuneration. The Board has a more extensive programme of site visits planned for 2022, and operating managing directors and functional heads continue to attend certain Board and Committee meetings to talk about areas of strategic focus. At the end of June 2021, the Company held a Capital Markets Day at which members of the Board and senior management team presented on the Group's key areas of strategic focus, with a video of the event made available on the Group's website.

Governance, risk and internal controls

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives and for ensuring that the Company maintains sound risk management and internal control procedures. More information in relation to those principal risks, the Group's approach to mitigating them, and the risk management and internal control procedures within the Group are set out in the Strategic report on pages 61 to 69.

On behalf of the Board, the Audit Committee monitors the Group's risk management and internal control process and reviews its effectiveness on an ongoing basis. This is part of an established process, in accordance with the Code and the FRC's associated Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, for the identification, evaluation and management of the significant risks facing the Group, which operates and is reviewed continually throughout the year.

Corporate governance report cont.

The Group's governance framework is described in more detail on pages 78 and 79. The Group's internal control systems are designed to provide the Board with reasonable assurance as to the effective and efficient operation of the Group in accordance with the governance structures, and to ensure the quality of internal and external reporting and compliance with all applicable laws and regulations. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable and not absolute assurance. During 2022, we will be implementing improvements to the governance structure, in particular around the process and application of delegated limits of authority.

As part of its internal control procedures, the Group maintains policies and processes for whistleblowing, anti-bribery and corruption and to uphold its zero-tolerance approach to any form of modern slavery. More information in relation to those policies are included in the principal risks and uncertainties section of the Strategic report on page 69 and in the non-financial information statement on pages 70 and 71.

The Board has carried out a robust assessment of the overall effectiveness of the Group's system of internal controls and risk management procedures; and of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; and of emerging risks. This included a process of self-certification by the management teams of each trading business in which they were asked to confirm that their businesses have complied with Group policies and procedures. During 2021, PwC LLP undertook a review of the Group's risk management controls and systems, following which the Board confirmed that, although the controls and systems are adequate, further improvement could be brought, and a programme of enhancements in risk management controls and systems has been agreed, for implementation in 2022. More detail on this is set out on page 61. Details of the report on the review of the effectiveness of the risk management and internal control systems is included in the principal risks and uncertainties section of the Strategic report on pages 61 to 69.

Board composition

Details about the current composition of the Board are set out in the biographies of the Directors on pages 80 and 81.

Board diversity

The Board believes that increasing diversity at the Board level is important to achieve its strategic objectives, and to attract and retain the best people, as well as cultivating a culture of inclusion and diversity through clear tone from the top, with Board and Executive Committee championing diversity and inclusion in their own membership, and throughout the Group. Supported by the Nominations Committee, the Chairman monitors the composition of the Board to ensure that it is made up of an appropriate mix of skills, experience and knowledge required to effectively oversee and support the management of the Group and the delivery of the strategy, having regard to the interests of the Group's stakeholders – shareholders, customers and suppliers, employees, the environment and local communities. When considering candidates for the Board, the Nominations Committee, on behalf of the Board, takes into account factors such as: professional experience, skills, education, international and industry knowledge, social mobility, disability, age, ethnicity and gender. The Nominations Committee report on pages 87 and 88 sets out its progress in this respect, along with an example of the Nominations Committee's work in identifying a new Non-Executive Director candidate on behalf of the Board.

In 2021 the Board approved a new Board Diversity Policy, in which new objectives were set with regard to gender diversity in line with the Hampton-Alexander Review and ethnic diversity in line with the recommendations of the Parker Report. As at the date of this report, the Board has three women on the Board representing 33% of the Directors and one Director from an ethnic minority background (11%).

The Executive Committee comprises 12 individuals, four of whom are women (33%).

Board evaluation

Before the end of each year, the Board undertakes an annual evaluation of the performance of the Board, the Remuneration, Nominations and Audit Committees, and the individual Directors including the Chairman against the framework of Board effectiveness produced by the Financial Reporting Council ("FRC").

In 2021, the Board appointed the Chartered Governance Institute ("CGI") to undertake an externally facilitated evaluation. The CGI has no other connection with the Company or any individual Director. The external evaluation involved the following:

- CGI representatives met the Group General Counsel and Company Secretary and the Chairman individually and together to discuss and agree the format, method and scope of the evaluation.
- CGI undertook confidential, structured one-on-one interviews with each of the Directors and the Group General Counsel and Company Secretary, at which each person was asked for their views on the quality of seven aspects of the Board and Committee's performance to ascertain whether they met their needs and expectations. The seven topics were: role and responsibilities; oversight; meetings; support for the Board/Committees; Board/Committee composition; effectiveness working together; and outcome and achievements.
- The resulting report included an assessment on each of the topics and summarised any specific comments made, including any suggestions for areas of improvement.

CGI provided an overall "good" assessment for the Board and Committees, noting that the Board is committed and cohesive, notwithstanding the significant changes in membership during 2021, and identified some areas for improvements. The Board discussed and approved the suggested improvements for implementation in 2022, as shown on page 85. The actions agreed following the evaluation have not resulted in any planned changes to the composition of the Board.

The annual review of individual Directors' performance was conducted internally, based on the process recommended by CGI as part of their evaluation. The Chairman's performance was reviewed by the other Non-Executive Directors led by the Senior Independent Non-Executive Director and taking into account the views of the Executive Directors. The performance of the Executive Directors was reviewed by the Non-Executive Directors with the Chairman in attendance. The Chairman and the Executive Directors reviewed the performance of each of the other Non-Executive Directors. The Board considers that each Director continues to contribute effectively and to demonstrate commitment to the role.

Training and development

Ongoing training and development for Directors is available as appropriate and is reviewed and agreed with the Chairman annually. Specific and tailored updates were provided by external advisers and management to the Audit, Nominations and Remuneration Committees. Key themes included trends and changing disclosure requirements regarding financial and narrative reporting, accounting and auditing standards and remuneration developments. During the year the Board also received reports from the Group General Counsel and Company Secretary on compliance, as well as current legal and governance updates. The Board is confident that all its members have the knowledge, ability, and experience to perform the functions required of a director of a listed company.

Upon appointment to the Board, Directors undertake an induction programme, receiving a broad range of information about the Group tailored to their previous experience. This includes information on the operational performance and business of the Group and details of Group strategy, corporate governance and Board procedures. The programme also includes one-to-one meetings with all Board and Executive Committee members, as well as individual site visits to key Group operating sites to understand the business and meet management teams. Assisted by the Group General Counsel and Company Secretary, the Chairman has responsibility for these induction programmes, and for the Board's training and professional development.

Stakeholders

The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by the Executive Directors (as well as representatives from the Group's businesses and functions who are invited to present to the Board), and through regular updates from Directors on their engagement activities with the stakeholders themselves. This includes regular updates:

- from the Chairman and the Executive Directors on their discussions with investors;
- from the Company's brokers on the feedback received from investors;
- from the Executive Directors, HR Director and Inken Braunschmidt (in her role as designated Non-Executive Director for employee engagement) in relation to employee engagement;
- from the Group CEO on feedback from customers;
- from the senior management team on their engagement with employees, customers, suppliers, local communities; and
- from the Sustainability Committee on the Group's approach to reducing its environmental impacts.

On pages 20 and 21 of our Strategic report, we set out our principal stakeholders, how we engage with them, the issues which are important to them and how we respond. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making. On page 82 we set out how the Board has taken into account the interests of stakeholders when discussing and agreeing decisions on key matters in 2021.

Purpose, culture and values

The Board recognises the importance of its role in building a sustainable business by setting the tone of James Fisher's purpose, culture and valued behaviours, and embedding them throughout the Group. Our core valued behaviours and our Code of Ethics (the behaviours we expect) underpin everything that we do and set out the type of organisation we want to be. Everyone who works for and with us is required to comply with these.

The Executive Directors set the tone of our organisation and demonstrate our valued behaviours. Various indicators are used to provide insight into our culture, including employee engagement and health and safety. We regularly assess the state of our culture, through activities such as employee engagement surveys and compliance reviews, and we address behaviour that falls short of our expectations.

Financial and business reporting

The Board considers that the Annual Report and Accounts taken as a whole present a fair, balanced and understandable assessment of the Group and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. More information about how this assessment was made is set out in the Audit Committee report on page 90.

The going concern assessment is set out in the Directors' report on page 111; the viability statement is set out in the principal risks section of the Strategic report on page 69; and the Strategic report on pages 12 to 13 sets out an explanation of the Company's business model and the strategy for delivering the Company's objectives.

BOARD EVALUATION AGREED ACTIONS

Action

Increased number and regularity of Director site visits.

Progress in 2021/22

2022 site visit schedule agreed, including increased number of Non-Executive site visits.

Action

Notwithstanding all Non-Executive Directors are on all Committees, enhanced reporting to the Board from Committees, and a Non-Executive Director meeting as part of each set of scheduled Board/Committee meetings.

Progress in 2021/22

Improved formal reporting from Committees at each scheduled Board meeting.

Non-Executive Directors meet separately at each set of scheduled meetings.

Action

Improvements to process for Directors' feedback on Chairman's performance.

Progress in 2021/22

Process agreed and implemented in 2021.

Action

Ongoing improvements in Board discussions on risk management.

Progress in 2021/22

PwC report on risk management identifies improvements which are being implemented in 2022.

Action

Developments to the structure, management and documentation for Board and Committee meetings.

Progress in 2021/22

Complete in 2021.

Action

Improvements to the induction programme, information and site visits for new Board members.

Progress in 2021/22

Improvements implemented and used for inductions of Kash Pandya and Claire Hawkings.

Nominations Committee report

MEMBERSHIP	SINCE
Angus Cockburn (Chair, following Malcolm Paul's departure in May 2021)	2021
Michael Salter	2013
Aedamar Comiskey	2015
Justin Atkinson	2018
Inken Braunschmidt	2019
Kash Pandya	2021
Claire Hawkings	2022

Key objectives

Reviewing the composition of the Board and succession planning.

Key responsibilities:

- To regularly review the structure, size and composition of the Board (including skills, knowledge, independence and experience) and recommend any changes.
- Succession planning for Directors and senior executives of both the Company and the operating businesses, taking into account the challenges and opportunities facing the Company and the skills and expertise therefore needed in the future.
- Identifying and nominating candidates for Board positions, for approval by the Board.

The Committee's terms of reference are available on the Group's website.

Meets at least three times a year. During 2021 the Nominations Committee met four times.

The Nominations Committee reviews the leadership and succession needs of the Company and ensures that appropriate procedures are in place for nominating, training and evaluating Directors.

Overall, our objective is to ensure that the Board is balanced, with the Directors having a broad range of knowledge, skills and experience to ensure the team works together effectively in discharging its responsibilities, including in relation to corporate governance. We recognise the benefits of a diverse senior leadership team, including diversity of skills, sector experience, background, gender, and ethnicity.

2021 in review

During 2021 there were the following changes in membership of the Board:

- Following the Company's AGM in April 2021:
  - Malcolm Paul (Non-Executive Chairman) retired from the Board. Please refer to the explanation provided on page 52 of the 2020 Annual Report relating to Malcolm's tenure on the Board extending beyond nine years.
  - Stuart Kilpatrick (Group Finance Director) stepped down from the Board.
- On 1 May 2021:
  - Angus Cockburn joined the Board as Non-Executive Chairman. Angus Cockburn joined the Group from Serco Group Plc, where he had been Group Chief Financial Officer since October 2014. Angus is a Non-Executive Director of Ashtead Group plc, the Securities Trust of Scotland Plc, and the privately owned Edrington Group Limited. He was previously Non-Executive Director of Howdens Joinery Group plc and GKN plc.
- On 4 May 2021:
  - Duncan Kennedy joined the Board as Chief Financial Officer. Duncan Kennedy joined the Group from BTG plc ("BTG"), previously a FTSE250 international specialist healthcare company, where he was Chief Financial Officer for two years until the company was acquired in 2019.
- On 1 November 2021:
  - Kash Pandya joined the Board as a new Independent Non-Executive Director. Kash is currently CEO of Helios Towers plc ("HTWS"), a FTSE 250 company, a post from which he will step down at its AGM in April 2022. He will then assume the role of Non-Executive Deputy Chairman for HTWS from that point.
- Also during 2021:
  - On 17 December 2021, the Company announced that Claire Hawkings would join the Board with effect from 1 January 2022, and that Mike Salter would retire from the Board following the Company's AGM on 5 May 2022.
  - the Board approved a new Board Diversity Policy (more detail below).

On 1 January 2022, Claire Hawkings joined the Board as a Non-Executive Director. Claire is currently a non-executive director and chair of the ESG committee of Ibstock plc, a non-executive director of Defence Equipment and Support, a Bespoke Trading Entity and Arm's Length Body of the Ministry of Defence, and a non-executive director and chair of the responsible business committee of FirstGroup plc. Claire has over 30 years' experience in the energy sector, where she held a variety of international leadership positions, most recently with Tullow Oil plc, and prior to that with BG Group plc and British Gas plc.

Board appointments and succession planning

The Committee leads the process for Board appointments and makes recommendations to the Board within its agreed terms of reference. Appointments are made having regard to the balance of skills and experience of current Directors as well as the diversity on the Board, including gender and ethnicity. The Committee adopts a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, working with independent executive search consultants.

During 2021, the Committee has sought support from a number of specialist executive search consultants, including Korn Ferry, Lygon Group and Hedley May, none of which has any connection with the Company (other than assisting with recruitment), nor with any individual Director. This included searches for a new Non-Executive Chairman, an Executive Director, as well as for two new Independent Non-Executive Directors to increase the diversity of the Board:

- Korn Ferry was instructed to focus on Non-Executive Chairman candidates with strong operational and non-executive experience. This resulted in the appointment of Angus Cockburn.
- Korn Ferry was instructed to focus on Non-Executive candidates with a strong operational/listed company CEO experience in related sectors. This resulted in the appointment of Kash Pandya.

- Lygon Group was instructed to search for Non-Executive candidates with strong sector experience. This process resulted in the appointment of Claire Hawkings.
- Hedley May was instructed to search for a new CFO with proven experience in a listed and diverse group. This process resulted in the appointment of Duncan Kennedy.

The graphic below sets out an example of the selection and appointment process undertaken by the Nominations Committee, in this case leading to the appointment of Claire Hawkings to the Board as a Non-Executive Director.

The process that led to the appointment of Angus Cockburn as Non-Executive Chairman is set out on page 64 of the 2020 Annual Report. Aedamar Comiskey, as the Senior Independent Director, chaired those meetings and Malcolm Paul was not involved in the selection process, nor in the appointment.

The Committee keeps under regular review succession planning at the Executive Director level and supports succession planning at senior management levels to ensure a diverse pipeline. The Group HR Director has also briefed the Committee on the talent review and actions undertaken in relation to the Group's top management positions.

Director induction, training and development

As Non-Executive Chairman, I am responsible for the formal induction of all new Directors, assisted by the Group General Counsel and Company Secretary. Each new Director is provided with the necessary background materials to familiarise themselves with the Group, and meetings are arranged with other members of the Board, the Group General Counsel and Company Secretary, and members of the Executive Committee.

Site visits to businesses around the Group are arranged to provide a deeper understanding of the Group's operations, risks and strategic priorities. Following my appointment earlier in the year, I undertook an induction programme, which included in-person site visits and management meetings at the Group's key sites. Induction programmes for Kash Pandya and Claire Hawkings are underway, with in-person site visits in 2022.

Assisted by the Group General Counsel and Company Secretary, I am also responsible for the Board's training and professional development. Directors were given presentations during 2021 on topics such as developments in corporate governance and financial reporting, as well as Directors' remuneration. Directors will continue to receive regular training updates from appropriate internal and external specialists on governance and risk issues, and on financial and reporting standards. In addition, Directors are fully aware of their own responsibility for identifying and satisfying their own specific training requirements. In 2022, the Board has planned a schedule of site and vessel visits, including management and employee engagement meetings, in order to deepen the Board's understanding of the operations of the Group's businesses and management teams.

Board composition and time commitment

There were eight Directors on the Board as at 31 December 2021, comprising the Non-Executive Chairman, Chief Executive Officer, Chief Financial Officer and five independent Non-Executive Directors. The names and biographical details of the members of the Board are set out on pages 80 and 81. Claire Hawkings joined the Board on 1 January 2022.

The Company judged the Non-Executive Chairman to be independent at the time of his appointment and considers all other Non-Executive Directors to be independent under the terms of the Code. As announced on 17 December 2021, Michael Salter, who has served on the Board for almost nine years is stepping down at the date of the AGM.

Under the Code, the reasons for the Board permitting its members to enter into significant new external appointments should be explained in the Annual Report. On 30 April 2021, the Company announced that Angus Cockburn had been appointed a Non-Executive Director of Securities Trust of Scotland Plc. On 24 January 2022, the Company announced that Claire Hawkings had been appointed Non-Executive Director of FirstGroup Plc. The Committee keeps under review the time commitments of the Directors to ensure that they have sufficient time to discharge their duties effectively. As part of the process of the appointment to the Board of Angus Cockburn, Duncan Kennedy, Kash Pandya and Claire Hawkings, the Committee assessed the time commitments required by their other roles. In the case of Angus Cockburn, the value of his significant executive and non-executive experience was taken into account alongside his existing commitments when approving his appointment. The Board also considered Angus' plans to take on a role at Securities Trust of Scotland plc before Angus started his role at the Company, and concluded that he had sufficient time for both roles. In the cases of Kash Pandya and Claire Hawkings, the value of their international, leadership and operational experience were taken into account alongside their existing external appointments when approving his appointments. Duncan Kennedy has no external appointments.

Process leading to the appointment of Claire Hawkings

- The Nominations Committee agreed a detailed candidate profile setting out the capabilities and experience required, in particular strong energy sector experience.
- The process to appoint a new Non-Executive Director was led by the Non-Executive Chairman.
- An external executive search consultant was appointed by the Committee to support the process and identify candidates fitting the agreed profile.

- The Non-Executive Chairman considered a full list of candidates with the executive search consultants. The full list was shared with the Nominations Committee, which agreed a shortlist of candidates to be invited for interview.
- Following initial interviews with the Non-Executive Chairman and Nominations Committee members, the number of candidates was reduced.
- The Chief Executive Officer and remaining Nominations Committee members met with the shortlisted candidates.

- Following the interviews, each person who had met with the shortlisted candidates provided feedback to the Non-Executive Chairman.
- The Nominations Committee discussed the relative merits of each candidate and agreed that the Committee would recommend to the Board that Claire Hawkings be appointed as Non-Executive Director.
- The Board approved the appointment, to take effect on 1 January 2022.

Nominations Committee report cont.

The experience gained in all these external roles held by our Board members broadens and deepens the knowledge and experience of the Directors, which in turn benefits the Company.

Directors standing for election or re-election

The Committee discussed and unanimously recommended that each of the Directors should be put forward for election or re-election by the shareholders at the AGM scheduled for 5 May 2022, with the exception of Michael Salter who will not be seeking re-election having notified the Board of his intention to retire following the AGM on 5 May 2022, after almost nine years' service as an Independent Non-Executive Director. In making this recommendation the Committee members (with each Committee member recusing themselves from the discussion and recommendation in relation to their own re-election) have evaluated each Director in terms of their performance, their commitment to the role and their capacity to discharge their responsibilities in an effective manner given their other time commitments and responsibilities.

Board evaluation

The Board carries out a Board/Committee evaluation each year, and in 2021, the Board appointed the Chartered Governance Institute ("CGI") to undertake an external evaluation, which has no connection to the Company or any individual Director. Further details of the 2021 external evaluation are set out on pages 84 and 85. Following the review of CGI's external evaluation, the Committee believes the Board functions effectively and efficiently, and is appropriate for a Group of its size. The Committee considers that each Director demonstrates the knowledge, ability and experience required to perform the functions of a director of a listed company and is of the calibre necessary to support and develop the Company's long-term strategy and success. The Committee also considers that no individual or small group of individuals dominates discussions or the decision-making process.

Diversity and inclusion

Diversity is a matter we consider constantly to ensure we benefit from the right balance of skills, experience, thought leadership and knowledge. That balance is derived from effective diversity which the Board considers to be an important factor in its own membership, and throughout the Group. Diversity arises from a number of potential sources, including in respect of professional experience, skills, education, international and industry knowledge, social mobility, disability, age, ethnicity and gender. The Board's intention is to maintain diversity in all its senses in its own constitution, and to encourage the same throughout the organisation.

In 2021, a new Board Diversity Policy was approved by the Board, in which new objectives were set with regard to (i) gender diversity, in line with the recommendations of the Hampton-Alexander Review; and (ii) ethnic diversity, in line with the recommendations of the Parker Report. The latest Board Diversity Policy is available on the Company's website. The recommendations of the Committee and decisions by the Board with respect to Board changes during 2021 took into account the Board Diversity Policy.

The female representation on the Board at relevant dates is/will be as follows:

- 33%, at the date of publication of this report;
- 37.5%, at 5 May 2022, following the retirement of Mike Salter from the Board; and
- 25%, at 31 December 2021, prior to the 1 January 2022 appointment of Claire Hawkings.

The Board has met its objective to comply with the recommendations of the Parker Report. Following the appointment of Kash Pandya in 2021, the Board has one Director from an ethnic minority background (11%, currently).

The Chief Executive Officer chairs an Executive Committee of 12 people, with women representing 33% of the Executive Committee at 31 December 2021. Apart from creating a forum to bring together a range of specialist skills and experience it also acts as a platform for our succession strategy into the future. Within the wider leadership team, being the Executive Committee and those reporting to members of the Executive Committee, there are 38 women, representing 33%. Further information about the Company's approach to diversity and inclusion is set out in the Strategic report at page 44.

2022 priorities

The Committee's priorities for 2022 are:

- to consider the key skills, experience and requirements for succession planning for the Board;
- to keep under review succession planning at the Executive Director level and to support succession planning at senior management level; and
- to monitor the Group's progress towards increasing the relative diversity in senior management positions.

Angus Cockburn
Non-Executive Chairman of the Board and Nominations Committee
9 March 2022

Audit Committee report

MEMBERSHIP	SINCE
Justin Atkinson, Chairman of the Audit Committee	2018
Michael Salter	2013
Aedamar Comiskey	2014
Inken Braunschmidt	2019
Kash Pandya	2021
Claire Hawkings	2022

Key objectives

To monitor the integrity of the Group's reporting process and financial management and to ensure that risks are carefully identified and assessed and that sound systems of risk management and internal control are in place.

Key responsibilities:

- The accounting principles, policies and practices adopted in the Group's accounts.
- Reviewing external financial reporting and associated announcements.
- Managing the appointment, independence, effectiveness and remuneration of the Group's external auditor, including the policy on the award of non-audit services.
- Initiating and supervising a competitive tender process for the external audit when next required.
- The resourcing, plans and effectiveness of Internal Audit.
- The adequacy and effectiveness of the internal control environment.
- The Group's risk management processes and performance.
- The establishment and oversight of fraud prevention arrangements.
- The provision of advice to the Board on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

The Committee holds a minimum of three scheduled meetings during the year.

Dear shareholders

I am pleased to present the report of the Audit Committee for the year ended 31 December 2021.

The Audit Committee supports the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As Chairman of the Audit Committee it is my responsibility to ensure that the Audit Committee fulfils its responsibilities in a rigorous and effective manner.

2021 has been a very challenging year for the Group not only as a result of the ongoing impacts of the COVID pandemic, including on the working conditions of all of our employees, but also due to the market and operational issues referred to in the Chief Executive's review on pages 24 and 25. However, I am pleased to report that the Group's established procedures and systems to identify, mitigate and manage risks enabled the financial reporting process to continue uninterrupted during the year, despite the many challenges presented by these issues. I would like to thank the finance team and the external audit team for their sustained commitment.

The Audit Committee remains focused on ensuring compliance with the UK Corporate Governance Code 2018 (the Code) and is committed to ensuring the highest standards of corporate governance. In line with the Code, this report seeks to focus on specific aspects considered by the Audit Committee during the year and aims to provide assurance to our shareholders that the control environment of the Group is being properly supervised and monitored.

I am satisfied that the Audit Committee is properly constituted with written terms of reference, which include all matters referred to in the Code and is provided with good quality information to allow proper consideration to be given to topics under review. I am also satisfied that meetings are scheduled to allow sufficient time for discussion and to ensure that all matters are considered fully. The Audit Committee's terms of reference are available on our website.

Of particular importance is the requirement to ensure that the Group's financial reporting is fair, balanced and understandable. We therefore review all the Group's financial reports before publication, including where necessary alternative performance measures, and we are satisfied that they provide a fair, balanced and understandable assessment of the Group's position and performance.

Audit Committee report cont.

Audit Committee composition

The Board is satisfied that as chair of the Audit Committee, I have significant and relevant financial experience being a chartered accountant who formerly served as finance director of a FTSE company. I have been attending audit committee meetings for over 20 years and have chaired three other FTSE company committees. The members of the Audit Committee collectively have broad financial, commercial, professional and technical experience and as a whole are considered to have competence relevant to the sectors in which the Group operates. Audit Committee attendance is shown on page 75.

Details of the Audit Committee's specific responsibilities and how it exercises those responsibilities are set out in the remainder of this report. The performance of the Audit Committee (alongside the Board and the other Committees) was externally evaluated during the year by the Chartered Governance Institute and, although the Committee continues to look for continuous improvement, this provided assurance that the Audit Committee discharges its duties and responsibilities in accordance with its terms of reference. Further details in relation to the evaluation can be found on pages 84 and 85.

Audit Committee meetings

The Audit Committee met five times during the year. The February, March and September meetings were scheduled on dates to coincide with the financial reporting cycle. The Audit Committee's meeting in January was held to discuss the role of PwC as co-sourcing partner for internal audit. The Audit Committee was attended by the Committee members, the Company Chairman, Chief Executive Officer, Chief Financial Officer, Group General Counsel and Company Secretary, the internal auditor, and the Group financial controller, together with representatives of the external auditor, and the internal audit co-sourcing partner.

At each scheduled meeting the Audit Committee provides the opportunity to discuss matters privately with the external auditor and the internal auditor. In addition, the Chairman of the Audit Committee holds regular meetings and phone calls with the reporting partner of external auditor, KPMG LLP (KPMG) to discuss matters related to the Group.

Matters of particular focus for the Audit Committee during 2021

January 2021

The role of PwC LLP as the co-sourced partner for the internal audit team, looking at the extension of their remit to cover both internal audit of overseas Group locations, as well as to cover specialist items where PwC's specialist resources could be of additional benefit to the Group.

February and March 2021

- Review of the 2020 results, Annual Report and announcement, including a review to ensure the report was fair, balanced and understandable.
- Specific disclosures and separately disclosed items.
- Going concern and viability statement.
- Impairment assessment review.
- External Auditor report.
- Review of external auditor performance and remuneration for 2020.
- Review of the Group's principal and emerging risks.
- Review of Internal Audit work during 2020, and approval of the Internal Audit plan for 2021.
- Review of internal auditor performance 2020 (including PwC as co-sourced partner).

August 2021

- Review of the 2021 Half Year results, Interim Statement and announcement.
- Going concern review.
- External Auditor Half Year report.
- Approval of KPMG's External Audit plan for 2021.
- Review of the Group's principal and emerging risks.
- Review of adequacy and effectiveness of Group's internal control and risk management systems.
- Review of Internal Audit assurance work to 30 June 2021.

November 2021

- Governance review, looking in particular at the Company's preparations for additional reporting obligations following BEIS's consultation on Restoring Trust in Audit and Corporate Governance, and in relation to guidance published by the Taskforce on Climate-related Financial Disclosures (TCFD).
- Review of risk management controls and systems, led by PwC.
- Review of Internal Audit on their work for the year, approval of the Internal Audit programme for 2022.

Financial reporting

The Audit Committee's primary responsibility in relation to the Group's financial reporting is to review and challenge where necessary, with both senior management and the external auditor, the appropriateness of the Group's Interim Statement and Annual Report and Accounts, with particular focus on:

- whether suitable accounting policies have been adopted and properly applied;
- the clarity of disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements; and
- whether management has made appropriate estimates and judgements in material areas or where there has been discussion with or issues raised by the external auditor; and
- whether the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Fair, balanced and understandable

In making its assessment in relation to the assessment on whether the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company. The Board has taken into account its own knowledge of the Group, its markets, its strategy and performance in the year, a review of content of the Annual Report and Accounts and other periodic financial statements and announcements, together with the recommendation from the Audit Committee. Key considerations of the Committee have included ensuring that there is consistency between the accounts and the narrative provided in the front half of the Annual Report and Accounts, and that there is an appropriate balance between the reporting of weaknesses, difficulties and challenges (in particular with reference to the Group's principal risks and uncertainties, as set out on pages 61 to 69), as well as successes, in an open and honest manner.

Significant issues and accounting judgements

The Audit Committee has a primary responsibility to review the integrity of the Annual Report and Accounts and the Interim Statement of the Company, which includes the review and discussion of papers prepared by management and takes account of the views of the external auditor. The key areas reviewed in the 2021 financial year are set out in the graphic below:

The Audit Committee considered these matters and how they were tested and reviewed, including the judgements and disclosures and representations made.

APMs and separately disclosed items

The Committee gave careful consideration to the judgements made in the disclosure of alternative performance measures as set out in note 2, and of separately disclosed items set out in note 5. In particular, the Committee sought to ensure that the treatment followed consistent principles and that reporting in the accounts is suitably clear and understandable. The Committee considered the appropriateness of items included within separately disclosed items and concluded that the judgements made are appropriate.

Goodwill valuation

The Audit Committee considered the Group's carrying value of goodwill and impairment reviews based on underlying assumptions, together with the achievability of long-term forecasts and the discount rates applied to forecast cash flows. Senior management provided detailed analysis to determine the sensitivity of the outcome to changes in key assumptions and we are satisfied that the judgements made are both reasonable and appropriate.

Revenue recognition and contract disputes

The estimation of contract margin and the level of revenue and profit to recognise in a single accounting period requires the exercise of management judgement. In addition the Group has a number of projects where payments of amounts invoiced or considered due under of the contract have yet to be paid, or were delayed during the year (for example, Subtech's project in Mozambique). The Committee reviewed key estimates and judgements applied in determining the financial status of the more significant projects.

Going concern and viability statements

In light of COVID and in common with other businesses, the imperative of encouraging an even wider range of sensitivity scenarios than usual to be developed to enhance the supporting evidence in relation to the going concern basis of accounting and viability statement in the 2021 Annual Report was recognised and acted upon. This included detailed review of: contractual risk in winning larger contracts and operating in more geographies with partners potentially exposed to increased risk of late payment or cost overruns; project delivery risk that a project may not be delivered in line with the budgeted profit and payment terms; potential increase in the need for guarantees to secure contracts; and the ongoing availability of financing, following the creation of a new syndicated RCF during 2021.

The Audit Committee reviewed the appropriateness of the going concern assumptions on page 111 in preparing the financial statements. This included a review of papers prepared by senior management, which were based on the approved budget and strategic plan for each Group company and the Group as a whole. The review took into consideration available financing facilities and facility headroom. Taking account of the impact of the COVID pandemic and other possible changes that may impact trading performance and availability, we expect the Group to maintain the appropriate headroom under its borrowing facilities for the forthcoming year. We are satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements.

The Audit Committee reviewed the Company's viability statement set out on page 69 and in particular took care to understand the analysis which was prepared by management, and supports the Board's view that the Company will be able to continue in operation and meet its liabilities as they fall due over the period assessed. The analysis included a review of the Group's strategic plan overlaid by a number of assumptions and sensitivities, including the need for and availability of additional bank facilities, an assessment of the likely downside sensitivities aligned to the Group's principal risks, and the potential impact of those sensitivities on its business model, future performance, solvency and liquidity over the period, and taking into account the potential mitigating actions, and the effectiveness of the Group's risk management and control systems, as well as current risk appetite.

Audit Committee report cont.

Risk management and internal controls

The Board has overall responsibility for the Group's risk management and internal control systems, including financial, operational and compliance controls. The Audit Committee is responsible for monitoring and reviewing the effectiveness of these systems and the Group's internal audit function.

The Board received regular reports throughout the year from the Group Risk Committee and we have reviewed the Group's systems of risk management and internal controls, including financial, operational and compliance controls. As part of its review, the Audit Committee probed the robustness of the Company's risk management controls and systems and the level of engagement at all levels of the Group with risk management processes. This resulted in an independent review being commissioned from PwC in relation to the risk management controls and systems. The Audit Committee has concluded that the systems are sound and effective, and following the PwC review, the Committee made a number of recommendations for ongoing improvement in this area, which the Board approved for implementation in 2022.

Reports on internal control failings mainly arising from internal audits are referred to the Audit Committee for review and oversight to ensure that appropriate and timely actions are identified and completed. The internal control failings are graded based on materiality within the context of that operating company, and an action plan with associated timeframes is agreed with the relevant management team. Progress against that plan is reported to the Audit Committee on an ongoing basis until the actions are complete. During the year there were no instances of internal control failure brought to the attention of the Audit Committee which are considered material to the Group. A more detailed summary of the Group's risk management and internal control systems is set out in the principal risks and uncertainties section of the Strategic Report on pages 61 to 69, along with a description of some of the actions taken and planned to bring improvements to those controls.

In order to further increase the emphasis on the importance of risk management and internal controls, the Committee will invite to each of its meetings from February 2022 a management team of a recently audited operating company to present on the findings, actions and progress report.

Anti-bribery and corruption

We have an established anti-bribery and corruption policy aimed at ensuring adherence to the associated legal and regulatory requirements. The policy includes sections in relation to:

- the Group's zero tolerance approach to payment of bribes;
- the reasonableness and proportionality of offering or receipt of gifts or hospitality;
- the appointment and management of third parties who are engaged to assist with our sales and marketing activities, including approval via procedures which include appropriate internal and external due diligence using web-based tools provided by Control Risks (the international risk consultancy). The Group tracks its agent and joint venture relationships and reports them back to the Board on a regular basis; and
- the Group's condemnation of facilitation payments.

The Group has anti-bribery and corruption training in place which is provided on induction, and each business maintains a training log for its people which is reported back to the Audit Committee via internal audit twice annually. In addition, the Group legal team provides bespoke anti-bribery and corruption training to those employees who are working in areas of higher bribery and corruption risk.

During 2021, the Group legal team presented to the Board on the management and mitigation of the key risk relating to operating in emerging markets, with the Board agreeing a number of improvements to be implemented during 2022, including: increasing engagement with external experts and local representation to improve visibility and management of local jurisdictional risks; rationalisation of third party relationships; ongoing improvements to training; and introduction of an international, independently-managed whistleblowing hotline.

External audit performance

The Audit Committee continually assesses the performance of the external auditor, KPMG, from the initial planning stage when they receive and discuss the audit plan and proposed strategy, approach, objectives, significant risk areas and other areas of focus, drawing on input from the Group's senior management, until conclusion of the audit. As part of the most recent assessment of effectiveness, the Audit Committee has taken into consideration the guidance issued by the FRC. The Audit Committee conducts annually a formal assessment of the external auditor's performance based on its own experience and that of the Group's senior management. The assessment considered the degree of challenge to management, the issues identified and the quality of explanations. The results of the review are considered by the Audit Committee and discussed with KPMG who provide input on the preparedness of the Group's own finance teams and the conclusions are reported to and discussed by the Board. The Audit Committee recognises that the quality of an audit is paramount. Particular note was taken of the current year audit work, considered against the backdrop of the COVID pandemic, which has presented practical process challenges and required enhanced audit requirements. The Committee is satisfied that KPMG provided an effective audit and remain independent and objective. KPMG are recommended for re-appointment at the Company's forthcoming AGM.

KPMG were first appointed to audit the Company in 2008. They were re-appointed external auditor of the Company in 2017, following a competitive tender process. 2021 is the last financial year which can be undertaken by lead audit partner, Mike Barradell. During 2021, Mike worked with the Audit Committee to introduce potential replacements to the Company, following which Ailsa Griffin has been appointed as lead audit partner for the 2022 financial year. To the extent permitted by independence rules Ailsa has been shadowing Mike during 2021 on the Company's Audit.

Details of the external auditor's remuneration for 2021 are set out in note 4 on page 139. In 2021, there has been an increase of 25% in audit fees from the prior year as a result of the challenges faced by KPMG in undertaking their work remotely and reduced materiality following the reduction in profits. The Committee notes the backdrop of significant increases in audit fees over recent years for FTSE companies.

The Company has complied throughout the financial year under review, and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Non-audit services

The Audit Committee accepts that certain non-prohibited work is best undertaken by the external auditor and to safeguard the external auditor's objectivity and independence the Audit Committee has a policy on engagement of the external auditor for non-audit services, which includes a requirement for Audit Committee approval if the permitted services exceed a threshold of £50,000.

The Audit Committee reviews the policy annually and recommends it to the Board for approval. In accordance with relevant Audit Regulations and standards published by the FRC in June 2016, the Audit Committee has not engaged the external auditor on matters restricted by those Regulations and standards, and fees from permitted work (including the interim statement) have been pre-approved by the Audit Committee. KPMG were not instructed to carry out any prohibited non-audit services during 2021.

KPMG provided the following non-audit services to the Group during 2021, all of which were approved by the Audit Committee:

- under the Norwegian Companies Act, KPMG provided an assurance service on the control and review procedures over the tax submissions in relation to Scantech AS. The work does not result in any accounting judgements and the fee for this service was £1.25k.
- KPMG carried out the Group's interim statement for the period ended 30 June 2021. The fee amounted to £0.1m.

Internal audit

The Audit Committee is responsible for reviewing the work carried out by the internal audit department which considers, reviews and reports on key commercial, financial and control risks across the Group. The internal audit function undertake their work in accordance with an annual programme approved by the Audit Committee. The scope of each internal audit review is agreed by the Audit Committee in consultation with the internal auditor to ensure that key areas for each business are addressed.

As internal audit increased its use of both remote-working and co-sourced assistance from PwC, the number of internal audits increased in the year, following lower 2020 levels impacted by the COVID pandemic. In total 13 internal audits were undertaken in 2021 (2020: 10), including five carried out by our co-source partner outside the UK (2020: none). Reports in relation to the internal audits carried out were presented to the Audit Committee for review and shared with senior managers for action, as well as being provided to the external auditor for information. There were no findings in the internal audit reports which are considered material to the Group. The internal auditor is responsible to the Audit Committee for ensuring that all required actions are followed up and completed in a timely manner. It is planned that internal audit will move to a fully outsourced function led by PwC in early 2022.

Following the final 2021 review, the Audit Committee recommended and the Board concluded that the Group's internal audit process was appropriate and effective despite the ongoing impact of the COVID pandemic. The effectiveness of the Group's internal audit function is continually reviewed, including an annual formal review undertaken by the Board and the Audit Committee, with the benefit of feedback from Group businesses and functions which have been subject to internal audit during the year.

FRC correspondence

During 2021 (and as disclosed in the 2020 Annual Report and Accounts) the Company concluded its correspondence with the FRC in relation to certain matters in the 2019 Annual Report and Accounts, principally relating to the accounting for the Group's investment in Murjan Al-Sharq for Marine Contracting LLC, and disclosures in relation to provisions and contingent liabilities.

The FRC acknowledged the Company's explanations and closed their enquiries on the basis that the Company would provide enhanced disclosure in relation to the points raised where material, which were included in the 2020 Annual Report and Accounts. The Company also agreed to the FRC's request for it to publish the Company's name, together with the fact of the FRC review into the 2019 Annual Report and Accounts, along with its summary of its findings.

The FRC stated in its letter that its review was based solely on the Annual Report and Accounts and did not benefit from detailed knowledge of the James Fisher business or an understanding of the underlying transactions entered into and that its letter provided no assurance that the annual report and accounts were correct in all material respects; the FRC's role was not to verify the information provided but to consider compliance with reporting requirements.

BEIS Consultation on Restoring Trust in Audit and Corporate Governance

As noted above, the Committee discussed the Company's preparedness for the potential additional reporting obligations in November 2021. In order to strengthen the Company's regime for internal controls over financial reporting, which is expected to be one of the main outcomes following consultation, we have appointed a senior manager, previously Head of internal audit, to the post of Head of internal controls with effect from January 2022.

Task Force on Climate-Related Financial Disclosures ("TCFD")

In discharging its responsibility for the integrity of corporate reporting, the Audit Committee has reviewed the Group's disclosures in response to TCFD recommendations, contained in the TCFD report on page 52 of this report. The Committee notes that the Group has made progress in its consideration and understanding of climate-related impacts on the Group and financial reporting, although there is more work to be done, in particular around scenario analysis and metrics/targets, with a roadmap set out for ongoing actions set out in the report. The Committee is satisfied that the disclosures represent a fair, balanced and understandable assessment of current progress and looks forward to reporting in more detail in next year's report.

Conclusion

The Audit Committee operates in an open manner, has clear and concise channels of communication with the Board and, should it be necessary, I would be available to meet with investors. I will also be available to answer any questions at the AGM.

Justin Atkinson
Chairman of the Audit Committee
9 March 2022

MEMBERSHIP	SINCE
Aedamar Comiskey, Chair of the Remuneration Committee since May 2018	2014
Michael Salter	2013
Justin Atkinson	2018
Inken Braunschmidt	2019
Kash Pandya	2021
Claire Hawkings	2022

Key objectives

The Committee's objectives are to create a fair, equitable and competitive total reward package that supports the Group vision and strategy; and to ensure that rewards are performance-based, encourage long-term shareholder value creation and are straightforward to communicate and operate.

Key responsibilities:

- Designing the remuneration policy
- Implementing the remuneration policy
- Ensuring the competitiveness of reward
- Designing the incentive plans
- Setting incentive targets and determining award levels
- Overseeing all share awards across the Group

The Committee meets at least three times a year

Annual statement

Introduction by Aedamar Comiskey, Chair of the Remuneration Committee

On behalf of the Board, and the Remuneration Committee (the Committee), I am pleased to present the Directors' remuneration report for the year ended 31 December 2021.

This report is comprised of two parts, namely:

Part 1 – Remuneration policy report – which provides a summary of the remuneration policy approved by shareholders at the 2021 AGM, as context for the Committee's decision-making in relation to remuneration in 2021 and 2022; and

Part 2 – Annual report on remuneration – which sets out payments and awards made to the Directors and details the link between Company performance and remuneration for 2021, and how we intend the remuneration policy will operate for 2022. This part of the report will be put to an advisory vote at the 2022 AGM.

Work of the Committee during 2021

During 2021, the Committee addressed the following main activities, having due regard to the ongoing impact of COVID on the Group and the broader performance context:

- assessing performance against the targets set for the 2020 annual bonus awards;
- setting the targets for the 2021 annual bonus;
- assessing performance against the targets set for the 2018 LTIP awards and determining vesting levels;
- agreeing the award levels and performance targets for the 2021 LTIP awards; and
- agreeing the Chairman's fee and Executive Directors' base salaries to apply from 1 January 2022.

In addition, the Committee has sought to ensure that its Policy and practices remain consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

- **Clarity** – The current Policy is understood by our senior executive team, and we have sought to articulate it clearly to our shareholders and representative bodies (both on an ongoing basis and during consultation when material changes are being made).

- **Simplicity** – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.
- **Risk** – Our policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded, via: (i) the balanced use of both short-term (annual) bonuses and longer-term incentive plans (LTIPs), which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.
- **Predictability** – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits.
- **Proportionality** – There is a clear link between individual reward, delivery of strategy and the Group's long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.
- **Alignment to culture** – Our executive pay policies are aligned to culture through the use of metrics in both the annual bonus and LTIP that measure how we perform against our KPIs.

Pay and performance in 2021

James Fisher encountered another challenging year in 2021, with performance outcomes against our primary financial measures as follows:

- Underlying profit before tax of £19.7m (2020: £31.5m); and
- Underlying diluted earnings per share 20.0p (2020: 47.9p).

Notwithstanding the ongoing challenging trading conditions faced during the year, the Committee notes that the Group did not furlough any employees during 2021 (nor did it make further use of the government support available to it).

Executive Directors' bonus potential for 2021 was capped at 100% of salary, with 70% based on meeting the Group's financial objectives and 30% based on individual achievement and personal objectives. However, as a result of the Group's financial performance for the year ended 31 December 2021 being below the thresholds set at the start of the year, the Remuneration Committee concluded that it would not be appropriate to award any annual bonus to the Executive Directors with respect to 2021, notwithstanding that the personal objectives were again partially met.

Awards under the LTIP granted in 2019 (a cycle in which neither Eoghan O'Lionaird nor Duncan Kennedy participated) are due to vest in April 2022. However, as a result of failing to hit the threshold earnings per share (EPS) and total shareholder return (TSR) targets, LTIP awards are expected to lapse in full.

Further detail of the targets and achievement against them is set out on pages 102 to 104.

Shareholder feedback

The Committee is grateful for the strong shareholder support at the 2021 AGM for both the binding resolution to approve the remuneration policy, and the advisory resolution to approve the Annual statement and Annual Report on Remuneration. We remain committed to effective and regular engagement with our shareholders in relation to remuneration, and hope that we can count on your continued support.

2022 remuneration

There are no changes proposed for the remuneration policy. A summary of the proposed approach to the implementation of the remuneration policy in 2022 is as follows:

- no change to the base salaries of Eoghan O'Lionaird and Duncan Kennedy (£530,000 and £350,000 respectively);
- no change to the pension contributions received by the Executive Directors (noting that their pension contributions, at 7.5% of salary, are aligned with the average of the wider UK workforce);
- no change to the annual bonus opportunity of 100% of salary which, for 2022, will be based 50% on adjusted operating profit, 20% on operating cashflow, and 30% on personal objectives (including ESG-related objectives); and
- in respect of 2022 LTIP awards for Executive Directors, awards will be made as normal after the announcement of the 2021 preliminary results, with opportunities set within the normal limit of 125% of salary. 50% of awards will be based on 3-year EPS growth, 25% of awards will be based on relative TSR, and the remaining 25% based on Return on Capital Employed (ROCE) targets. The Committee agreed this slight change to the LTIP scorecard to align better with our stated strategy for sustainable profitable growth, details of which were presented to shareholders at our Capital Markets Event in June 2021. The 2022 LTIP scorecard directly aligns with the financial pillars of this strategy (a refocus on returns and margin improvement to drive sustainable profitable growth) whilst the relative weighting reflects the importance to our shareholders of the Group delivering both growth and returns. At the time of signing this report, the EPS and ROCE performance targets attaching to these awards have not yet been agreed by the Committee. Consistent with previous cycles, the TSR element will vest subject to the Group's relative TSR performance being at least median (25% vesting) with full vesting requiring performance to be at least upper quartile. EPS and ROCE targets will be set to be appropriately stretching. These will be disclosed in the RNS announcement at the time of making the awards; and in next year's Directors' remuneration report.

With effect from 1 January 2022, the fees payable to the Chairman and Non-Executive Directors are unchanged.

I hope you will join me in supporting the remuneration-related resolution at the AGM on 5 May 2022.

Aedamar Comiskey
Chair of the Remuneration Committee
9 March 2022

Remuneration policy report

Overview of Directors' remuneration policy

James Fisher and Sons plc operates in a competitive international environment. To continue to compete successfully, the Committee considers that it is essential that the level and structure of remuneration and benefits achieve the objective of attracting, retaining, motivating and rewarding the necessary high calibre individuals at all levels of the business. The Company therefore sets out to provide competitive remuneration to all of its employees, appropriate to the business environment in those countries in which it operates.

The remuneration strategy, as a significant contributor to competitive advantage, is designed to support the Company's corporate strategy, and to align with the Company's valued behaviours of pioneering spirit, integrity, energy and resilience.

A cohesive reward structure with a timely pay review process, consistently applied to all employees and with links to corporate performance, is seen as critical in ensuring all employees can associate with, and are focused on, the attainment of the Company's strategic goals. Accordingly, the remuneration package for the Executive Directors is normally reviewed annually. Where an Executive Director's responsibilities change during the course of a year, the Committee will consider whether a review is appropriate, outside of the annual process.

Executive remuneration reviews are based upon the following principles:

- total rewards should be set at appropriate levels to reflect the competitive market in which the Company operates, and to provide a fair and attractive remuneration package;
- reward elements should be designed to reinforce the link between performance and reward. The majority of the total remuneration package should be linked to the achievement of appropriate performance targets; and
- Executive Directors' incentives should be aligned with the interests of shareholders. This is achieved through setting performance targets to reward increase in shareholder value and through the Committee's policy to encourage shareholding by Executive Directors.

How the Directors' remuneration policy relates to the wider Group

The remuneration policy set out within this report provides an overview of the structure that operates for the Executive Directors in the Group. Employees below Executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role of the employee in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's delivery of strategy and Group performance. The Remuneration Committee considers pay and conditions across the workforce when reviewing and setting the Executive Director remuneration policy. During 2021, members of the Committee engaged with employees on a number of matters (more detail on page 20), including in relation to the role and activities of the Remuneration Committee in overseeing Executive remuneration. The 2021 employee engagement survey also sought feedback on the Group's approach to remuneration, with resulting actions planned at both a Group and business level. Wider engagement on Executive remuneration is planned in 2022 as part of the Board's employee engagement initiatives.

How shareholders' views are taken into account

The Committee takes an active interest in stakeholder views on our executive remuneration policy and its operation, and is particularly mindful of the concerns of shareholders. At the 2021 AGM, both the proposed remuneration policy and the Annual report on remuneration were supported by a significant majority of shareholders. In advance of the AGM, the Committee consulted with the Company's major shareholders and the main representative groups in relation to the proposed changes to the Company's remuneration policy, the vast majority of feedback received on which was supportive.

Directors' remuneration policy

The table on the following pages summarises the remuneration policy approved by shareholders at the 2021 AGM. This policy took effect from that date for a period of up to three years. Minor amendments have been made to the drafting of this policy from the version approved by shareholders in 2021 (which can be found in the 2020 Annual Report) including: (i) the data used in the pay-for-performance scenarios; (ii) page references; and (iii) the sections on Executive Director service contracts and Non-Executive Director letters of appointment, to reflect changes in Board composition during 2021.

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE TARGETS
Salary	Designed to attract, retain, motivate and reward the necessary high calibre individuals to the Board.	Base salaries are a fixed annual sum normally effective 1 January and payable monthly in cash. Salaries are reviewed each year, normally effective 1 January and recognising the individual's performance and experience, developments in the relevant employment market and having regard to the Group's performance as well as comparing each Executive Director's base salary to market data.	No prescribed maximum salary or salary increase. Salaries are set for each Executive Director within a range around the market median for similar positions in appropriate comparator companies. The Committee is also guided by the general increase for the employee population although increases may be higher or lower than this to recognise, for example, an increase in the scale, scope or responsibility of an individual and/or performance.	Not applicable.
Pensions	To offer competitive retirement benefits	Executive Directors are eligible to join the Group's defined contribution scheme, receive a company contribution into a personal pension scheme or be paid a cash supplement in lieu of pension.	Workforce aligned on or before 1 January 2023.	Not applicable.
Benefits	To offer competitive benefits	Provision of a company car or cash alternative, life assurance and healthcare insurance. Other benefits may be provided where appropriate. These benefits do not form part of pensionable earnings.	No prescribed maximum.	Not applicable.
Annual bonus	To incentivise and reward the Executive Directors to deliver annual financial and operational targets.	Payable on the achievement of financial and personal objectives and non-pensionable. The first 70% is payable in cash. Bonus in excess of 70% of basic salary is subject to deferral into shares, with awards vesting after three years, subject to normal good/bad leaver provisions, but no further performance targets. Dividend equivalent payments may be awarded (in cash or shares). Malus and clawback provisions operate.	Up to 100% of base salary.	Majority of the bonus potential is based on financial targets derived from the annual plan; and a minority of the bonus potential based on individual achievement and personal objectives.

Directors' remuneration report cont.

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE TARGETS
LTIP	To align the interests of the Executive Directors with the Group's long-term performance, strategy and the interests of shareholders.	Annual grant of share awards. Non pensionable. A two-year post-vesting holding period applies to awards granted to Executive Directors. Malus and clawback provisions operate.	Up to 200% of base salary. Awards above 125% will be subject to stretch targets.	Sliding scale targets linked to financial, share price and/or strategic metrics. No more than 25% of an award vests at threshold, increasing to 100% vesting at maximum.
Share ownership	To ensure alignment between the interests of Executive Directors and shareholders.	Executive Directors are required to retain half of the shares vesting after tax under the LTIP until the guidelines are met. Post cessation guidelines apply to share awards granted following the 2021 AGM. In determining the relevant number of shares to be retained post cessation, shares acquired from own purchases and share awards granted prior to the 2021 AGM will not be counted.	**In Employment:** 200% of base salary for all Executive Directors. **Post cessation:** 100% of the "in employment" requirement, until the second anniversary of cessation (or the actual shareholding if the guideline has not been met at cessation).	Not applicable.
Sharesave	To encourage share ownership and align the interests of all employees and shareholders.	An all-employee share plan	As per prevailing HMRC limits.	Not applicable.
Non-Executive Directors	To provide fees to reflect the time commitment and responsibilities of each role in line with those provided by similarly sized companies.	Fixed annual fee, paid quarterly in cash reviewed annually: the Committee determines the Chairman's fees. The Chairman and Executive Directors determine fees for the other Non-Executive Directors.	No prescribed maximum fee or fee increase, although fees are limited by the Company's Articles of Association. The Board/ Committee is guided by market rates, time commitments and responsibility levels.	Not applicable.

Notes:

(1) The choice of the performance metrics applicable to the annual bonus reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to the delivery of both financial and personal objectives;

(2) LTIP performance conditions are selected based on the delivery of long-term returns to shareholders and the Group's financial growth and are consistent with the Company's strategy. Where operated: (i) TSR performance is monitored by an independent advisor; and (ii) EPS growth is derived from the audited financial statements;

(3) The Committee operates its share plans in accordance with the plan rules and the Listing Rules. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans (e.g. treatment of awards for leavers, change of control, adjustments to performance targets);

(4) The Committee retains the right to exercise discretion to override formulaic outcomes and ensure that the level of bonus or share awards payable is appropriate. It may use its discretion to adjust outcomes to ensure that any payments made reflect overall Company performance and stakeholder experiences more generally. Where exercised, the rationale for this discretion will be fully disclosed to shareholders in the relevant Directors' remuneration report;

(5) Consistent with HMRC legislation, the all-employee share plan does not have performance conditions; and

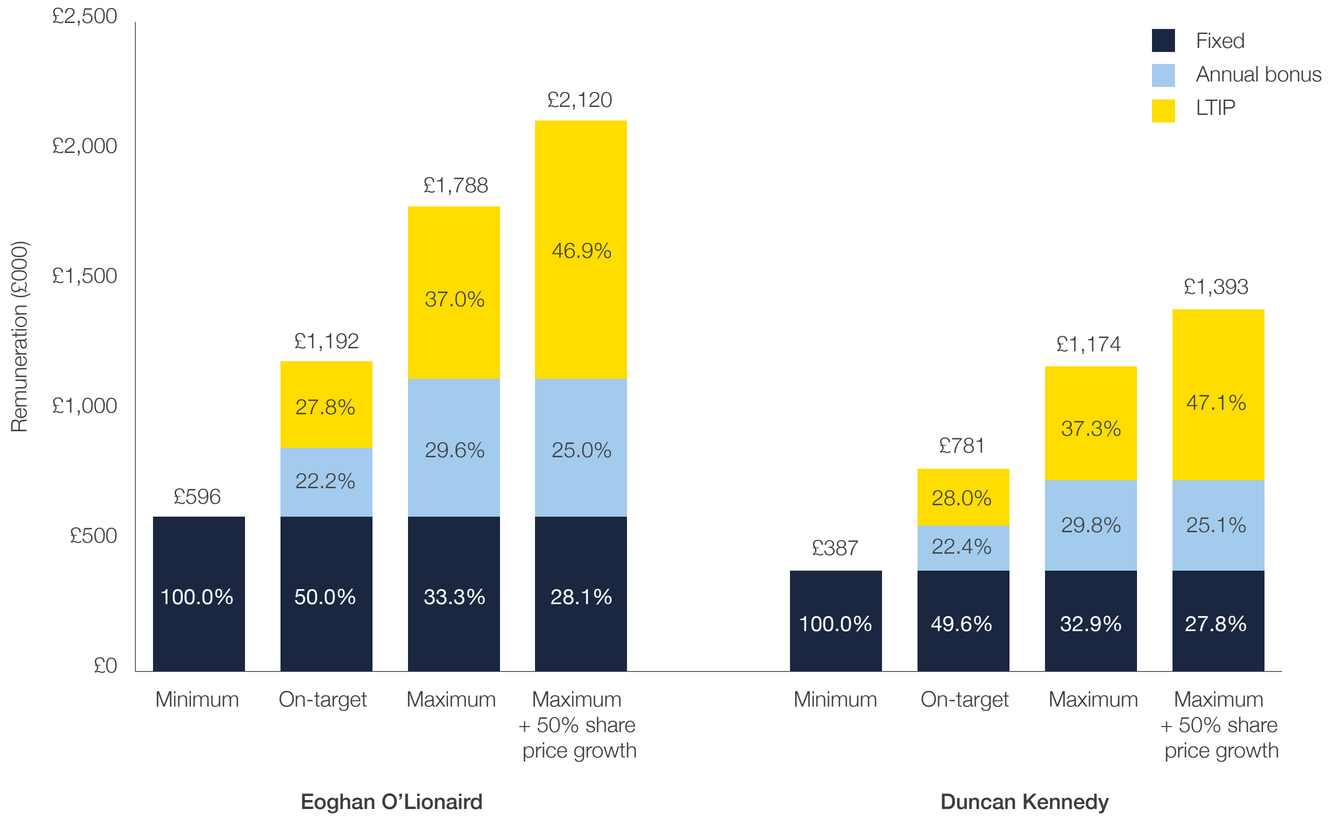
(6) In approving the Directors' remuneration policy, authority is given to the Company to honour any past commitments entered into with current or former Directors including the vesting of share awards granted in the past.

Malus and clawback provisions

Malus and clawback provisions operate in respect of the annual bonus (cash and deferred shares) and LTIP awards, with Committee discretion to apply them in the event of a material misstatement in the Company's financial results, miscalculation, serious reputational damage to the Company, in the event it is discovered that the participant committed serious misconduct that could have warranted summary dismissal or a corporate failure/insolvency.

The Committee may decide to operate the malus and clawback provisions within a three-year period commencing on the date that the cash part of any annual bonus is paid (for cash and deferred share bonus awards), and within a three-year period of any LTIP vesting date.

Scenario charts



Approach to recruitment

New Executive Directors will be appointed on remuneration packages with the same structure and elements set out in the Directors' remuneration policy table. Ongoing incentive pay/share-based awards will be limited to:

- Maximum annual bonus of 100% of salary; and
- LTIP award of up to 200% of salary.

For external appointments, the Committee may offer additional cash or share-based elements to replace deferred or incentive pay forfeited by an executive when leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. Shareholders will be informed of any such payments as soon as practicable following the appointment.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and incidental expenses as appropriate.

Loss of office

In relation to Executive Directors leaving the Company, the Committee is committed to applying a consistent and equitable approach to ensure the Company is equitable, but pays no more than necessary. The loss of office policy is in line with market practice and will be dependent on whether the individual is deemed a 'good leaver' or 'bad leaver'. The 'good leaver' policy includes:

- payment in lieu of notice equal to one year's basic salary or, if termination is part way through the notice period, the amount of salary relating to any unexpired notice to the date of termination. There is an obligation on Directors to mitigate any loss which they may suffer if the Company terminates their service contract;
- bonus payments for the period worked may be made, subject to the original performance targets, at the discretion of the Committee. Any such payments would be made on the normal payment date;
- vesting of share scheme awards is not automatic and the Committee retains the discretion to prevent awards from lapsing depending on the circumstances of the departure and the best interests of the Company. For a 'good leaver': (i) deferred bonus awards will normally vest in full at the normal vesting date (although may vest earlier, including at cessation); and (ii) LTIP awards will normally vest at the normal vesting date (although may vest earlier, including at cessation) subject to performance against the performance targets and LTIP awards will normally be pro-rated;
- the 'good leaver' reasons are death, injury, illness or disability, redundancy, retirement, transfer of business resulting in cessation of the individual's employment within the Group and any other reason at the Committee's discretion;
- no compensation is paid for summary dismissal, save for any statutory entitlements;
- Executive Directors will also be entitled to a payment in respect of accrued but untaken annual holiday entitlements on termination; and
- Legal fees and outplacement support may be paid by the Company where appropriate.

During the year, the Committee applied the loss of office policy with respect to the departure of the former Group Finance Director, Stuart Kilpatrick with effect from 29 April 2021. The results of the application of the policy on Stuart Kilpatrick's remuneration are set out in more detail on page 104.

Service contracts

It is the Board's policy that Executive Directors are employed on contracts subject to no more than 12 months' notice from either side. The Board recognises however that it may be necessary in the case of new executive appointments to offer an initial longer notice period, which would subsequently reduce to 12 months after the expiry of the initial period. The service agreements do not have a fixed term. If it becomes necessary to consider termination of a service contract, the Committee will have regard to all the circumstances of the case, including mitigation, when determining any compensation to be paid. Details of the current service contracts are as follows:

	Contract date	Notice period
Eoghan O'Lionaird	1 September 2019	12 months
Duncan Kennedy	1 May 2021	12 months

The Executive Directors are permitted to serve as non-executive directors of other companies, provided the appointment is first approved by the Remuneration and Nominations Committees. Directors are allowed to retain their fees from such appointments. During 2021, the Executive Directors held no external appointments.

Non-Executive Directors do not have service contracts but have a letter of appointment setting out their terms and conditions. Non-Executive Directors are appointed each year for up to 12 months (subject to re-election at the AGM) and are entitled to one month's prior written notice of early termination for which no compensation is payable. Details of the letters for the currently appointed Non-Executive Directors are set out below:

	Date of appointment	Letter of appointment
Angus Cockburn	1 May 2021	1 January 2022
Justin Atkinson	1 February 2018	1 January 2022
Inken Braunschmidt	1 March 2019	1 January 2022
Aedamar Comiskey	1 November 2014	1 January 2022
Kash Pandya	1 November 2021	1 January 2022
Michael Salter	1 August 2013	1 January 2022
Claire Hawkings	1 January 2022	1 January 2022

Annual report on remuneration

Remuneration Committee

The Committee members have no personal financial interest, other than as shareholders, in the matters to be decided.

They have no conflicts of interest arising from cross-directorships with the Executive Directors, nor from being involved in the day-to-day business of the Company.

The Committee operates under clear written terms of reference and confirms that its constitution and operation comply with the applicable provisions of the UK Corporate Governance Code (the Code) (prevailing at the date this report is signed) in relation to Directors' remuneration policy and practice and that it has applied the Code throughout the year. As noted on page 76, with respect to Code provision 41, various channels have been established for the Board's engagement with employees, including in relation to remuneration. The channels include the employee engagement survey, the activities of the Designated Non-Executive Director for Employee Engagement (including regular attendance at the employee engagement working group), and the Non-Executive Directors leading a discussion at the Group's management conference on the role of the Committee, including in relation to alignment of executive remuneration with wider Group remuneration policy. The Board is also considering further enhanced mechanisms for employee engagement in relation to executive remuneration for implementation in 2022.

The Committee's terms of reference include:

- to determine and agree with the Board the framework and policy for Executive Directors and senior managers;
- to review the appropriateness and relevance of the remuneration policy;
- to agree the measures and targets for any performance related bonus and share schemes of the Executive Directors;
- to determine within the terms of the policy the total individual remuneration package of the Executive Directors and selected senior management immediately below Board; and
- to review senior management pay remuneration and workforce remuneration policies and practice.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, FIT Remuneration Consultants LLP (FIT) acted as the principal external advisers to the Committee until August 2021. Following a competitive tender, the Committee appointed Ellason LLP (Ellason) as its principal external adviser from August 2021.

The Committee confirms that both FIT and Ellason provided independent remuneration advice to the Committee during 2021, and that neither organisation has any other connections with the Company that may impair independence. Both FIT and Ellason are members and signatories of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com.

During 2021, FIT provided independent advice on remuneration matters including the remuneration policy review and its implementation for 2021. FIT provides no other services to the Company. The fees paid to FIT in respect of work carried out for the year under review were £43,209. Ellason provided independent advice on remuneration matters including the external environment and incentive design for 2022. Ellason provides no other services to the Company. The fees paid to Ellason in respect of work carried out for the year under review were £16,613.

Directors' remuneration report cont.

Non-Executive Directors

The Non-Executive Directors' fees for 2021 and 2022 are set out below, all of which are payable in cash.

	2022 £	2021 £
Chairman	**210,125**	210,125
Other Non-Executive Director fees:		
Basic fee	**54,632**	54,632
Additional fee for the chair of Audit Committee	**12,000**	12,000
Additional fee for the chair of Remuneration Committee	**8,000**	8,000
Additional fee for the Senior Independent Director	**8,000**	8,000

Total remuneration of the Executive Directors (audited)

	Eoghan O'Lionaird		**Duncan Kennedy(1)**		**Stuart Kilpatrick(1)**	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Base salary(2)	**530**	464	**232**	–	**117**	333
Benefits(3)	**26**	23	**7**	–	**4**	12
Pension(4)	**42**	35	**11**	–	**10**	39
Bonus in cash	**–**	–	**–**	–	**–**	–
Bonus in deferred shares	**–**	–	**–**	–	**–**	–
Total short-term remuneration	**598**	522	**250**	–	**131**	384
LTIP – performance	**–**	–	**–**	–	**–**	–
LTIP – share appreciation	**–**	–	**–**	–	**–**	–
Dividend equivalents	**–**	–	**–**	–	**–**	–
LTIP – total	**n/a**	n/a	**n/a**	–	**–**	–
Other	**–**	–	**–**	–	**–**	–
Total remuneration	**598**	522	**250**	–	**131**	384
Total fixed remuneration	**598**	522	**250**	–	**131**	71
Total variable remuneration	**–**	–	**–**	–	**–**	–

(1) The amounts disclosed above for 2021 reflect the period:

(i) with respect to Stuart Kilpatrick, from 1 January 2021 until he stepped down from the Board with effect from 29 April 2021, although Stuart Kilpatrick continues to be paid until cessation of employment on 31 March 2022, subject to mitigation. More details can be found on page 104; and

(ii) with respect to Duncan Kennedy, from 1 May 2021, when he took up his role on the Board, until 31 December 2021.

(2) As part of the measures implemented by the Company at the start of the COVID pandemic, Eoghan O'Lionaird's 2020 salary (£530,000) was reduced by 50% and Stuart Kilpatrick's 2020 salary (£350,000) was reduced by 20%, in each case for three months from 1 April 2020, and not repaid.

(3) Benefits comprised a cash allowance in lieu of car and medical insurance.

(4) Pension contributions may be paid into personal pension plans, the Company pension scheme or taken as a separate cash allowance, subject to income tax. In line with the approach taken across the UK workforce, the Group passes on 75% of the National Insurance cost saving arising from an individual's election to join the Group's SMART pension scheme arrangement through salary sacrifice. During 2020 and 2021, Eoghan O'Lionaird elected to participate in the Group's SMART pension in this way, and the value of the cost saving passed on to him is reflected above.

Annual bonus awards for 2021 (audited)

The maximum annual bonus for Executive Directors was 100% of base salary, with 70% based on financial objectives (note 1 below) and 30% based on individual achievement and personal objectives (note 2 below). The first 70% of any bonus award is paid in cash and the balance is awarded in shares and deferred for three years (with dividend equivalents and malus and clawback provisions applying). No bonus was awarded to the Executive Directors with respect to 2021, as set out below.

Note 1 – Financial objectives (70% of maximum):

Performance measure	Performance target	Assessment against targets
Adjusted profit before tax target	Minimum threshold £34m Maximum £39m	Threshold starts at 0% and increases to 100% of this element of the bonus at maximum target performance.
Actual performance	£19.7m	0% of this part of the bonus was paid out.

Note 2 – Personal objectives (30% of maximum):

Eoghan O'Lionaird

	Objectives	Weighting (% of bonus)
1	Lead update of and gain Board approval for the Group strategy to be communicated at a capital markets day in 2021	6%
2	Lead the design of and gain Board approval for a Group internal reorganisation aligned with the agreed Group strategy	6%
3	Review and agree action plan with the Board in relation to the 2020 Group-wide engagement survey results linked with the Group purpose, for implementation during 2021	6%
4	Develop and deploy across the Group a focused global sustainability strategy to meet the current expectations of all our stakeholders	6%
5	Maintain operational and financial control over the Group's assets, including the execution of agreed disposals and acquisitions and agreed strategic health and safety targets in line with the Group strategy	6%
Total		**30%**

Duncan Kennedy

	Objectives	Weighting (% of bonus)
1	Lead the refinancing of RCF facilities, ensuring that the Group maintains sufficient access to capital from high quality lenders.	5%
2	Obtain Board approval for strategies covering finance, IR and IT.	5%
3	Support the CEO and Board in the implementation of agreed Group strategy, including robust financial analysis of proposed investments; capital markets day; investor communications; budgets and mid-term financial plans.	5%
4	Complete a review of the Group's governance and risk management frameworks and implement recommendations, having regard to potential new requirements resulting from the BEIS consultation.	5%
5	Enhance Group financial reporting to include: appropriate divisional and Group financial KPIs; monthly financial reporting to opcos, divisions, Executive Committee and Board.	5%
6	Review current finance team: strengthen where appropriate; establish finance leadership team; ensure cash focus; forecasting improvements	5%
Total		**30%**

Stuart Kilpatrick (former Director)

Stuart Kilpatrick stepped down from the Board and left the Company with effect from 29 April 2021. As a 'good leaver', it was agreed that he should retain a pro-rated opportunity under the 2021 bonus, and for which personal performance would be assessed by the Committee on a discretionary basis at the normal time (i.e. following the end of the financial year).

As the actual performance of the Group did not meet the minimum threshold of underlying profit before tax figure of £34m, the Remuneration Committee did not consider that it would be appropriate to award any part of the 2021 bonus to the Executive Directors (including Stuart Kilpatrick) based on their personal objectives. Therefore, no formal assessment of these targets has been disclosed. The Executive Directors' personal objectives have been reset for 2022, and further details are set out in the Implementation of the remuneration policy for 2022 section on page 110 (and will be disclosed fully in the 2022 remuneration report).

Directors' remuneration report cont.

Vesting of 2019 LTIP awards (audited)

The LTIP values included in the table below relate to awards granted on 2 April 2019 which vest on 6 April 2022 dependent on EPS and TSR performance. EPS is measured over the three-year period ended 31 December 2021, while TSR is measured over the three-year period from 4 April 2019. Therefore, the figures set out below for the LTIP vesting are indicative, based on an estimate of TSR as at 28 February 2022.

Under the EPS performance target (70% of awards) which uses a sliding scale, 25% of this part of an award vests where growth of diluted earnings per share of RPI plus 9% is achieved over the three-year performance period, increasing pro-rata to full vesting where growth of RPI plus 18% is achieved.

Performance target	Base EPS	EPS at year end	EPS growth	Threshold RPI +9%	Maximum RPI +18%	Vesting %
Underlying diluted EPS	89.5	20.0	None	20.2%	29.2%	0%

Under the TSR performance target (30% of awards) which uses a sliding scale, 25% of this part of an award vests for median TSR increasing pro-rata to full vesting for upper quartile TSR, measured against the constituents of the FTSE 250 excluding investment trusts. The three-year performance outturn under the TSR element is expected to be nil vesting.

As a result of EPS and TSR performance, no LTIP share awards are expected to vest on 6 April 2022.

LTIP awards granted in 2021 (audited)

	Award date	Proportion of salary	Maximum shares awarded	Face value at date of grant[1]	Exercise price at grant
Eoghan O'Lionaird	9 April 2021	125%	54,197	£662.5k	–
Duncan Kennedy	28 May 2021	125%	35,790	£437.5k	–

(1) The share price at date of award was based on five-day average closing price from 11 March 2021 (the date of the preliminary results) to 17 March 2021, of 1,222.4p.

Stuart Kilpatrick did not receive an LTIP award in 2021, because he stepped down from the Board with effect from 29 April 2021.

Vesting of the 2021 LTIP award (in the form of a conditional award) is subject to achievement of performance targets over a three-year period with 70% of the award based on EPS targets and 30% based on TSR targets. EPS target performance is measured over the three-year period ending on 31 December 2023. The EPS element of the award vests if EPS growth is at least 25% over the period. At the threshold level, 25% of the EPS element of the award will vest. Full vesting is achieved if EPS growth is greater than or equal to 67% over the performance period. The TSR element of the award is subject to the Company's TSR performance relative to the FTSE 250 index excluding investment trusts, over the three-year period from 4 April 2021. If at the end of the period the Company ranks in the upper quartile, all of the TSR element of the award will vest. If the ranking is at median level, 25% of TSR element of the award will vest. No element of the TSR part of the award will vest for performance below the median. For intermediate rankings, a proportionate part of each award will vest reducing on a straight-line basis. Any part of the award that does not vest at the end of a performance period will lapse immediately.

Deferred bonus awards granted in 2021 in respect of 2020 annual bonus (audited)

No deferred bonus awards were granted in 2021 in respect of the 2020 annual bonus as a result of no bonus being payable.

Payments for loss of office (audited)

As announced on 29 March 2021, Stuart Kilpatrick stepped down from the Board and left the Company with effect from 29 April 2021. Details of the arrangements in respect of remuneration are as follows:

- Contractual entitlement to salary (based on salary of £350,000) and benefits during a period of garden leave, which continues until his anticipated cessation of employment on 31 March 2022, subject to mitigation.
- In respect of outstanding share awards: (i) the 2018 deferred bonus awards vested on the normal vesting date; (ii) the 2019 deferred bonus awards will vest at the normal vesting date; and (iii) unvested LTIP awards will vest on their normal vesting dates, subject to time prorating and performance conditions. Dividend equivalents may be credited to the extent that awards vest.
- The Company will have paid £2,750 plus VAT in respect of legal fees and £50,000 in respect of outplacement support.

Payments to former Directors (audited)

As previously disclosed, Fergus Graham stepped down from the Board of the Company with effect from 19 March 2020. As set out in last year's Directors' remuneration report, he continued to receive his contractual entitlement to salary and benefits during a period of garden leave that ended on 19 March 2021. The contractual entitlement paid to Mr Graham in respect of the 2021 period was £70,000 (2020: £71,000). Mr Graham received no further payment in lieu of notice or any other termination payments. Mr Graham retains his interest in his 2019 deferred bonus award (due to vest in April 2022).

CEO pay ratio (unaudited)

The table shows how the CEO's single figure remuneration for 2021 compares to equivalent single figure remuneration for full-time equivalent UK employees as at 1 December, ranked at the 25th, 50th and 75th percentile (and how this ratio has evolved since 2019):

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	22 : 1	16 : 1	10 : 1
2020	Option A	19 : 1	14 : 1	9 : 1
2019	Option A	28 : 1	19 : 1	13 : 1

No components of pay and benefits have been omitted for the purpose of the above calculations. As in 2019 and 2020, Option A was selected given that this method of calculation was considered to be the most robust approach in respect of gathering the required data for 2021.

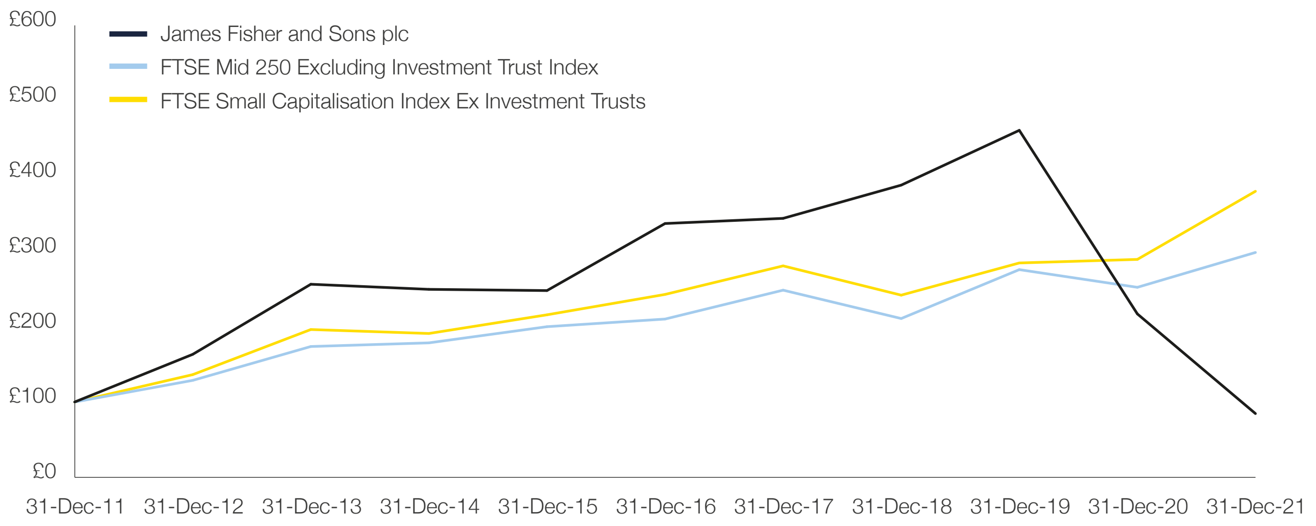
The Committee monitors the trend in CEO pay ratio over time. The reduction from 2019 to 2020, and subsequent rebound in 2021, illustrates the impact of the non-payment of bonus in 2020 and 2021 (by contrast to 2019) and the voluntary sacrifice by the CEO (of 50% of his salary for the three months commencing 1 April 2020) in response to the onset of the COVID pandemic. The Committee will continue to keep under review the trend, in particular the impact of incentive payouts in future years. It is expected that these would be reflected in a higher ratio, due to the relative upweighting of variable remuneration in the CEO's package, compared with market competitive norms for the wider UK workforce (and consistent with our pay practices and policies).

	Salary			Total pay and benefits		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2021	£25,000	£34,000	£50,000	£27,770	£37,120	£59,280
2020	£24,000	£33,127	£50,000	£27,000	£37,500	£58,963
2019	£24,480	£34,150	£52,000	£25,459	£36,541	£55,240

Aligning pay with performance (unaudited)

The following graph shows the total shareholder return compared to the FTSE 250 and the FTSE Small Cap indices excluding investment trusts:

Growth in the value of £100 holding over ten years



This graph shows the value, by 31 December 2021, of £100 invested in the Company on 31 December 2011, compared with the value of £100 invested in the FTSE 250 and FTSE SmallCap indices on the same date. The other points plotted are the values at intervening financial year-ends.

Directors' remuneration report cont.

Remuneration of CEO compared with growth in underlying diluted earnings per share

	Eoghan O'Lionaird			Nick Henry							
	2021	2020[1]	2019	2019	2018	2017	2016	2015	2014	2013	2012
Annual change – underlying diluted EPS (pence)	**(58)%**	(52)%	4%	4%	14%	7%	11%	(7)%	13%	18%	15%
Salary, pensions and benefits (£000)	**598**	522	189	421	526	512	492	492	471	439	355
Annual performance bonus (£000)	**–**	–	–	35	448	392	429	97	287	263	210
Short-term remuneration (£000)	**598**	522	189	456	1,010	904	921	589	758	702	565
Share schemes (£000)	**–**	–	–	418	889	109	183	318	728	691	781
CEO total remuneration (£000)	**598**	522	189	874	1,899	1,013	1,104	907	1,486	1,393	1,346
Actual bonus as a percentage of maximum	**–**	–	–	17%	91%	88%	100%	23%	100%	100%	100%
LTIP vesting as a percentage of maximum	**n/a**	n/a	n/a	59%	100%	15%	47%	100%	100%	100%	100%
ESOS vesting as a percentage of maximum	**n/a**	n/a	n/a	–	–	–	45%	–	100%	100%	100%

(1) As part of the measures implemented by the Company at the start of the COVID pandemic, Eoghan O'Lionaird's 2020 salary (£530,000) was reduced by 50% for three months from 1 April 2020, and not repaid.

Percentage change in remuneration (unaudited)

The table below shows the annual percentage change in earned salary or fees, benefits and annual bonus for the Board, compared to the average earnings of all of the Group's other UK employees. As required by the remuneration reporting regulations with which the Company is required to comply, the analysis has been expanded to include this information for the financial year under review, and will continue to be built up until it displays a five year history.

The Committee chose the Group's UK employees for the below pay comparison. Our UK employee population represented around 60% of the Group's workforce in 2021, and is therefore considered to be the most meaningful comparator group (by comparison, employees of James Fisher and Sons plc represented less than 5% of the workforce). The Committee monitors this information carefully to ensure that there is consistency in the fixed pay trend for Board Directors compared with the wider workforce.

	Base salary/fee[1]		**Benefits**		**Annual bonus**	
	2020 to 2021	2019 to 2020	**2020 to 2021**	2019 to 2020	**2020 to 2021**	2019 to 2020
Executive Directors						
Eoghan O'Lionaird	**14%**	(12)%	**13%**	–	**N/A**	N/A
Duncan Kennedy[2]	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Stuart Kilpatrick[3]	**5%**	5%	**–**	1%	**N/A**	(100)%
Non-Executive Directors						
Angus Cockburn[4]	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Malcolm Paul[3]	**5%**	(3)%	**N/A**	N/A	**N/A**	N/A
Aedamar Comiskey	**5%**	(3)%	**N/A**	N/A	**N/A**	N/A
Michael Salter	**5%**	(1)%	**N/A**	N/A	**N/A**	N/A
Justin Atkinson	**5%**	(3)%	**N/A**	N/A	**N/A**	N/A
Inken Braunschmidt[5]	**5%**	N/A	**N/A**	N/A	**N/A**	N/A
Kash Pandya[6]	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Employee population	**3.4%**	5%	**2%**	N/A	**(88)%**	(19)%

(1) Reflects the 20% reduction to base salary volunteered by all Board directors for three months from 1 April 2020 (the CEO volunteering a 50% reduction), not an increase in base salaries or Directors' fees.

(2) Duncan Kennedy joined the Board in May 2021 so a year-on-year comparison is not available.

(3) For the comparison of 2021 to 2020, the percentage changes for Stuart Kilpatrick and Malcolm Paul reflect annualised values for 2021 remuneration. Malcolm Paul left the Board in April 2021.

(4) Angus Cockburn joined the Board in May 2021 so a year-on-year comparison is not available.

(5) Inken Braunschmidt joined the Board in March 2019 so a year-on-year comparison from 2019 to 2020 is not available.

(6) Kash Pandya joined the Board in November 2021 so a year-on-year comparison is not available.

Relative importance of remuneration (unaudited)

	2021 £m	2020 £m	Change £m
Total employee remuneration	**136.4**	133.7	2.7
Total dividends paid	**–**	4.0	(4.0)

Interests in shares (audited)

The interests of Directors and their connected persons in ordinary shares as at 31 December 2021, including any interests in share options and shares provisionally awarded under the LTIP and the 2005 Employee Share Option Scheme (ESOS) are as follows:

	Beneficial number	**Unvested LTIP number[1]**	**Unvested deferred bonus shares[1]**	**Vested but unexercised share options ESOS number**	**Exercised during the year number**	**At 31 December 2020 number**
Angus Cockburn	5,000	–	–	–	–	n/a
Eoghan O'Lionaird	42,313	96,504	–	–	–	13,447
Duncan Kennedy	5,000	35,790	–	–	–	n/a
Justin Atkinson	3,150	–	–	–	–	3,150
Inken Braunschmidt	–	–	–	–	–	–
Aedamar Comiskey	–	–	–	–	–	–
Kash Pandya	–	–	–	–	–	–
Michael Salter	–	–	–	–	–	–
Former directors						
Stuart Kilpatrick	76,720	39,210	3,374	37,153	3,527	74,851

(1) The unvested LTIP awards are subject to performance conditions. The unvested deferred bonus share awards are not subject to performance conditions;

(2) Between 31 December 2021 and 9 March 2022, there were no changes to the Directors' shareholdings;

(3) No Director has an interest in the preference shares of the Company, or in the shares of any subsidiary or associated undertaking;

(4) The Directors' interests stated above include any shares held by their connected persons; and

(5) Stuart Kilpatrick's interests in shares are shown based on the position on the date he stepped down from the Board (29 April 2021).

Against the 200% of salary ownership guideline and based on the share price and prevailing base salary levels as at 31 December 2021, Eoghan O'Lionaird held shares equivalent to 29.5% of his base salary, and Duncan Kennedy held shares equivalent to 5.3% of his base salary.

Directors' remuneration report cont.

Executive Directors' interest in share awards (audited)

		1 January 2021	Granted during year (no.)	Vested during year (no.)	Lapsed during year (no.)	Exercise price	**31 December 2021**	Vesting date	Expiry date
Eoghan O'Lionaird	LTIP	42,307	–	–	–	–	**42,307**	24.07.23	n/a
	LTIP	–	54,197	–	–	–	**54,197**	09.04.24	n/a
	Sharesave	2,935	–	–	–	10.22p	**2,935**	01.12.25[1]	01.06.26
		45,242	54,197	–	–	n/a	**99,439**		
Duncan Kennedy	LTIP	–	35,790	–	–	–	**35,790**	28.05.24	n/a
	Sharesave	–	–	–	–	–	**–**	–	–
		–	35,790	–	–	n/a	**35,790**		
Stuart Kilpatrick[2]	LTIP	25,669	–	–	(25,669)	–	**–**	06.04.21	n/a
	LTIP	20,584	–	–	–	–	**20,584**	06.04.22	n/a
	LTIP	27,938	–	–	(9,312)	–	**18,626**	24.07.23	n/a
	Deferred Bonus	3,527	–	(3,527)	–	–	**–**	04.04.21	n/a
	Deferred Bonus	3,374	–	–	–	–	**3,374**	02.04.22	n/a
	Sharesave	2,935	–	–	(2,935)	10.22p	**–**	01.12.25[1]	01.06.26
		84,027	–	(3,527)	(37,916)	n/a	**42,584**		
Total		129,269	89,987	(3,527)	(37,916)		**177,813**		

(1) Eoghan O'Lionaird and Stuart Kilpatrick were granted options under the five year all employee Sharesave scheme granted on 21 October 2020. The options will mature on 1 December 2025, at which point the participant may elect to receive shares or the cash saved.

(2) The interests in shares for Stuart Kilpatrick are included, although he stepped down from the Board with effect from 29 April 2021.

A two-year holding period applies to awards granted after the 2018 AGM. The schemes above (other than Sharesave) are not tax-advantaged for HM Revenue and Customs purposes. As at 9 March 2022, being the last practical date prior to the publication of this report, there were no changes to the Executive Directors' interests in LTIP and Deferred Bonus Share awards.

Sourcing of shares and dilution

The Remuneration Committee has regard to the limits on dilution advised by the Investment Association and contained in the relevant share plan rules and reviews the number of shares committed and headroom available under share incentive schemes in accordance with these dilution limits.

On vesting, the awards of shares under the LTIP are satisfied by the shares held by the James Fisher and Sons plc Employee Share Trust (Trust). During the year the Trust purchased 50,000 ordinary shares on the open market (2020: 50,000) and at 31 December 2021 the Trust held 54,571 ordinary shares (2020: 9,227).

Share price during the financial year

The middle market price of one ordinary share in the Company during the financial year ranged from 289.5p to 1,270p and at 31 December 2021 was 369.5p.

Non-Executive Directors' remuneration

	Total fees	
	2021 £000	2020[6] £000
Angus Cockburn[1]	**140**	–
Aedamar Comiskey[2]	**71**	67
Michael Salter	**55**	52
Justin Atkinson[3]	**67**	63
Inken Braunschmidt	**55**	52
Kash Pandya[4]	**9**	–
Former directors		
Malcolm Paul[5]	**70**	199

(1) Angus Cockburn joined the Board on 1 May 2021.

(2) The fees include payment in respect of (i) Chair of the Remuneration Committee fee of £8,000 per annum and (ii) Senior Independent Non-Executive Director fee of £8,000 per annum.

(3) The fees include a payment in respect of Chairman of the Audit Committee fee of £12,000.

(4) Kash Pandya joined the Board on 1 November 2021.

(5) Malcolm Paul stepped down from the Board on 30 April 2021.

(6) The Non-Executive Directors' fees were reduced by 20% for three months from 1 April 2020.

Shareholder voting (unaudited)

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions including in relation to Directors' remuneration, the Company seeks to understand the reasons for any such vote and will report any actions in response to it. Due to government restrictions in response to COVID, the Company was not able to hold its 2021 AGM in Barrow-in-Furness as originally planned, and it was instead held at the Company's London office, with only shareholder Directors present. Voting at the 2021 AGM was held by proxy. The following table reflects the valid proxy voting instructions received for the 2021 AGM in respect of the Directors' remuneration policy, the Directors' remuneration report for the year ended 31 December 2020, and the 2021 LTIP rules:

	Directors' remuneration policy		Directors' remuneration report		2021 LTIP rules	
2021 AGM remuneration resolutions	**Total number of votes**	**% of votes cast**	**Total number of votes**	**% of votes cast**	**Total number of votes**	**% of votes cast**
For	37,499,177	97.6%	38,196,666	98.6%	37,499,614	96.8%
Against	938,426	2.4%	543,430	1.4%	1,243,105	3.2%
Total votes cast (excluding withheld votes)	38,437,603		38,740,096		38,742,719	
Total votes withheld	311,166		8,673		6,050	
Total votes cast (including withheld votes)	38,748,769		38,748,769		38,748,769	

Directors' remuneration report cont.

Implementation of the remuneration policy for 2022 (unaudited)

With effect from 1 January 2022, Eoghan O'Lionaird's base salary remained at £530,000, and Duncan Kennedy's base salary remained at £350,000.

The maximum bonus opportunity continues to be set at 100% of base salary. Financial targets are set to be challenging and appropriately demanding. For 2022, the weighting on profit has been revised to 50% (2021: 70%) with the remainder of the financial element of the annual bonus (20% of the opportunity) linked to operating cash flow. In addition, and to align Executive incentives more closely with our stated strategy, the profit element will be based on our stated KPI, underlying operating profit (2021: PBT). As in previous years, 30% of the bonus opportunity will be linked to the achievement of personal objectives. Personal objectives for 2022 will include ESG targets focused on employee engagement, customer satisfaction, and other short-term business priorities. The targets are commercially sensitive but disclosure of the targets and performance against targets will be set out in the 2022 Directors' remuneration report.

As described in the Annual statement prefacing this remuneration report, awards in 2022 under the LTIP will be granted to Eoghan O'Lionaird and Duncan Kennedy with 50% of the award based on EPS growth targets, 25% based on relative TSR targets and 25% based on Return on Capital Employed (ROCE) targets. At the time of signing this report, the Committee had not finalised the LTIP award opportunity levels for the Executive Directors. These will be within the stated normal limit of 125% of salary, and disclosed in the RNS announcement at the time of making the awards.

The performance period for the EPS and ROCE element of the award will run for three years ending 31 December 2024. For the TSR element, performance will be measured over three years against the constituents of the FTSE 250 excluding investment trusts, with full vesting if the Company ranks in the upper quartile and 25% of the TSR element vesting for ranking median with straight-line vesting in between. At the date of signing this report, the Committee has not finalised the EPS and ROCE performance targets. These will be set to be appropriately stretching in the context of the Group's strategic plan. The Committee intends to disclose the targets in the RNS announcement at the time of making awards.

Aedamar Comiskey
Chair of the Remuneration Committee
9 March 2022

Additional information and statutory disclosures

SUBJECT MATTER	LOCATION	PAGE
Likely future developments in the business	Strategic report	12
Research and development	Strategic report	22
Employee involvement/engagement	Strategic report	20
Relationships with suppliers, customers and others	Strategic report	21
Greenhouse gas emissions, energy consumption and efficiency action	Strategic report	40
Use of financial instruments	Note 29	166

This section contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. The Directors' report comprises this section as well as the rest of the Governance section (from pages 74 to 112) and those sections of the Strategic report or financial statements as referenced below.

We have chosen, in accordance with the Act, to include certain information in our Strategic report or financial statements that would otherwise be required to be disclosed in the Directors' report. This is set out in the table above.

The Directors' report and Strategic report comprise the 'management reports' for the purposes of compliance with Financial Services Authority's Disclosure Guidance and Transparency Rules (DTR) 4.1.8R. The information that fulfils the requirements of the Corporate Governance Statement for the purposes of DTR 7 can be found in the governance information on pages 72 to 117 (all of which forms part of this Directors' report) and in this Directors' report. The statement of Directors' responsibilities on page 117 is incorporated into this Directors' report by reference.

Going concern

The Group's business activities, together with the factors likely to affect its future development, the financial position of the Group and a description of the principal risks and uncertainties are set out in the Strategic report on pages 1 to 71. The Group's primary sources of funding are bilateral and syndicated revolving credit facilities with a core group of banks, which totalled £287.5m at 31 December 2021 (2020: £300m). During the year bilateral facilities were refinanced through the execution of a new syndicated facility of £130m. An existing facility of £40m is due to expire during 2022, and may not be renewed if the Board considers that the Group has sufficient finance available to sustain operations at that point.

Compliance with banking covenants is tested half yearly for the ratio of net debt: earnings before interest, tax, depreciation and amortisation (Ebitda) and interest cover. For prudence, facility amendments were agreed to relax the net debt : Ebitda covenant metrics with respect to the December 2020 and June 2021 reporting dates, although these relaxations proved to be unnecessary as actual leverage at these reporting dates were within the original unaltered covenants. No breaches in covenants occurred during 2021. The covenants reverted to the original requirements for 31 December 2021.

The Group meets its day-to-day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. The Group had £115.5m (2020: £120.2m) of undrawn committed facilities as at 31 December 2021. The Group's forecasts and projections, taking account of reasonable changes in trading performance, confirm that the Group should be able to operate within the level of its current banking facilities.

The Group uses cash flow forecasts derived from budgets, forecasts and medium-term planning to identify headroom under the covenant tests. After making enquiries, and having evaluated the ongoing trading of the businesses, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for a period considered to be at least 12 months from the date of this report. Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts. More detail on the going concern review is set out in Note 1 on page 134.

Dividends

As a result of performance challenges, combined with the Company's leverage position, the Company did not pay an interim dividend for 2021, and the Board is not recommending the payment of a final dividend for the year. The Board is committed to reinstating the dividend when appropriate.

Share capital

Details of the share capital of the Company and the shares held by the Company's Employee Share Trust, including the rights and obligations attaching to the shares are set out in note 30 on page 174. The rights and obligations attaching to the shares are set out in the Company's Articles of Association (Articles). There are no specific requirements on the size of a holding nor on the transfer of shares, both of which are governed by the general provisions of the Articles and prevailing legislation. The Directors are not aware of any agreements between the holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital. Where shares are held on behalf of the Company's employee benefit trust, the trustees have discretion to vote on any shares as they see fit and have not waived their right to receive dividends.

At the 2021 AGM, the Company was given authority to purchase up to 2,518,439 of its ordinary shares until the date of its next AGM. No purchases were made during the year and up to the date of this report by the Company.

The Company has one class of ordinary share and one class of preference share. As at 31 December 2021, 50,395,519 ordinary shares of 25p each have been issued, are fully paid up and are listed on the London Stock Exchange and 100,000 cumulative preference shares of £1 each have been issued and fully paid up.

Substantial shareholders

Information provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website. As at 31 December 2021, the Company had been notified (in accordance with Rule 5 of the DTRs) of the following holdings of voting rights attached to the issued Ordinary Share capital of the Company:

Substantial shareholders

	Ordinary	%[2]	Nature of holding
Trustees of the Sir John Fisher Foundation[1]	11,592,3602	22.98	Direct
Schroders plc	4,970,246	9.89	Indirect
Standard Life Aberdeen plc	3,589,932	7.13	Indirect
NFU Mutual Insurance Society Limited	1,976,768	3.92	Direct/ Indirect
Montanaro Asset Management Limited	1,471,066	2.91	Direct

(1) Mrs Diane Sara Meacock, Mr David Hart Jackson, Mr Michael John Shields and Mr Daniel Purser Tindall.

(2) The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTRs.

In the period from 31 December 2021 to the date of this report, the Company received no further notifications of a change in shareholding from the major shareholders.

Directors

The biographies of the current Board of Directors are set out on pages 80 and 81. Details in relation to changes in the composition of the Board are provided in the Nominations Committee report on pages 86 to 88.

Powers of Directors

The powers of the Directors are determined by the Company's Articles, the Companies Act 2006 and in certain circumstances (including in relation to the issuing or buying back by the Company of its shares) the authority given by the Company in general meeting. The Directors will be seeking to renew the authorities granted to them in prior years at the forthcoming AGM. The Directors are authorised to issue and allot ordinary shares, to disapply statutory pre-emption rights and to make market purchases of the Company's shares. Any shares purchased may be cancelled or held as treasury shares.

Appointment and replacement of Directors

The rules regarding the appointment and replacement of Directors are determined by the Company's Articles and the Companies Act 2006. The Articles provide that at each AGM every Director who has held office on the date seven days before the date of notice of the AGM shall retire from office and shall be eligible for re-election at the AGM.

In accordance with the UK Corporate Governance Code 2018 (Code), all Directors will offer themselves for re-election at the forthcoming AGM, apart from Mike Salter, who will retire from the Board with effect from the date of the AGM, in accordance with good practice following his almost nine years as a Non-Executive Director.

Directors' and officers' liability insurance

The Company maintains an appropriate level of directors' and officers' liability insurance. Pursuant to the Company's Articles, the Company may indemnify the Directors of the Company and its subsidiaries against liability to third parties and against liability incurred in connection with the Company's activities as trustee of an occupational pension scheme, to the extent permitted by the Companies Act 2006.

Directors' conflict of interest

Under the Companies Act 2006, a director must avoid a situation where a direct or indirect conflict of interest may occur. The Board has adopted established procedures to address the management of any potential or actual conflicts of interest. A conflict must be authorised in advance by the Board. Directors are asked at each Board meeting to check the register of conflicts and confirm that the register remains up to date and that it remains appropriate for the relevant matter to remain authorised.

Employment of disabled persons

James Fisher is an equal opportunities employer and is firmly committed to both the principle and realisation of equality. The Group is committed to complying with all applicable laws governing employment practices and to the prevention of discrimination on the basis of any unlawful criteria. In addition to complying with legislative requirements, the Group strives to ensure that disabled employees (including anyone who becomes disabled whilst employed with James Fisher) are treated fairly and that their training, career development and promotion needs are met.

The Group recognises its responsibility to provide a safe operating environment for all its employees. Our strong focus on employee training, regulatory compliance and accident reduction provides the support to allow accountability to remain with local management who are best-placed to ensure that their businesses comply with local laws and regulations and specific needs on a day-to-day basis. The review of health and safety performance is first item on the agenda at each Board and business board meetings.

We recognise that the success of our business depends on our talented workforce. Employees throughout the Group are encouraged to participate in training and development programmes and to obtain professional qualifications relevant to their roles.

Additional information for shareholders

The Articles can only be amended by a special resolution at a general meeting of the shareholders.

No political donations were made during the year. The Group has made charitable donations of £48,515 during the year. Details of the Group's involvement in charitable initiatives in set out on pages 45 and 46.

Details of Group subsidiaries can be found on pages 188 to 191. Companies within the Group have branches in Chile and Mozambique.

Significant agreements – change of control

There are a number of agreements that take effect after, or terminate upon, a change of control of the Company, such as commercial contracts. None of these are considered to be significant in terms of their likely impact on the business as a whole apart from those set out below.

The Company is a guarantor of all of the Group's bilateral bank facilities which upon a change of control could be withdrawn.

The Singapore Submarine Rescue Service Agreement made between James Fisher Singapore Pte Ltd. and First Response Marine Pte Ltd. dated 17 October 2008 may terminate upon a change of control of the Company or James Fisher Singapore Pte Ltd.

The rules of the Company's LTIP, ESOS and Sharesave schemes set out the consequences of a change of control on the rights of participants under those schemes. Participants are generally able to exercise their options on a change of control, provided that the relevant performance conditions have been satisfied.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that arise in the event of a change of control of the Company.

Disclosure of information to the Auditor

Each Director in office at the date of approval of this Directors' report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report cont.

Streamlined Energy & Carbon Reporting (SECR)

Annual Energy Use

In 2021, the Group's total energy usage was calculated to be 316,751,190 kWh. The Group's non-UK facilities accounted for most of the energy usage (63%), with the UK facilities accounting for the remaining 37%.

Fuel consumption accounted for most of the energy usage (94.5%), followed by electricity consumption (3.5%), and gas consumption (2%). With respect to the non-UK facilities, fuel consumption accounted for most of the energy usage (98.5%), with a minor contribution from electricity consumption (1.2%), and gas consumption (0.3%).

Fuel consumption includes liquid fuels, namely diesel, petrol, burning oil, fuel oil, and gas oil, used for stationary (e.g., generator sets) and mobile combustion (e.g., vessels and company fleet vehicles) activities. Gas consumption includes gaseous fuels, namely natural gas and liquid petroleum gas, used for stationary (e.g., boilers) and mobile combustion (e.g., forklifts) activities.

Greenhouse Gas Emissions

In 2021, the Group's total Scope 1 and 2 greenhouse gas emissions was calculated to be 114,374,tCO_2e. As with energy consumption, the Group's non-UK facilities accounted for most of the greenhouse gas emissions (69%), with the UK facilities accounting for the remaining 31%.

Fuel consumption accounted for most of the greenhouse gas emissions (97.1%), followed by electricity consumption (1.6%), gas consumption (1.2%), and refrigerants (0.1%). With respect to the non-UK facilities, fuel consumption also accounted for most of the greenhouse gas emissions (98.9%), with a minor contribution from electricity consumption (1%), gas consumption (0.1%), and refrigerants (0.1%).

We have not reported all Scope 3 emissions that are the result of activities from assets not owned or controlled by the Group. This is a complex and long-term exercise given the diverse and fragmented nature of the Group's businesses, and we are currently quantifying each category and putting in place the necessary framework and tooling to accurately measure and report. However, we have included in our sustainability report certain Scope 3 emissions: business travel emissions, Scope 3 category 6 – our first step in determining our Scope 3 footprint and baseline for later reporting years.

Annual energy use

Emissions source	UK (kWh)	Non-UK (kWh)	Total (kWh)
Fuel consumption	111,790,610	195,513,844	307,304,454
Gas consumption	2,369,049	601,791	2,970,840
Electricity consumption	4,079,675	2,396,222	6,475,896
Total (FY2021)	**118,239,334**	**198,511,857**	**316,751,190**
Total (FY2020)	**207,538**	**77,692**	**285,230**

Greenhouse gas emissions

	2021		
Emissions source	**UK**	**Non-UK**	**Total**
Fuel consumption (tCO_2e)	34,155	78,354	112,509
Gas consumption (tCO_2e)	439	111	550
Electricity consumption (tCO_2e)	558	645	1,203
Refrigerants (tCO_2e)	33	78	111
Total (tCO_2e)	**35,185**	**79,188**	**114,374**
Emissions intensity (tCO_2e/£m)			**231**

Further details on our scope 3 mapping criteria and commitments made can be found in the sustainability report in the Strategic report on page 41.

Emissions Intensity Ratio

Due to the diverse and fragmented nature of our Group businesses, the Group has selected greenhouse gas emissions per unit of revenue (£ million) as the metric to measure and track our emissions intensity.

Methodology

The Group used verifiable activity data, namely meter data and invoices, where reasonable and practicable. Where verifiable data was not available, estimates based on data from previous comparable time periods was used to close the gaps. The activity data was reported at an operational company level and collated and analysed at the Group level.

Our Scope 1 and 2 greenhouse emissions were calculated in accordance with the requirements of the GHG Protocol Corporate Accounting and Reporting Standard.

The Group is diverse, made up of lots of operating companies which independently collate and report on their own company emissions data. The work in consolidating our combined emissions data involved an internal verification exercise to ensure accuracy, which takes a significant period of time. Therefore, to mitigate the risk of reduced data integrity, the Group changed for 2021 onwards the reporting period from a calendar/financial year (ending 31 December) to 1 October to 30 September. This allows sufficient time before the financial year end to verify and report on the data. We will be using the same methodology going forward as we have for our 2021 figures allowing data to be directly comparable.

Emission conversion factors from the UK Department for Business, Energy & Industrial Strategy (2021) and International Energy Agency (2021) were used in the calculation of the energy usage and greenhouse gas emissions.

Energy Efficiency Action

During the reporting period, the Group appointed a specialist third party consultant to conduct an extensive emissions footprint reporting and consolidation exercise across the Group with a view to establishing a robust baseline against which we can compare our energy usage and greenhouse gas emissions over time.

As part of our commitment to setting net zero targets in alignment with the Paris Climate Agreement, efforts are currently underway to map out our emissions reduction pathways using 2021 as the base.

As part of this baselining process, James Fisher identified several facilities within the UK that are already acquiring electricity from 100% renewable energy sources. Based on preliminary calculations, this has reduced the Scope 2 emissions of our UK facilities by approximately 42%. As part of our emissions abatement efforts, we will plan to roll out this best practice across all regions, encouraging purchase of all energy from renewable sources, where available.

Further details on how we plan to deliver against target on energy efficiency and progress made in 2021 can be found in our sustainability report in the Strategic report on page 40.

2020 data

Due to a change in reporting calendar and operational boundaries, and the additional capture of additional assets under Group control, the energy usage and greenhouse gas emissions (as well as the resulting energy intensity and emissions intensity ratios) reported in 2021 are not directly comparable to values reported in 2020. The 2020 calculations also exclude fuel consumption where James Fisher was not directly responsible for the purchase of fuels, this has now been included in the 2021 reporting, including (for example) the fuel used in planes, hire cars, trains, and ferries. The 2021 figures and methodology will be used as base year going forward.

2020 Energy usage

Emissions source	UK (kWh)	Non-UK (kWh)	Total (kWh)	Emissions intensity
Total	**207,538**	**77,692**	**285,230**	**550**

2020 Greenhouse gas emissions

Emissions source	Total
Fuel consumption (tCO_2e)	79,600
Electricity consumption (tCO_2e)	1,600
Refrigerants (tCO_2e)	–
Total (tCO_2e)	**81,200**
Emissions intensity (tCO_2e/£m)	**157**

Annual General Meeting (AGM)

The AGM is to be held at 11.00am on 5 May 2022 at Abbey House Hotel and Gardens in Barrow-in-Furness. Further details will be provided in the Notice of AGM.

The Directors' report was approved by the Board of Directors and is signed on its behalf by:

Jim Marsh
Group General Counsel and Company Secretary
9 March 2022

Statement of Directors' responsibilities
in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the UK – adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements on the same basis. In addition, the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRSs as adopted by the EU).

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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK – adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility statement of the Directors in respect of the annual financial report

Each of the Directors confirms that to the best of his or her knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Signed on behalf of the Board of Directors

E P O'Lionaird
Chief Executive Officer
9 March 2022

D Kennedy
Chief Financial Officer
9 March 2022

Financial statements

In June 2021, we outlined a roadmap to achieve our objective of greater than 10% operating profit margin and greater than 15% return on capital employed. This roadmap is based on three phases: "Reset, Reinforce and Realise". Throughout the year we continued to execute the Reset and Reinforce phases to create the foundations for sustainable profitable growth.

In this section

Independent auditor's report

1 Our opinion is unmodified

We have audited the financial statements of James Fisher and Sons plc ("the Company") for the year ended 31 December 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including the accounting policies in note 33.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss 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 and 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 30 June 2008. The period of total uninterrupted engagement is for the 14 financial years ended 31 December 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

No non-audit services prohibited to that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Impairment of goodwill related to specific CGUs, included in impairment charge of £27.5m (2020: £17.0m) and carrying amount of goodwill £133.5m (2020: £166.5m) and Parent Company impairment of investment in subsidiaries, £nil (2020: £40.6m), carrying value £486.3m (2020: £505.7m) Risk vs 2020: ▲

Refer to page 91 (Audit Committee report), page 181 (accounting policy) and pages 146 and 151 (financial disclosures)

The risks: Forecast based assessment

The recoverability of goodwill in the Group and Parent Company investment in subsidiaries is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows, particularly in light of the ongoing impacts of COVID on trading performance in the current and prior years, operational difficulties and changes in the external oil market. Climate risk means there is uncertainty particularly around the useful life of assets and appropriate forecast periods. The risk has increased from prior year due to increased uncertainties around the trading performance of CGUs and subsidiaries.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of goodwill and investment in subsidiaries has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements note 12 discloses the sensitivity estimated by the Group for goodwill.

For goodwill, we have isolated the risk of material impairment to the following CGUs as these have the lowest headroom within both the Group's discounted cashflow workings and our own sensitivities: James Fisher Offshore, James Fisher Marine Services, DDS and Strainstall.

We continue to perform procedures over presentation appropriateness of goodwill impairment as a separately disclosed item. However, given a recurring nature of this item, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Our response: We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that detailed testing is inherently the most effective means of obtaining audit evidence.

Our audit procedures included

1. **Historical comparisons:** assessing the reasonableness of management's budgets by considering the historical accuracy of previous forecasts.
2. **Our sector experience:** assessing the assumptions used, in particular those relating to anticipated growth, forecasted operating profit margins and expected new business including assessing the likelihood of new contract wins. We have considered market conditions in the procedures performed and reflected our knowledge of the business and industries, including known or probable changes in the business environment. We assessed the key inputs to the Group's forecasts, drawing on historical data and our own research and sector experience.
3. **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as terminal growth value, discount rate (using our own valuation specialist), and the period of cash flows included within the model. For CGUs impacted by climate risk, such as those operating in the oil market, we have considered the period of cash flows included in the forecasts, by reference to contract terms, and have challenged the appropriateness of a terminal value as such operations are likely to have a finite life. We have also compared the value-in-use for all CGUs in aggregate to the Group's own market capitalisation.
4. **Enquiries:** enquiry of directors as to the nature of the capital expenditure projects included in the budget and considering whether such items are allowable in the value-in-use cash flow forecasts under the accounting standards.
5. **Sensitivity analysis:** performing sensitivity analysis on the key assumptions noted above either in isolation or in aggregate. This included reperforming management's sensitivities within their goodwill model.
6. **Assessing transparency:** assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amounts of goodwill.

Our results: We found the Group goodwill and Parent Company investments in subsidiaries balance, the related impairment charges, to be acceptable (2020: acceptable).

Revenue recognition £494.1m (2020: £518.2m), Contract assets £66.3m (2020: £65.3m) and Contract Liabilities £9.0m (2020: £12.7m)
Risk vs 2020: Stable

Refer to page 185 (accounting policy) and pages 137 and 138 (financial disclosures)

The risk: Subjective estimates

The contractual arrangements that underpin the measurement and recognition of revenue by the Group can be complex, with subjective estimates involved in the assessment of current and future contract performance. In particular, where services rendered are provided through long-term contracts and are not completed at the balance sheet date and output measures cannot be estimated reliably, revenue is recognised in proportion to the measure of progress of the transaction measured by reference to an input measure, such as physical progress, attributable man hours and costs incurred measured against the expected outcome which leads to contract asset or liabilities at the period end. The measure of progress is estimated by the Group and includes certain judgements as contracts may run over a number of accounting periods and include forecasts in relation to future costs including labour and materials which are not yet known. In addition, for both long-term and other contracts, contract modifications, disputes with customers contract delays and variable consideration can lead to uncertainty over the total contract price. The effect of these matters is that, as part of our risk assessment, we determined that revenue recognition has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

Our response: We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that detailed testing is inherently the most effective means of obtaining audit evidence.

Our audit procedures included:

1. **Test of details:** for long term contracts, selecting the contracts for substantive audit procedures based on qualitative factors, such as commercial complexity and life of contract, and quantitative factors, such as financial significance and profitability that we considered to be indicative of risk. For the selected contracts, agreeing observable inputs used in the calculations of costs incurred to date to be able to assess the stage of completion. Costs incurred are those such as direct costs and labour charges; we agreed a sample of these to source data, including customer acceptance documentation and countersigned agreements. Our testing included agreeing the allocation of costs incurred to contracts, and assessing the impact of delays to timetable and additional costs incurred as a result of the continued impacts of COVID.
2. **Historical comparisons:** assessing the reliability of the Group's forecasts of costs to complete by considering historical accuracy of their forecasts on completed contracts.
3. **Personnel enquiries:** discussing with operational management for the sample above their expectations for contracts, and comparing these to the forecasts used for the accounting.
4. **Our sector experience:** assessing, for the sample above, whether the subjective estimates made by the Group over the measure of progress and estimates over cost to complete are consistent with our understanding of contract activities and performance. This involved comparing assumptions such as the estimate over costs to complete to a variety of information as appropriate, including correspondence with customers, historical outcomes and operational management views. For contracts in the sample above that have significant estimation in the total contract price due to contract modifications and variable consideration, we assessed the assumptions made by the directors in light of the Group's historical experience on similar contracts and correspondence with customers.

Independent auditor's report cont.

5. **Our industry expertise:** Utilising internal industry specialists who has particular skills in contracting for a sample of contracts to review the risks associated with the contract and challenge the stage of completion, costs to complete and provisions held in relation to these contracts.
6. **Applying judgement:** assessing whether an overstatement of revenue from long term contracts and contract assets identified through these procedures was material.
7. **Assessing transparency:** assessing the appropriateness of the Group's disclosures in respect of revenue recognition, contract assets and liabilities.

Our results: We found revenue recognition and associated contract assets and liabilities, to be acceptable (2020: acceptable).

We continue to perform procedures over impairment of vessels and Group operations in overseas jurisdictions. However, following disposal of a diving support vessel and following resolution of a number of legacy matters in overseas jurisdictions, we have not assessed these as being the most significant risks in our current year audit and, therefore, they are not separately identified in our report this year.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1.1m determined with reference to a benchmark of Group operating profit, normalised to exclude items disclosed in Note 5, of £28.0m, of which it represents 3.9%. In 2020 materiality for the Group financial statements as a whole was set at £2.3m determined with reference to a benchmark of Group profit before tax, normalised to exclude items disclosed in Note 5 and averaged over 5 years, of £49.1m, of which it represents 4.7%.

Materiality for the Parent company financial statements as a whole was set at £0.3m (2020: £0.7m), determined with reference to component materiality. This is lower than the materiality we would otherwise have determined by reference to the parent company's total assets of £5.1m (2020: £5.3m), of which it represents 1% (2020: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £0.7m (2020: £1.5m).

Performance materiality for the Parent Company was set at 75% (2020: 65%) of materiality for the financial statements as a whole, which equates to £0.2m (2020: £0.5m).

We applied these percentages in our determination of performance materiality based on the level of identified misstatements during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £55k (2020: £120k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 146 (2020: 146) reporting components, we subjected 15 (2020: 17) to full scope audits for Group purposes and 2 (2020: 0) to specified risk focused audit procedures over vessels. The latter were not individually financially significant enough to require a full scope audit for Group purposes but did present specific individual risks that needed to be addressed. The group team performed procedures on the items excluded from normalised Group operating profit.

We conducted reviews of financial information (including enquiry) at a further 11(2019: 9) non-significant components to obtain further coverage. These components were not individually financially significant enough to require an audit for Group reporting purposes and did not present specific risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the Group's results:

	Number of components	Group Revenue	Group profit before tax	Group total assets
Audit for group reporting purposes	15 (2020: 17)	85% (2020: 86%)	75% (2020: 76%)	83% (2020: 75%)
Specified procedures for group reporting purposes	2 (2020: 0)	2% (2020: 0%)	1% (2020: 0%)	2% (2020: 0%)
Reviews of financial information (including enquiry)	11 (2020: 9)	8% (2020: 10%)	5% (2020: 6%)	5% (2020: 8%)
Total	28 (2020: 26)	95% (2020: 96%)	71% (2020: 82%)	93% (2020: 83%)

The remaining 5% (2020: 4%) of total Group revenue, 7% (2020: 17%) of Group profit before tax and 29% (2020: 18%) of total Group assets is represented by 118 reporting components, none of which individually represented more than 1% of any of total Group revenue, 3% Group profit before tax and 1% total Group assets.

For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £0.1m to £0.66m (2020: £0.1m to £1.25m), having regard to the mix of size and risk profile of the Group across the components.

The work on 13 (2020: 15) of the 28 (2020: 26) components was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group audit team. The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group audit team had video and telephone meetings with all component auditors to oversee their work and had video discussions with management of the components in scope for the group audit. The Group audit team also evaluated the audit work of the component auditors through discussions with, and remote review of, the audit working papers of component teams. The findings reported to the Group team were discussed in detail with the component audit teams, and any further work required by the Group team was then performed by the component auditor.

4 The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the group's business operations and its financial statements taking into account the different divisions. We recognise given the diverse nature of the group's operations there are potentially both risks and opportunities arising as a result of climate change.

The potential effects of climate change vary for different activities of the group, with those divisions that are more linked to fossil fuel activity potentially being more affected.

Uncertainties and potential changes to the longer-term activity of the group could affect the elements of financial statements with forward-looking assessments such as impairment of, or reassessment of the life of, long-term assets.

As part of our risk assessment we made enquiries of management and reviewed board minutes and related risk and internal audit documents. We have held discussions with our own climate change professionals to challenge our risk assessment. Our risk assessment took into account the nature of the group's long-term assets and the relative size of assets related to the divisions with most exposure to climate change uncertainty.

Our Goodwill Key Audit Matter describes the risk and response in relation to uncertainties in cash flow projections for significant CGUs. In the course of our audit work, we also took climate change factors into account in evaluating the directors' assessment of the useful life of vessels.

We have read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

5 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were the significant increase in cost to deliver long term contracts, challenging market conditions and with delays to current and future contracts. We also note the decline in trade in the current period may also adversely affect the Group's access to finance.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

1. **Assessing key assumptions in the forecasts -** critically assessing assumptions in base case and downside scenarios relevant to liquidity and covenant metrics. This included assessing whether downside scenarios applied are mutually consistent, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies, and assessing the working capital assumptions inherent in the forecasts to actual recent experience and existing supplier/customer arrangements.

2. **Assessing the directors' track record of forecast vs actual cash flows -** comparing past budgets to actual results to assess the directors' track record of budgeting accurately.

3. **Assessing the completeness and accuracy of the matters covered in the going concern disclosure –** evaluating the completeness of the going concern disclosure by considering whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Independent auditor's report cont.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 69 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors , the audit committee, internal audit, the Company Secretary and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board/ audit committee/ risk committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved discussion between the engagement partner, the Group audit team and the forensic professional.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates and judgements such as provisions for contract disputes;
- the risk of bias in accounting for judgements in relation to variable consideration; and
- the risk that revenues are over or understated through recording revenues in the wrong period.

Further detail in respect of revenue recognition is set out in the key audit matter disclosure in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journals posted to cash accounts, commissions paid to agents and separately disclosed financial statement captions.
- Evaluating the business purpose of significant unusual transactions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, the Company Secretary and other management (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence and discussed with the directors, the Company Secretary and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, foreign corrupt practices act, employment law, maritime law and certain aspects of company legislation recognising the nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors, the Company Secretary and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 69 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent auditor's report cont.

We are also required to review the viability statement, set out on page 69 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review and to report to you if a corporate governance statement has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
- we have not identified material misstatements therein; and
- the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

8 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

We have nothing to report in these respects.

9 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 116 and 117, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

10 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

10 March 2022

Consolidated income statement
for the year ended 31 December 2021

	Notes	Year ended 31 December 2021 Before separately disclosed items £m	Year ended 31 December 2021 Separately disclosed items £m	Year ended 31 December 2021 Total £m	Year ended 31 December 2020 Before separately disclosed items £m	Year ended 31 December 2020 Separately disclosed items £m	Year ended 31 December 2020 Total £m
Revenue	3	**494.1**	**–**	**494.1**	518.2	–	518.2
Cost of sales		**(373.6)**	**(11.0)**	**(384.6)**	(380.6)	(43.2)	(423.8)
Gross profit		**120.5**	**(11.0)**	**109.5**	137.6	(43.2)	94.4
Administrative expenses		**(94.5)**	**(37.7)**	**(132.2)**	(98.7)	(40.8)	(139.5)
Share of post-tax results of associates	16	**2.0**	**–**	**2.0**	1.6	–	1.6
Operating profit/(loss)		**28.0**	**(48.7)**	**(20.7)**	40.5	(84.0)	(43.5)
Net finance expense	7	**(8.3)**	**–**	**(8.3)**	(9.0)	–	(9.0)
Profit/(loss) before taxation		**19.7**	**(48.7)**	**(29.0)**	31.5	(84.0)	(52.5)
Income tax	8	**(10.1)**	**10.9**	**0.8**	(7.2)	2.4	(4.8)
Profit/(loss) for the year		**9.6**	**(37.8)**	**(28.2)**	24.3	(81.6)	(57.3)
Attributable to:							
Owners of the Company		**10.0**	**(37.8)**	**(27.8)**	24.1	(81.6)	(57.5)
Non-controlling interests		**(0.4)**	**–**	**(0.4)**	0.2	–	0.2
		9.6	**(37.8)**	**(28.2)**	24.3	(81.6)	(57.3)

Loss per share		**Pence**	Pence
Basic	10	**(55.2)**	(114.2)
Diluted	10	**(55.2)**	(114.2)

Consolidated statement of other comprehensive income
for the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Loss for the year		**(28.2)**	(57.3)
Items that will not be classified to the income statement			
Actuarial gain/(loss) in defined benefit pension schemes	23	**6.3**	(9.3)
Tax on items that will not be reclassified		**(0.5)**	1.1
		5.8	(8.2)
Items that may be reclassified to the income statement			
Exchange differences on foreign currency net investments		**(2.6)**	(7.8)
Effective portion of changes in fair value of cash flow hedges	29	**(2.6)**	0.6
Effective portion of changes in fair value of cash flow hedges in joint ventures	16	**0.3**	(0.2)
Net changes in fair value of cash flow hedges transferred to income statement		**0.3**	(0.1)
Deferred tax on items that may be reclassified	8	**0.4**	1.1
		(4.2)	(6.4)
Total comprehensive income for the year		**(26.6)**	(71.9)
Attributable to:			
Owners of the Company		**(26.1)**	(72.0)
Non-controlling interests		**(0.5)**	0.1
		(26.6)	(71.9)

Consolidated and Company statement of financial position
at 31 December 2021

		Group		Company	
	Notes	**31 December 2021 £m**	31 December 2020 restated* £m	**31 December 2021 £m**	31 December 2020 restated* £m
Non-current assets					
Goodwill	12	**133.5**	166.5	**–**	–
Other intangible assets	13	**13.3**	20.1	**–**	–
Property, plant and equipment	14	**122.2**	158.2	**1.4**	3.9
Right-of-use assets	15	**41.8**	31.9	**1.3**	1.5
Investment in joint ventures	16	**8.0**	7.5	**–**	–
Investments in subsidiaries	17	**–**	–	**486.3**	505.7
Other investments	17	**1.4**	1.4	**1.4**	1.4
Other receivables	19	**10.1**	0.8	**–**	–
Deferred tax assets	9	**9.6**	5.2	**1.0**	2.8
		339.9	391.6	**491.4**	515.3
Current assets					
Inventories	18	**49.0**	46.6	**–**	–
Trade and other receivables	19	**157.3**	162.0	**6.9**	6.3
Assets held for sale	20	**10.7**	–	**–**	–
Cash and cash equivalents	27	**68.0**	93.1	**11.7**	11.5
		285.0	301.7	**18.6**	17.8
Current liabilities					
Trade and other payables	21	**(149.5)**	(139.3)	**(19.5)**	(11.0)
Provisions	22	**(2.0)**	–	**–**	–
Current tax	8	**(4.5)**	(7.6)	**–**	(0.1)
Borrowings	27	**(33.6)**	(79.8)	**(20.3)**	(54.4)
Lease liabilities	27	**(9.9)**	(7.2)	**(0.2)**	(0.2)
		(199.5)	(233.9)	**(40.0)**	(65.7)
Net current assets		**85.5**	67.8	**(21.4)**	(47.9)
Total assets less current liabilities		**425.4**	459.4	**470.0**	467.4
Non-current liabilities					
Other payables	21	**(1.3)**	(3.6)	**–**	–
Provisions	22	**(1.1)**	(1.6)	**–**	–
Retirement benefit obligations	23	**(1.9)**	(10.3)	**(1.4)**	(9.5)
Cumulative preference shares	30	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Borrowings	27	**(173.9)**	(178.8)	**(173.9)**	(178.6)
Lease liabilities	27	**(36.1)**	(25.3)	**(1.4)**	(1.5)
Deferred tax liabilities	9	**(0.4)**	(1.8)	**–**	–
		(214.8)	(221.5)	**(176.8)**	(189.7)
Net assets		**210.6**	237.9	**293.2**	277.7
Equity					
Called up share capital	30	**12.6**	12.6	**12.6**	12.6
Share premium		**26.8**	26.7	**26.8**	26.7
Treasury shares		**(0.6)**	(0.2)	**(0.6)**	(0.2)
Other reserves		**(20.4)**	(16.5)	**–**	1.9
Retained earnings		**191.5**	214.6	**254.4**	236.7
Total shareholders equity		**209.9**	237.2	**293.2**	277.7
Non-controlling interests		**0.7**	0.7	**–**	–
Total equity		**210.6**	237.9	**293.2**	277.7

* Cash and cash equivalents and borrowings (current) have been restated for the 2020 comparative period to reflect a gross up of cash at bank and in hand and overdraft balances (see note 27).

** Right-of-use assets, trade and other payables (current) and retained earnings have been restated for the 2020 comparative to reflect a change in accounting policy in respect of dry dock overhauls (see note 1).

The financial statements were approved by the Board of Directors on 9 March 2022 and signed on its behalf by:

Duncan Kennedy
Chief Financial Officer
Company number: 00211475

Consolidated and Company cash flow statement
for the year ended 31 December 2021

	Notes	Group 31 December 2021 £m	Group 31 December 2020 restated £m	Company 31 December 2021 £m	Company 31 December 2020 £m
(Loss)/profit before tax		**(29.0)**	(52.5)	**12.0**	(15.9)
Adjustments to reconcile (loss)/profit before tax to net cash flows					
Depreciation and amortisation		**44.2**	49.0	**1.0**	1.1
Separately disclosed items (excluding amortisation)	5	**45.8**	81.1	**2.7**	41.7
Other non-cash items		**7.8**	7.1	**(5.1)**	(1.7)
(Increase)/decrease in inventories		**(2.7)**	2.0	**–**	–
(Increase)/decrease in trade and other receivables		**(15.4)**	30.9	**(1.7)**	1.8
Increase/(decrease) in trade and other payables		**10.0**	(13.0)	**8.4**	0.2
Defined benefit pension cash contributions less service cost		**(2.2)**	(4.8)	**(1.9)**	(4.7)
Cash generated from operations		**58.5**	99.8	**15.4**	22.5
Cash outflow from separately disclosed items		**(1.7)**	(3.9)	**–**	(0.6)
Income tax (payments)/receipts		**(7.9)**	(7.9)	**(0.1)**	0.9
Cash flow from operating activities		**48.9**	88.0	**15.3**	22.8
Investing activities					
Dividends from joint venture undertakings		**1.6**	1.8	**–**	–
Proceeds from the disposal of a subsidiary, net of cash disposed	26	**6.2**	1.3	**–**	–
Proceeds from the disposal of property, plant and equipment		**14.7**	2.6	**–**	–
Finance income		**0.3**	0.3	**11.4**	11.6
Acquisition of subsidiaries, net of cash acquired	25	**(1.1)**	(7.9)	**–**	–
Net loans advanced to subsidiaries		**–**	–	**19.4**	(51.2)
Investment in joint ventures and other investments		**–**	(0.5)	**–**	–
Acquisition of property, plant and equipment		**(22.1)**	(18.9)	**(0.3)**	(0.1)
Development expenditure		**(1.5)**	(2.9)	**–**	–
Cash flows (used in)/from investing activities		**(1.9)**	(24.2)	**30.5**	(39.7)
Financing activities					
Proceeds from the issue of share capital		**0.1**	0.2	**0.1**	0.2
Finance costs		**(5.6)**	(7.0)	**(4.7)**	(6.3)
Net purchase of own shares by Employee Share Ownership Trust		**(0.5)**	(0.9)	**(0.5)**	(0.9)
Notional purchase of own shares for LTIP vesting		**(0.5)**	(1.0)	**(0.5)**	(1.0)
Capital element of lease repayments		**(13.7)**	(13.0)	**(0.2)**	(0.3)
Proceeds from borrowings		**84.0**	34.3	**–**	–
Repayment of borrowings		**(89.9)**	(64.5)	**(5.7)**	(29.7)
Dividends paid	11	**–**	(4.0)	**–**	(4.0)
Dividends paid to non-controlling interest		**–**	(0.2)	**–**	–
Cash flows used in financing activities		**(26.1)**	(56.1)	**(11.5)**	(42.0)
Net increase/(decrease) in cash and cash equivalents	28	**20.9**	7.7	**34.3**	(58.9)
Cash and cash equivalents at 1 January	27	**13.5**	7.5	**(42.9)**	16.1
Net foreign exchange differences		**0.1**	(1.7)	**–**	(0.1)
Cash and cash equivalents at 31 December	27	**34.5**	13.5	**(8.6)**	(42.9)

Consolidated statement of changes in equity
for the year ended 31 December 2021

	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Treasury shares £m	Total shareholders' equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2020 as reported	12.6	26.5	284.7	(10.6)	–	313.2	0.8	314.0
Accounting policy change – Right-of-use Refit capitalisation	–	–	2.0	–	–	2.0	–	2.0
At 1 January 2020	12.6	26.5	286.7	(10.6)	–	315.2	0.8	316.0
Loss for the year	–	–	(57.5)	–	–	(57.5)	0.2	(57.3)
Other comprehensive income	–	–	(8.7)	(5.8)	–	(14.5)	(0.1)	(14.6)
Contributions by and distributions to owners:								
Ordinary dividends paid	–	–	(4.0)	–	–	(4.0)	–	(4.0)
Dividend paid to minority interest	–	–	–	–	–	–	(0.2)	(0.2)
Remeasurement of non-controlling interest put option	–	–	–	(0.1)	–	(0.1)	–	(0.1)
Share based payments	–	–	0.1	–	–	0.1	–	0.1
Tax effect of share based payments	–	–	(0.3)	–	–	(0.3)	–	(0.3)
Purchase of shares by ESOT	–	–	–	–	(0.9)	(0.9)	–	(0.9)
Notional purchase of own shares	–	–	(1.0)	–	–	(1.0)	–	(1.0)
Arising on the issue of shares	–	0.2	–	–	–	0.2	–	0.2
Transfer	–	–	(0.7)	–	0.7	–	–	–
At 31 December 2020	12.6	26.7	214.6	(16.5)	(0.2)	237.2	0.7	237.9
Loss for the year	–	–	(27.8)	–	–	(27.8)	(0.4)	(28.2)
Other comprehensive income	–	–	5.8	(4.1)	–	1.7	(0.1)	1.6
Contributions by and distributions to owners:								
Remeasurement of non-controlling interest put option	–	–	–	0.2	–	0.2	–	0.2
Changes in ownership interest without a change in control	–	–	(0.7)	–	–	(0.7)	0.5	(0.2)
Share based payments	–	–	0.3	–	–	0.3	–	0.3
Tax effect of share based payments	–	–	(0.1)	–	–	(0.1)	–	(0.1)
Purchase of shares by ESOT	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Notional purchase of own shares	–	–	(0.5)	–	–	(0.5)	–	(0.5)
Arising on the issue of shares	–	0.1	–	–	–	0.1	–	0.1
Transfer	–	–	(0.1)	–	0.1	–	–	–
At 31 December 2021	**12.6**	**26.8**	**191.5**	**(20.4)**	**(0.6)**	**209.9**	**0.7**	**210.6**

Other reserve movements

Other reserves	Translation reserve £m	Hedging reserve £m	Put option liability £m	Total £m
At 1 January 2020	(7.8)	(0.2)	(2.6)	(10.6)
Other comprehensive income	(6.5)	0.7	–	(5.8)
Remeasurement of non-controlling interest put option	–	–	(0.1)	(0.1)
At 31 December 2020	(14.3)	0.5	(2.7)	(16.5)
Other comprehensive income	(2.6)	(1.5)	–	(4.1)
Remeasurement of non-controlling interest put option	–	–	0.2	0.2
At 31 December 2021	**(16.9)**	**(1.0)**	**(2.5)**	**(20.4)**

Company statement of changes in equity
for the year ended 31 December 2021

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserves £m	Treasury shares £m	Total shareholders equity £m
At 1 January 2020	12.6	26.5	267.3	0.9	–	307.3
Loss for the year	–	–	(15.9)	–	–	(15.9)
Other comprehensive income	–	–	(8.8)	1.0	–	(7.8)
Contributions by and distributions to owners:						
Ordinary dividends paid	–	–	(4.0)	–	–	(4.0)
Share based compensation	–	–	0.1	–	–	0.1
Tax effect of share based compensation	–	–	(0.3)	–	–	(0.3)
Purchase of shares by ESOT	–	–	–	–	(0.9)	(0.9)
Notional purchase of own shares	–	–	(1.0)	–	–	(1.0)
Arising on the issue of shares	–	0.2	–	–	–	0.2
Transfer on disposal of shares	–	–	(0.7)	–	0.7	–
At 31 December 2020	12.6	26.7	236.7	1.9	(0.2)	277.7
Profit for the year	–	–	12.2	–	–	12.2
Other comprehensive income	–	–	5.9	(1.9)	–	4.0
Contributions by and distributions to owners:						
Share based compensation	–	–	0.3	–	–	0.3
Tax effect of share based compensation	–	–	(0.1)	–	–	(0.1)
Purchase of shares by ESOT	–	–	–	–	(0.5)	(0.5)
Notional purchase of own shares	–	–	(0.5)	–	–	(0.5)
Arising on the issue of shares	–	0.1	–	–	–	0.1
Transfer on disposal of shares	–	–	(0.1)	–	0.1	–
At 31 December 2021	**12.6**	**26.8**	**254.4**	**–**	**(0.6)**	**293.2**

Notes to the financial statements

1 General information

James Fisher and Sons plc (the Company) is a public limited company registered and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements comprise the financial statements of the Company, its subsidiary undertakings and its interest in associates and jointly controlled entities (together the Group), for the year ended 31 December 2021. The Company's shares are listed on the London Stock Exchange. The Company and consolidated financial statements were approved for publication by the Directors on 9 March 2022.

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards. The Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. The financial statements are prepared on a going concern basis and on a historical cost basis, modified to include revaluation to fair value of certain financial instruments. As permitted by section 408 of the Companies Act 2006, a separate income statement and related notes for the holding company have not been presented in these financial statements. The profit after taxation in the Company was £12.2m (2020: £15.9m loss). The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest million pounds (£m) except when otherwise indicated.

Change in accounting policy

The accounting policy in respect of dry dock overhauls on leased vessels has been changed to defer the overhaul costs as a component of the related tangible fixed asset and depreciate over their useful economic lives until the next estimated overhaul rather than build up a provision in preparation for the next estimated overhaul. The prior year comparatives have been restated to reflect this change. The change in accounting policy is considered to provide more relevant and reliable information as the dry docks are directly attributable to the use of the vessel and this change aligns the accounting policy for both owned and leased vessels. As a result previous dry dock overhaul provisions (recognised in trade and other payables) of £0.8m have been reversed and the right-of-use assets has increased by £1.2m. The impact on consolidated total equity is an increase from £235.9m to £237.9m. There is no impact on the company only total equity.

Going concern

The Directors have, at the time of approving these Financial Statements, a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least 12 months from this reporting date and have therefore continued to adopt the going concern basis of preparation.

- In light of the continuing COVID global pandemic and subsequent uncertainty, the Group has undertaken a detailed viability review and taken appropriate mitigating actions to protect the business and liquidity. Operations have been impacted by travel restrictions, supply chain logistics and actions to protect employees to ensure safe working conditions. The Group's quick response to COVID has mitigated some of the impact on financial performance, however the potential impact of a post pandemic recession gives ongoing risk to future financial performance. Liquidity is monitored through daily balance reporting, weekly forecasting and 12 month cash flow forecasting.
- The Group had £111.5m of undrawn committed facilities at 31 December 2021 (2020: £120.2m). The Group refinanced £130m of revolving credit facilities during the year. At 31 December, the Group had £287.5m of committed facilities, a small decrease from the £300m at 31 December 2020. £40m revolving credit facilities are due for renewal within 12 months from the date of this report. Forecasts have been prepared which continue to show headroom should they not be renewed. All revolving credit facilities are linked to covenant compliance requirements, being a net debt to EBITDA ratio and interest cover. The Group has been in compliance with covenant requirements in the year, post year end, and is forecasting to be compliant for at least 12 months from the date of approval of these financial statements. Post year end, as at the date of approval of the financial statements, the Group has approximately £102m of undrawn credit facilities available.
- The Directors' base case forecast reflects financial performance in the year ended 31 December 2021 and the associated impacts of COVID. A number of severe but plausible downside scenarios were calculated compared to the base case forecast of profit and cash flow to assess headroom against facilities for the next 12 months. Against these negative scenarios, which reduced operating profit by £5m in 2022 and £1m in 2023, adjusted projections showed no breach of covenants. Additional sensitivities which reduced cash receipts by £10m in 2022 and £20m in 2023 and delayed project delivery reducing profit by £10m in 2022 and £20m in 2023 and deferring debtor allocation by £3m in 2022 and by £6m in 2023 were also run separately in combination with the severe but plausible downside and adjusted projections showed no breach of covenants. Further mitigating actions could also be taken in such scenarios should it be required, including reducing capital expenditure, continuing to sell non-core, underperforming businesses and reducing forecast dividend payments and not carrying out any acquisitions.
- Taking into account the level of cash and available facilities outlined above and having undertaken rigorous assessment, the Directors consider that the Group and Company have sufficient funds to allow them to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore continue to adopt the going concern basis of accounting in preparing these Financial Statements.

2 Alternative performance measures

The Group uses a number of alternative (non-Generally Accepted Accounting Practice (non-GAAP)) performance measures which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures are important and should be considered alongside the IFRS measures. The adjustments are separately disclosed and are usually items that are significant in size and/or non-recurring in nature. The following non-GAAP measures are referred to in the Annual Report and Accounts.

2 Alternative performance measures cont.

2.1 Underlying operating profit and underlying profit before taxation

Underlying operating profit is defined as operating profit before separately disclosed items, which comprise: acquisition related income and expense (amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to contingent consideration), the costs of a material restructuring, litigation, or asset impairment and the profit or loss relating to the sale of businesses. As acquisition related income and expense fluctuates with activity and to provide a better comparison to businesses that are not acquisitive, the Directors consider that these items should be separately disclosed to give a better understanding of operating performance. Underlying profit before taxation is defined as underlying operating profit less net finance expense.

	2021 £m	2020 £m
Operating loss	**(20.7)**	(43.5)
Separately disclosed items before taxation	**48.7**	84.0
Underlying operating profit	**28.0**	40.5
Net finance expense	**(8.3)**	(9.0)
Underlying profit before taxation	**19.7**	31.5

2.2 Underlying earnings per share

Underlying earnings per share (EPS) is calculated as the total of underlying profit before tax, less income tax, but excluding the tax impact on separately disclosed items less profit attributable to non-controlling interests, divided by the weighted average number of ordinary shares in issue during the year. The Directors believe that underlying EPS provides a better understanding of the underlying earnings capability of the Group. Underlying earnings per share is set out in note 10.

2.3 Underlying capital employed and Return on Capital Employed (ROCE)

Capital employed is defined as net assets less right-of-use assets, less cash and cash equivalents and after adding back borrowings. Average capital employed is adjusted for the timing of businesses acquired and after adding back cumulative amortisation of customer relationships. Segmental ROCE is defined as the underlying operating profit, divided by average capital employed. The key performance indicator, Group post-tax ROCE, is defined as underlying operating profit, less notional tax, calculated by multiplying the effective tax rate by the underlying operating profit, divided by average capital employed.

	2021 £m	2020 £m
Net assets	**210.6**	237.9
Less right-of-use assets	**(41.8)**	(31.9)
Plus net borrowings	**185.6**	198.1
Capital employed	**354.4**	404.1
Underlying operating profit	**28.0**	40.5
Notional tax at the underlying effective tax rate	**(14.3)**	(9.2)
	13.7	31.3
Average capital employed	**377.4**	467.6
Return on average capital employed	**3.6%**	6.7%

Notes to the financial statements cont.

2 Alternative performance measures cont.

2.4 Underlying cash conversion

Cash conversion is defined as the ratio of operating cash flow to underlying operating profit. Operating cash flow comprises:

	2021 £m	2020 £m
Cash generated from operations	**58.5**	99.8
Dividends from joint venture undertakings	**1.6**	1.8
Capital element of lease repayments	**(13.7)**	(13.0)
Other	**0.7**	0.5
Operating cash flow	**47.1**	89.1
Underlying operating profit	**28.0**	40.5
Cash conversion	**168%**	220%

2.5 Underlying earnings before interest, tax, depreciation and amortisation (Underlying Ebitda Covenant basis)

Underlying Ebitda, in line with the Group's banking covenants, is defined as the underlying operating profit before interest, tax, depreciation and amortisation.

	2021 £m	2020 £m
Underlying operating profit	**28.0**	40.5
Depreciation and amortisation	**44.2**	49.0
Less: Deprecation on right-of-use assets	**(13.2)**	(11.9)
Amortisation of acquired intangibles (note 5)	**(2.9)**	(2.9)
IFRS 16 impact removed	**(1.8)**	(1.5)
Underlying Ebitda	**54.3**	73.2

2.6 Underlying dividend cover

Underlying dividend cover is the ratio of underlying diluted earnings per share to the total dividend per share.

	2021 Pence	2020 Pence
Underlying earnings per share	**20.0**	47.9
Total dividends per share	**–**	8.0
Underlying dividend cover (times)	**–**	6.0

2.7 Underlying net borrowings

Underlying net borrowings is net borrowings as set out in note 28, excluding right-of-use operating leases.The Group's banking arrangements are based on underlying net borrowings.

	2021 £m	2020 £m
Net borrowings (note 28)	**185.6**	198.1
Less: right-of-use operating leases	**(38.2)**	(23.1)
	147.4	175.0

2.8 Organic constant currency

Organic constant currency growth represents absolute growth, adjusted for current and prior year acquisitions and for constant currency. Constant currency takes the non-sterling results of the prior year and retranslates them at the average exchange rate of the current year.

3 Segmental information

The Group has four operating segments reviewed by the Board: Marine Support, Specialist Technical, Offshore Oil and Tankships. Their principal activities are set out in the Strategic report on pages 28 to 35. The Board assess the performance of the segments based on underlying operating profit, underlying operating margin and return on capital employed. It considers that this information is the most relevant in evaluating the performance of its segments relative to other entities which operate in similar markets. Inter-segmental sales are made using prices determined on an arms length basis. Sector assets exclude cash, short-term deposits and corporate assets that cannot reasonably be allocated to operating segments. Sector liabilities exclude borrowings, retirement benefit obligations and corporate liabilities that cannot reasonably be allocated to operating segments.

Year ended 31 December 2021	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Segmental revenue						
– point in time	173.7	46.3	86.5	–	–	306.5
– over time	41.0	88.3	–	60.1	–	189.4
Inter-segmental sales	(0.2)	(1.4)	(0.2)	–	–	(1.8)
Revenue	214.5	133.2	86.3	60.1	–	494.1
Underlying operating profit/(loss)	5.0	9.9	11.1	4.8	(2.8)	28.0
Separately disclosed items	(26.0	(2.9)	(16.3)	(3.5)	–	(48.7)
Operating (loss)/profit	(21.0)	7.0	(5.2)	1.3	(2.8)	(20.7)
Net finance expense						(8.3)
Loss before tax						(29.0)
Income tax						0.8
Loss for the year						(28.2)
Assets and liabilities						
Segmental assets	189.7	154.8	124.2	75.1	73.4	617.2
Investment in joint ventures	2.6	3.2	2.2	–	–	8.0
Total assets	192.3	158.0	126.4	75.1	73.4	625.2
Segmental liabilities	(77.4)	(60.3)	(26.4)	(39.2)	(211.3)	(414.6)
	114.9	97.7	100.0	35.9	(137.9)	210.6
Other segmental information						
Capital expenditure	6.1	2.7	6.3	4.3	–	19.4
Depreciation and amortisation	12.3	6.9	12.1	12.4	0.5	44.2

Revenue disclosed in the income statement is comprised of goods and services of £370.0m (2020: £398.9m), equipment hire of £68.5m (2020: £40.2m) and construction contract income of £55.6m (2020: £79.1m).

Notes to the financial statements cont.

3 Segmental information cont.

Year ended 31 December 2020	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Segmental revenue						
– point in time	225.3	42.2	80.1	–	–	347.6
– over time	24.5	89.2	–	60.4	–	174.1
Inter-segmental sales	(0.4)	(1.0)	(2.1)	–	–	(3.5)
Revenue	249.4	130.4	78.0	60.4	–	518.2
Underlying operating profit/(loss)	10.1	14.0	11.2	8.0	(2.8)	40.5
Separately disclosed items	(79.6)	(1.6)	(2.8)	–	–	(84.0)
Operating (loss)/profit	(69.5)	12.4	8.4	8.0	(2.8)	(43.5)
Net finance expense						(9.0)
Loss before tax						(52.5)
Income tax						(4.8)
Loss for the year						(57.3)
Assets and liabilities						
Segmental assets	246.7	156.0	139.4	54.7	89.0	685.8
Investment in joint ventures	2.1	3.0	2.4	–	–	7.5
Total assets	248.8	159.0	141.8	54.7	89.0	693.3
Segmental liabilities	(90.5)	(57.6)	(24.9)	(21.4)	(261.0)	(455.4)
	158.3	101.4	116.9	33.3	(172.0)	237.9
Other segmental information						
Capital expenditure	7.1	1.9	5.4	3.1	–	17.5
Depreciation and amortisation	17.8	6.7	12.7	11.5	0.3	49.0

3 Segmental information cont.

Geographic information

Geographical revenue is determined by the location in which the product or service is provided. Where customers receive the product or service in one geographical location for use or shipment to another it is not practicable for the Group to identify this and the revenue is attributed to the location of the initial shipment. The geographical allocation of segmental assets and liabilities is determined by the location of the attributable business unit.

	United Kingdom		Rest of Europe		Middle East, Africa & the Americas		Asia Pacific		Total	
	2021 £m	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Revenue										
Segmental revenue										
– point in time	**97.4**	85.3	**48.2**	59.3	**93.6**	122.6	**66.8**	80.4	**306.0**	347.6
– over time	**101.4**	97.6	**6.5**	8.4	**42.7**	25.7	**39.3**	42.4	**189.9**	174.1
Inter-segmental sales	**(1.5)**	(1.7)	**–**	–	**(0.3)**	–	**–**	(1.8)	**(1.8)**	(3.5)
Group revenue	**197.3**	181.2	**54.7**	67.7	**136.0**	148.3	**106.1**	121.0	**494.1**	518.2
Segmental non current assets	**228.5**	233.4	**44.0**	49.3	**26.6**	66.9	**33.0**	34.5	**332.1**	384.1
Segmental current assets	**204.7**	225.3	**5.1**	5.0	**44.9**	36.1	**30.4**	35.3	**285.1**	301.7
Segmental assets	**433.2**	458.7	**49.1**	54.3	**71.5**	103.0	**63.4**	69.8	**617.2**	685.8
Investment in joint ventures	**0.1**	0.1	**2.4**	2.6	**0.3**	0.2	**5.2**	4.6	**8.0**	7.5
Segmental liabilities	**(344.3)**	(377.3)	**(8.0)**	(9.1)	**(46.0)**	(49.3)	**(16.3)**	(19.7)	**(414.6)**	(455.4)
	89.0	81.5	**43.5**	47.8	**25.8**	53.9	**52.3**	54.7	**210.6**	237.9

4 Auditor's remuneration

Auditor's remuneration comprises the following:

	2021 £m	2020 £m
Audit of the financial statements of the parent	**0.5**	0.5
Half year review	**0.1**	0.1
Local statutory audits of subsidiaries	**1.4**	1.0
Total fees payable to Group auditor	**2.0**	1.6

Notes to the financial statements cont.

5 Separately disclosed items

In order for a better understanding of the underlying performance of the Group certain items are disclosed separately (note 2). Separately disclosed items are as follows:

	2021 £m	2020 £m
Acquisition related income and (expense):		
Costs incurred in acquiring/disposing of businesses	**(0.5)**	(1.0)
Amortisation of acquired intangibles (note 2)	**(2.9)**	(2.9)
	(3.4)	(3.9)
Marine support restructure	**–**	(3.9)
Gain/(loss) on disposal of businesses	**0.3**	(3.5)
Gain on disposal of Dive support vessel	**0.3**	–
Costs of material litigation	**(3.1)**	–
Impairment charges:		
Intangible assets	**(29.2)**	(19.4)
Dive support vessels	**–**	(31.6)
Tangible fixed assets	**(9.3)**	(2.4)
Receivables	**(4.3)**	(19.3)
Separately disclosed items before taxation	**(48.7)**	(84.0)
Tax on separately disclosed items	**10.9**	2.4
	(37.8)	(81.6)

During the year, separately disclosed items were in relation to the following matters:

Acquisition related income and expense comprises costs incurred on the acquisition/disposal of businesses including external due diligence costs, amortisation of acquired intangibles and any adjustment for contingent consideration. As set out in note 2 these items fluctuate with acquisition activity and are disclosed separately to provide a better comparison to businesses that are not acquisitive.

Disposal of businesses relates to the disposal during 2021 of James Fisher Testing Services Ltd which was sold for proceeds of £5.7m and resulted in a gain of £0.8m. Also, the sale of James Fisher NDT Ltd for which proceeds were £1.2m and loss on disposal of £0.5m.

Disposal of DSV is the sale of the Paladin vessel for $17.3m proceeds and a £0.3m gain.

Costs of material litigation relates to various matters as described in note 31: Commitment and contingencies.

Impairment charges: Intangible assets comprise goodwill of £27.5m and £1.7m development costs. Tangible fixed assets comprise assets in the Marine support, Specialist technical and Tankship divisions where fair value is less than carrying net book value. The 2021 impairment in respect of receivables relates to a specific counterparty risk and receivables billed over 12 months ago in relation to certain projects.

Tax on separately disclosed items includes a credit of £7.9m, which represents deferred tax recognised on the timing differences created following the impairment of dive support vessels during the year ended 31 December 2020 and the Group's current expectations regarding Dive Support operations.

5 Separately disclosed items cont.

In 2020 separately disclosed items were in relation to the following matters:

(i) Acquisition related income and expense comprises costs incurred on the acquisition of businesses including external due diligence costs, amortisation of acquired intangibles and any adjustment for contingent consideration. As set out in note 2 these items fluctuate with acquisition activity and are disclosed separately to provide a better comparison to businesses that are not acquisitive.

(ii) Due to the deferral of subsea projects in oil and gas and renewables, a material restructure of marine support activities was completed during 2020. The charge of £3.9m related to redundancy and notice costs in relation to 202 employees.

(iii) Disposal of businesses relates to the disposal in 2020 of JF Nuclear GmbH for proceeds of £1.6m which resulted in a loss of £1.2m. The balance includes £2.0m in respect of the exchange of interests set out in note 16 and £0.3m relating to cost adjustments in respect of businesses disposed of in previous years.

(iv) Impairment charges

(a) Intangible assets comprise goodwill of £17.0m and other intangible asset impairments of £2.4m in relation to development expenditure and intellectual property where expected future cash flows no longer justify carrying value. The goodwill impairment in 2020 related to the Subtech (£10.0m) and James Fisher Testing Services (£7.0m) cash generating units.

(b) Dive support vessels: In 2019, the Group acquired two dive support vessels with the strategic aim of targeting the market of subsea projects in the oil and gas sector in West Africa and the Middle East. The combination of changes in energy prices in the first half of 2020 and the onset of the global pandemic resulted in lower utilisation of these vessels than expected and gave rise to an impairment charge of £31.6m based on their recoverable amount.

(c) the tangible fixed asset impairment in 2020 relates to certain assets in Marine Support and Offshore Oil where latest forecasts of future cash flows in respect of these assets is less than carrying net book value.

(d) the 2020 impairment in respect of receivables relates to a number of projects commenced by the Group during 2019 where payment for amounts invoiced or considered due under the contract have yet to be paid and for part of what the Board considers it appropriate to make provision. As referred to in note 34, a number of these issues are subject to legal process and the outcome is uncertain.

6 Group employee costs

(a) Staff costs including Directors' remuneration were as follows:

	2021 £m	2020 £m
Wages and salaries	**119.8**	117.1
Social security costs	**11.6**	11.7
Pension costs	**4.7**	4.8
Share based compensation	**0.3**	0.1
	136.4	133.7

The average number of persons including Executive Directors employed by the Group was 2,662 (2020: 2,680), and 2,704 persons were employed at 31 December 2021 (2020: 2,484 persons).

The Directors' remuneration and their interest in shares of the Company are set out in the Directors' remuneration report on pages 94 to 110. The amount charged against operating profit in the year in respect of Directors' short-term remuneration was £1.0m (2020: £1.0m) in respect of emoluments and £0.1m (2020: £0.1m) in respect of pension contributions to defined contribution schemes. The number of Directors accruing retirement benefits were 2 (2020: 2). The charge for share based payments in respect of Directors was £0.1m (2020: £0.1m) and aggregate gains under the exercise of options was £nil (2020: £0.2m).

(b) Compensation of key management to the Group

	2021 £m	2020 £m
Short-term employee benefits	**2.4**	1.8
Share based payments	**0.2**	0.1
	2.6	1.9

Key management personnel include the Board of Directors of the Company and other senior members of the management team.

During the year, the CEO has expanded the Executive Committee by including the divisional managing directors, thereby increasing the focus on operational management.

Notes to the financial statements cont.

7 Net finance expense

	2021 £m	2020 £m
Finance income:		
Interest receivable on short-term deposits	**0.3**	0.2
Finance expense:		
Bank loans and overdrafts	**(6.3)**	(7.2)
Net interest on pension obligations	**(0.1)**	(0.1)
Unwind of discount on right-of-use lease liability	**(2.2)**	(1.8)
Unwind of discount on contingent consideration	**–**	(0.1)
	(8.6)	(9.2)
Net finance expense	**(8.3)**	(9.0)

8 Taxation

(a) The tax charge is based on profit for the year and comprises:

	2021 £m	2020 £m
Current tax:		
UK corporation tax	**(0.7)**	(1.1)
Overseas tax	**(6.0)**	(7.9)
Adjustment in respect of prior years:		
UK corporation tax	**1.3**	2.7
Overseas tax	**(0.3)**	(1.1)
Total current tax	**(5.7)**	(7.4)
Deferred tax:		
Origination and reversal of temporary differences:		
Current year		
UK corporation tax	**8.3**	1.9
Overseas tax	**–**	1.1
Prior year		
UK corporation tax	**(0.6)**	(0.3)
Overseas tax	**(1.2)**	(0.1)
Total tax on profit for the year	**0.8**	(4.8)

The total tax charge in the income statement includes a further £0.3m (2020: £0.1m) which is stated within the share of post-tax results of joint ventures.

Current year UK tax includes a credit of £7.9m, which represents deferred tax recognised on the timing differences created following the impairment of dive support vessels during the year ended 31 December 2020 and the Group's current expectations regarding Dive Support operations.

8 Taxation cont.

(b) Tax included within other comprehensive income:

	2021 £m	2020 £m
Current tax:		
Foreign exchange losses on internal loans	–	1.1
Contributions to defined benefit pension schemes	0.5	–
Deferred tax:		
Contributions to defined benefit pension schemes	–	0.9
Actuarial loss on defined benefit pension schemes	(1.0)	0.3
Relating to derivatives	0.4	(0.1)
	(0.1)	2.2

In addition, deferred tax of £0.1m (2020: £0.3m) was charged and £0.1m current tax (2020: £nil) was credited to the consolidated statement of changes in equity in respect of share based payments.

(c) Reconciliation of effective tax rate

The Group falls under the UK tonnage tax regime on its tanker owning and operating activities and a charge is based on the net tonnage of vessels operated. Profits for these activities are not subject to corporation tax. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the rate applicable under UK corporation tax rules as follows:

	2021 £m	2020 £m
Loss before tax	(29.0)	(52.5)
Tax arising from interests in joint ventures	0.3	0.1
	(28.7)	(52.4)
Tax on loss at UK statutory tax rate of 19% (2020: 19%)	(5.5)	(10.0)
Tonnage tax relief/(expense) on vessel activities	0.6	(0.7)
Expenses not deductible for tax purposes		
Separately disclosed items	4.2	3.6
Other	–	0.3
(Over)/under provision In previous years:		
Current tax	(1.0)	(1.6)
Deferred tax	1.8	0.4
Higher tax rates on overseas income	1.9	2.0
Research and development relief	–	(0.6)
Non-taxable income	(0.3)	–
Impact of change of rate	1.1	0.5
Movement on unrecognised deferred tax	(3.3)	11.0
	(0.5)	4.9

The effective rate on the (loss)/profit before income tax from continuing operations is 2.6% (2020: 9.1%). The effective income tax rate on the underlying profit before tax is 51.2% (2020: 22.8%). Over provision in previous years arose due to the timing in which certain transactions have been accounted for, rather than any correction. At 31 December 2021, the Group had unrecognised tax losses of £37.3m (2020: £30.3m). Deferred tax assets are recognised in respect of these losses based on expected future recovery.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge.

Notes to the financial statements cont.

9 Deferred tax

Deferred tax at 31 December relates to the following:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Assets				
Retirement benefits	**0.5**	1.4	**0.4**	1.4
Property, plant and equipment	**4.0**	–	**–**	–
Share-based payments	**–**	0.1	**–**	0.1
Derivative financial instruments	**0.1**	–	**0.1**	–
Losses carried forward	**3.4**	7.2	**–**	1.2
Temporary differences	**1.6**	2.4	**0.5**	0.3
	9.6	11.1	**1.0**	3.0
Offset against deferred tax liabilities	**–**	(5.9)	**–**	(0.2)
	9.6	5.2	**1.0**	2.8
Liabilities				
Property, plant and equipment	**–**	(3.5)	**–**	0.1
Intangible assets	**(0.4)**	(4.0)	**–**	–
Derivative financial instruments	**–**	(0.2)	**–**	(0.3)
	(0.4)	(7.7)	**–**	(0.2)
Offset against deferred tax assets	**–**	5.9	**–**	0.2
	(0.4)	(1.8)	**–**	–

Deferred tax assets and liabilities included in the consolidated balance sheet have been stated according to the net exposures in each tax jurisdiction.

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Balance at 1 January	**3.4**	(0.2)	**2.8**	2.0
Charged to comprehensive income	**(0.6)**	1.1	**(0.5)**	1.4
Charged to equity	**(0.1)**	(0.3)	**(0.1)**	(0.6)
Credited to income statement	**6.5**	2.6	**(1.2)**	–
Exchange adjustments	**–**	0.2	**–**	–
Balance at 31 December	**9.2**	3.4	**1.0**	2.8

At 31 December 2021, the Group has no deferred income tax liability (2020: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double taxation relief and the ability to control the remittance of earnings.

Deferred tax credited to the income statement in the year ending 31 December 2021 relates to the following:

	Group	
	2021 £m	2020 £m
Deferred tax assets	**4.6**	(2.0)
Deferred tax liabilities:		
Property, plant and equipment	**(7.5)**	0.1
Intangible assets	**(3.6)**	(0.7)
Deferred income tax credit	**(6.5)**	(2.6)

10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, after excluding 54,571 (2020: 9,227) ordinary shares held by the James Fisher and Sons plc Employee Share Ownership Trust (ESOT), as treasury shares. Diluted earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

At 31 December 2021, 650,513 options (2020: 386,317) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would be anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Weighted average number of shares

	2021 Number of shares	2020 Number of shares
Basic weighted average number of shares	**50,345,477**	50,342,732
Potential exercise of share based payment schemes	**10,560**	85,973
Diluted weighted average number of shares	**50,356,037**	50,428,705

Underlying earnings per share

To provide a better understanding of the underlying performance of the Group, underlying earnings per share on continuing activities is reported as an alternative performance measure (note 2).

	2021 £m	2020 £m
Loss attributable to owners of the Company	**(27.8)**	(57.5)
Separately disclosed items	**48.7**	84.0
Tax on separately disclosed items	**(10.9)**	(2.4)
Underlying profit attributable to owners of the Company	**10.0**	24.1

Earnings per share	**pence**	pence
Basic earnings per share	**(55.2)**	(114.2)
Diluted earnings per share	**(55.2)**	(114.2)
Underlying basic earnings per share	**20.0**	48.0
Underlying diluted earnings per share	**20.0**	47.9

11 Dividends paid and proposed

	2021 pence per share	2020 pence per share	**2021 £m**	2020 £m
Equity dividends on ordinary shares declared and paid:				
Interim dividend for 2020	**–**	8.0	**–**	4.0
			–	4.0

No final dividend is proposed in respect of the year ended 31 December 2021 (2020: nil).

Notes to the financial statements cont.

12 Goodwill

Group	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Total £m
At 1 January 2020	88.2	40.6	46.4	10.3	185.5
Impairment	(17.0)	–	–	–	(17.0)
Exchange differences	(2.2)	0.2	–	–	(2.0)
At 31 December 2020	69.0	40.8	46.4	10.3	166.5
Impairment	(13.6)	–	(13.9)	–	(27.5)
Disposals	(3.9)	–	–	–	(3.9)
Exchange differences	(0.6)	(0.5)	(0.5)	–	(1.6)
At 31 December 2021	**50.9**	**40.3**	**32.0**	**10.3**	**133.5**

During the year, due to the continuing impact of COVID which resulted in projects in our subsea operations being deferred or cancelled led to a reduction in profitability. Based on the value in use calculations set out above, impairments were identified in respect of three CGUs within the division and charges of £13.9m, £12.6m and £1.0m have been recognised respectively, resulting in a zero recoverable amount for one CGU and recoverable values of £7.4m and £3.0m respectively for the remaining CGUs based on their value in use.

A summary of the recoverable amount of all CGUs by sector, post impairment and discount rates used in respect of the CGUs is detailed below. The Post-tax discount rate is based on the Group's weighted average cost of capital (WACC) adjusted for specific country risk and business risk.

	Recoverable amount £m	2021 Discount rate range %	2020 Discount rate range %
Marine Support	**240.0**	**8.6% to 11.5%**	6.3% to 10.0%
Specialist Technical	**104.1**	**10.5%**	7.8%
Offshore Oil	**76.4**	**10% to 11.5%**	7.3% to 8.2%
Tankships	**47.6**	**9.5%**	5.8%

The recoverable amount of these units has been assessed based on value in use calculations using cash projections based on five-year strategic plans, which consider the impact of climate change and are approved by the Board. For all CGUs a terminal value of cash flows beyond that date has been calculated at a growth rate in line with management's long-term expectations for the relevant market, using a growth rate of 1.8%. The key assumptions used in the value in use calculations include gross margin, discount rate, inflation of overheads, payroll and growth rates.

Growth estimates are based on the levels achieved in current and historic periods adjusted for the expected impact of management actions and the future development of the relevant market. Short-term growth rates of turnover are based on the five-year strategic plan. Growth rates vary dependent on the market conditions in which the CGU operates and range between 0.0% and 21.0% (2020: between 1.0% and 15.0%). Direct costs are expected to increase in line with revenue.

Sensitivity to impairment

Sensitivities carried out across all CGUs included increasing the discount rate by 2.0% and reducing the terminal growth to zero and reducing operating profit by 25.0%. In all of the scenarios analysed headroom remained positive.

Two CGUs within the Marine Support division were identified as having a higher risk of impairment. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 1.0% to give rise to a goodwill impairment in respect of these CGUs, which is considered to be unlikely. For the two CGUs where an impairment charge has been recognised, the sensitivities above showed an additional impairment in only one of £1.8m.

No CGUs within the Specialist Technical division were identified as having a high risk of impairment, all the scenarios headroom remained positive. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 8.0% to give rise to a goodwill impairment in these CGUs and this is not considered a reasonably possible change.

One CGU within the Offshore Oil division was identified as having a high risk of impairment. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 3.0% to give rise to a goodwill impairment in these CGUs and this is considered to be unlikely.

No CGUs within the Tankships division were identified as having a high risk of impairment. In all the scenarios headroom remained positive. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 32.0% to give rise to a goodwill impairment in these CGUs and this is not considered a reasonably possible change.

13 Other intangible assets

Group	Development costs £m	Intellectual property £m	Customer relationships £m	Total £m
Cost				
At 1 January 2020	28.4	10.4	19.4	58.2
Additions	2.9	–	–	2.9
Acquisitions	0.7	–	–	0.7
Disposals	(2.8)	(0.6)	–	(3.4)
Exchange differences	–	–	(0.7)	(0.7)
At 31 December 2020	29.2	9.8	18.7	57.7
Additions	1.5	–	–	1.5
Acquisitions	–	0.7	–	0.7
Disposals	(1.6)	–	(1.0)	(2.6)
Exchange differences	0.1	(0.1)	(0.2)	(0.2)
At 31 December 2021	**29.2**	**10.4**	**17.5**	**57.1**
Amortisation				
At 1 January 2020	13.6	3.7	11.2	28.5
Charge for the period	3.7	1.5	2.4	7.6
Impairment	1.8	0.6	–	2.4
Disposals	(0.2)	(0.6)	–	(0.8)
Exchange differences	(0.1)	–	–	(0.1)
At 31 December 2020	18.8	5.2	13.6	37.6
Charge for the period	3.9	1.1	2.4	7.4
Impairment	1.7	–	–	1.7
Disposals	(1.6)	–	(1.0)	(2.6)
Exchange differences	(0.1)	–	(0.2)	(0.3)
At 31 December 2021	**22.7**	**6.3**	**14.8**	**43.8**
Net book value at 31 December 2021	**6.5**	**4.1**	**2.7**	**13.3**
Net book value at 31 December 2020	10.4	4.6	5.1	20.1
Net book value at 31 December 2019	14.8	6.7	8.2	29.7

Customer relationships relate to items acquired through business combinations which are amortised over their estimated useful economic life. Development costs relate to new products developed by the Group and intellectual property represents amounts purchased or acquired relating to technology in the Group's activities. Based on an assessment of the recoverable amount, an impairment charge of £1.7m (2020: £2.4m) has been recognised in the year in respect of development costs and intellectual property (note 5).

	2021 £m	2020 £m
Research and development charged to operating profit	**–**	0.1

Notes to the financial statements cont.

14 Property, plant and equipment

Group	Vessels £m	Assets under construction £m	Freehold and leasehold property £m	Plant and equipment £m	Total £m
Cost:					
At 1 January 2020	154.1	5.8	35.5	211.6	407.0
Additions	3.1	5.9	0.6	6.6	16.2
Reclassifications	1.9	(6.9)	–	4.6	(0.4)
Acquisitions	–	–	–	0.1	0.1
Disposals	(19.9)	–	(0.2)	(6.8)	(26.9)
Exchange differences	(1.3)	(0.7)	(0.2)	(0.9)	(3.1)
At 31 December 2020	137.9	4.1	35.7	215.2	392.9
Additions	5.4	3.0	0.3	10.7	19.4
Reclassifications	(28.8)	(2.3)	1.2	1.1	(28.8)
Disposals	(31.9)	(1.1)	(1.7)	(11.5)	(46.2)
Exchange differences	(0.9)	(0.1)	(0.1)	(2.4)	(3.5)
At 31 December 2021	**81.7**	**3.6**	**35.4**	**213.1**	**333.8**
Depreciation:					
At 1 January 2020	59.0	–	12.0	125.4	196.4
Provided during the year	8.9	–	1.8	18.8	29.5
Provision for impairment	33.0	–	–	1.0	34.0
Disposals	(18.0)	–	(0.2)	(6.0)	(24.2)
Exchange differences	(0.3)	–	–	(0.7)	(1.0)
At 31 December 2020	82.6	–	13.6	138.5	234.7
Provided during the year	5.1	–	1.7	16.8	23.6
Provision for impairment	3.5	–	1.6	–	5.1
Reclassifications	(18.1)	–	–	–	(18.1)
Disposals	(20.1)	–	(1.3)	(9.8)	(31.2)
Exchange differences	(0.6)	–	(0.1)	(1.8)	(2.5)
At 31 December 2021	**52.4**	**–**	**15.5**	**143.7**	**211.6**
Net book value at 31 December 2021	**29.3**	**3.6**	**19.9**	**69.4**	**122.2**
Net book value at 31 December 2020	55.3	4.1	22.1	76.7	158.2
Net book value at 31 December 2019	95.1	5.8	23.5	86.2	210.6

Included within reclassifications is £10.7m vessel transfers to Assets held for sale (note 20).

As a result of challenging market conditions and lower than expected utilisation an impairment review was conducted which resulted in an impairment charge of £3.5m. The impairment charge in 2020 comprised £31.6m for two dive support vessels within Marine Support (see note 5) and a further £1.4m vessel impairment. The recoverable amount was based on the fair value less costs of disposal for the vessels concerned.

14 Property, plant and equipment cont.

Company	Vessels £m	Freehold and leasehold property £m	Plant and equipment £m	Total £m
Cost:				
At 1 January 2020	10.3	2.3	3.5	16.1
Additions	0.2	–	–	0.2
At 31 December 2020	10.5	2.3	3.5	16.3
Additions	0.1	–	0.2	0.3
At 31 December 2021	**10.6**	**2.3**	**3.7**	**16.6**
Depreciation:				
At 1 January 2020	7.3	1.5	2.8	11.6
Provided during the year	0.5	0.1	0.2	0.8
At 31 December 2020	7.8	1.6	3.0	12.4
Provided during the year	0.5	0.1	0.2	0.8
Provision	2.0	–	–	2.0
At 31 December 2021	**10.3**	**1.7**	**3.2**	**15.2**
Net book value at 31 December 2021	**0.3**	**0.6**	**0.5**	**1.4**
Net book value at 31 December 2020	2.7	0.7	0.5	3.9
Net book value at 31 December 2019	3.0	0.8	0.7	4.5

As a result of challenging market conditions and lower than expected utilisation an impairment review was conducted which resulted in an impairment charge of £2.0m.

Notes to the financial statements cont.

15 Right-of-use assets

Group	Vessels £m	Freehold and leasehold property £m	Plant and equipment £m	Total £m
Cost:				
At 1 January as reported	13.6	22.6	0.9	37.1
Accounting policy change – Right-of-use Refit capitalisation	1.2	–	–	1.2
At 1 January 2020	14.8	22.6	0.9	38.3
Additions	12.3	3.1	1.3	16.7
Disposals	–	(1.0)	(0.2)	(1.2)
Exchange differences	(0.5)	(0.1)	–	(0.6)
At 31 December 2020	26.6	24.6	2.0	53.2
Additions	25.4	2.6	0.2	28.2
Disposals	–	(2.1)	(0.5)	(2.6)
Exchange differences	(0.1)	(0.3)	–	(0.4)
At 31 December 2021	**51.9**	**24.8**	**1.7**	**78.4**
Depreciation:				
At 1 January as reported	5.6	4.1	0.3	10.0
Accounting policy change – Right-of-use Refit capitalisation	0.4	–	–	0.4
At 1 January 2020	6.0	4.1	0.3	10.4
Provided during the year	7.1	4.3	0.5	11.9
Disposals	–	(0.9)	(0.2)	(1.1)
Exchange differences	–	0.1	–	0.1
At 31 December 2020	13.1	7.6	0.6	21.3
Provided during the year	8.4	4.4	0.4	13.2
Provision for Impairment	4.2	–	–	4.2
Reclassifications	–	–	–	–
Disposals	–	(1.5)	(0.5)	(2.0)
Exchange differences	–	(0.1)	–	(0.1)
At 31 December 2021	**25.7**	**10.4**	**0.5**	**36.6**
Net book value at 31 December 2021	**26.2**	**14.4**	**1.2**	**41.8**
Net book value at 31 December 2020	13.5	17.0	1.4	31.9
Net book value at 31 December 2019	8.8	18.5	0.6	27.9

Additions during the year included renewal of leases within the Tankships division.

As a result of challenging market conditions and lower than expected utilisation an impairment review was conducted which resulted in an impairment charge of £4.2m.

The Company had right-of-use assets in respect of leasehold property with a cost of £2.1m (2020: £2.1m), accumulated depreciation of £0.8m (2020: £0.6m). Depreciation charged in the year amounted to £0.2m (2020: £0.3m).

16 Investment in subsidiaries, associates and joint arrangements

Details of the Group's joint ventures and associated undertakings are set out on page 191.

	2021 £m	2020 £m
Investment in joint ventures	**6.0**	5.5
Loans to associate	**2.0**	2.0
	8.0	7.5

Loans to associate relate to First Response Marine and further information is set out in note 32.

The Group's share of the assets, liabilities and trading results of joint ventures and associates, which are accounted for under the equity accounting method, are as follows:

	2021 £m	2020 £m
Current assets	**9.8**	11.7
Non-current assets	**17.5**	21.3
Current liabilities	**(1.7)**	(1.6)
Non-current liabilities	**(19.6)**	(25.9)
	6.0	5.5
Revenue	**11.4**	11.9
Cost of sales	**(8.4)**	(9.4)
Administrative expenses	**(1.0)**	(0.9)
Profit from operations	**2.0**	1.6
Net finance expense	**0.3**	0.2
Profit before tax	**2.3**	1.8
Tax	**(0.3)**	(0.2)
Profit after tax	**2.0**	1.6
Segmental analysis of profit after tax:		
Marine Support	**1.4**	0.8
Specialist Technical	**0.6**	0.8
	2.0	1.6
Movement on investment in joint ventures:		
At 1 January	**5.5**	6.5
Acquisitions	**–**	0.5
Profit for the year	**2.0**	1.6
Transfer*	**–**	(1.1)
Dividends received	**(1.6)**	(1.8)
Share of fair value losses on cash flow hedges	**0.3**	(0.2)
Exchange adjustments	**(0.2)**	–
At 31 December	**6.0**	5.5

There are no capital commitments or contingent liabilities in respect of the Group's interests in joint ventures.

Notes to the financial statements cont.

16 Investment in subsidiaries, associates and joint arrangements cont.

* On 17 September 2020, the Group received statutory approval for a transaction agreed and signed on 25 February 2020 to exchange the Group's 60% interest in Murjan Al-Sharq for Marine Contracting LLC (Murjan), which was accounted for as an associate with net book value of £nil, for a 50% share in the legal entity Deep Sea Operation and Maintenance Company Limited (Deep Sea) in which the Group previously held a 50% share. In addition, as part of the transaction the Group agreed to settle £0.8m of the liabilities of Murjan. The carrying amount of the Group's 50% investment in Deep Sea was £1.1m at the transaction date and this has been transferred from the investment in joint ventures during the year. As Deep Sea is an entity that leases a number of vessels and does not have its own business process or employees, the acquisition of the remaining 50% interest was accounted for as an asset purchase. The assets and liabilities of Deep Sea included in the Group financial statements as a result of the transaction are £9.2m right of use assets, £7.5m of lease liabilities, and £0.9m of other payables. After taking account of an impairment of the original 50% Deep Sea investment of £0.9m, the transaction resulted in a charge of £2.0m, included within disposal of businesses as set out in separately disclosed items in note 5.

In January 2019, the Group entered into a joint venture with Abdullah Natheer through the acquisition of 60% of Murjan Al Sharq for Marine Contracting. The parties mutually agreed to exit that relationship. The Group and Abdullah Natheer continue to work together in pursuit of mutually beneficial commercial opportunities in the region, as independent parties.

17 Financial assets

Group

Other investments

Other investments with a net book value of £1.4m (2020: £1.4m) in the Group and Company balance sheets are in unquoted entities, held at fair value and subject to annual impairment review. They comprise a 17.2% (2020: 17.2%) equity interest in ordinary shares in SEML De Co-operation Transmanche, an unlisted company incorporated in France, whose main activity is a port and ferry operator. In addition, the Group has a 50% interest in JFD Domeyer GmbH, a company incorporated in Germany which provides in-service support and aftermarket services to the local customer base.

	Subsidiary undertakings		
Company	**Shares £m**	**Loans £m**	**Total £m**
Cost:			
At 1 January 2020	143.9	352.0	495.9
Additions	–	57.5	57.5
Disposal	(6.8)	–	(6.8)
At 31 December 2020	137.1	409.5	546.6
Additions	3.2	–	3.2
Disposal	–	(22.6)	(22.6)
At 31 December 2021	**140.3**	**386.9**	**527.2**
Amount provided:			
At 1 January 2020	0.4	–	0.4
Provided in the year	–	40.5	40.5
At 31 December 2020	0.4	40.5	40.9
Provided in the year	–	–	–
At 31 December 2021	**0.4**	**40.5**	**40.9**
Net book value at 31 December 2021	**139.9**	**346.4**	**486.3**
Net book value at 31 December 2020	136.7	369.0	505.7

The provision in 2020 of £40.5m relates to the subsidiary where a vessel impairment has been made in the year following a value in use review. A 1% change in the discount rate would have increased the impairment by £4m. In respect of the loans to subsidiaries, there is no material expected credit loss.

A list of subsidiary undertakings is included on pages 188 to 191.

18 Inventories

	Group	
	2021 £m	2020 £m
Work in progress	**6.5**	7.0
Raw materials and consumables	**12.5**	12.3
Finished goods	**30.0**	27.3
	49.0	46.6

Inventories are stated net of impairment provisions of £6.9m (2020: £4.2m). The cost of inventories recognised as an expense was £72.7m (2020: £81.8m).

19 Trade and other receivables

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Trade receivables	**64.3**	65.5	**–**	–
Amounts owed by group undertakings	**–**	–	**0.9**	1.4
Amounts owed by joint venture undertakings	**1.8**	1.6	**–**	–
Other non-trade receivables	**21.1**	21.3	**5.4**	4.1
Contract assets	**60.3**	65.3	**–**	–
Prepayments	**9.8**	8.3	**0.6**	0.8
Current trade and other receivables	**157.3**	162.0	**6.9**	6.3

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Contract assets	**6.0**	–	**–**	–
Other non-trade receivables	**4.1**	0.8	**–**	–
Non current other receivables	**10.1**	0.8	**–**	–

Contract assets includes contract costs of £6m at 31 December 2021 (2020: £nil) representing commission fees on obtaining new contracts. The contract costs are amortised over the life of the contract. Amortisation charged during the year was £0.1m (2020: £nil).

20 Assets held for sale

In June 2021, management agreed a plan to sell the Dive Support Vessel (DSV) known as the Swordfish within the Marine Support division and consequently £10.7m of vessels have been reclassified from property plant and equipment. The vessel is being actively marketed by a third party ship broker.

Notes to the financial statements cont.

21 Trade and other payables

Current liabilities

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Trade payables	**45.0**	43.7	**4.4**	1.8
Amounts owed to group undertakings	**–**	–	**11.6**	3.6
Taxation and social security	**6.7**	12.3	**0.3**	1.1
Other payables	**15.2**	10.9	**3.2**	4.1
Accruals	**72.0**	59.7	**–**	–
Deferred consideration	**1.6**	–	**–**	–
Contract liabilities	**9.0**	12.7	**–**	–
	149.5	139.3	**19.5**	10.6

Non-current liabilities

	2021 £m	2020 £m	**2021 £m**	2020 £m
Other payables	**1.3**	1.9	**–**	–
Deferred consideration	**–**	1.7	**–**	–
	1.3	3.6	**–**	–

Revenue recognised in the year of £3.5m was included in the contract liabilities at 31 December 2020.

22 Provisions

	Cost of material litigation £m	Warranty £m	Group £m
At 1 January 2020	–	0.7	0.7
Paid	–	(0.1)	(0.1)
Charged to income statement	–	1.0	1.0
At 31 December 2020	–	1.6	1.6
Provided/(released) to income statement	2.0	(0.5)	(1.5)
At 31 December 2021	**2.0**	**1.1**	**3.1**

Provisions are in respect of warranties and are based on managements assessment of the previous history of claims, expenses incurred and an estimate of future obligations on goods supplied where a warranty has been provided to the customer. Provisions due within one year were £2.0m (2020: £nil) and provisions due greater than one year were £1.1m (2020: £1.6m).

23 Retirement benefit obligations

The Group and Company defined benefit pension scheme obligations relate to the James Fisher and Sons plc Pension Fund for Shore Staff (Shore Staff), the Merchant Navy Officers Pension Fund (MNOPF) and the Merchant Navy Ratings Pension Fund (MNRPF). The financial statements incorporate the latest full actuarial valuations of the schemes which have been updated to 31 December 2021 by qualified actuaries using assumptions set out in the table below. The Group's obligations in respect of its pension schemes at 31 December 2021 were as follows:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Shore staff	**(1.0)**	(8.8)	**(1.0)**	(8.8)
MNOPF	**(0.9)**	(1.3)	**(0.4)**	(0.6)
MNRPF	**–**	(0.2)	**–**	(0.1)
	(1.9)	(10.3)	**(1.4)**	(9.5)

23 Retirement benefit obligations cont.

Shore staff

The assets of this scheme are held in a separate trustee administered account and do not include any of the Group's assets. The scheme was closed to new members in October 2001 and closed to future accrual on 31 December 2010. The most recent actuarial valuation was as at 31 July 2019. It is valued every three years following which deficit contributions and the repayment period are subject to agreement between the Company and the Trustees. Estimated contributions to the scheme in 2022 are £1.6m. The weighted average duration of the Shorestaff scheme is 13 years.

MNOPF

The MNOPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. It is valued every three years and deficits have typically been funded over a ten year period. The most recent triennial actuarial valuation of the scheme was as at 31 March 2021 and no additional deficit funding was requested by the Trustees. The respective share of the Group and Company in the net retirement benefit obligation of the MNOPF are 3.0% (2020: 3.0%) and 1.5% (2020: 1.5%) respectively. Disclosures relating to this scheme are based on these allocations. In accordance with IFRIC 14, the defined pension liability has been calculated by adjusting the Company and Group's share of the Scheme's assets for the NPV of the agreed deficit recovery contributions. Information supplied by the trustees of the MNOPF has been reviewed by the Company's actuaries. The principal assumption in the review is the discount rate on the scheme's liabilities which was 1.85% (2020: 1.25%). The disclosures below relate to the Group's share of the assets and liabilities within the MNOPF. Estimated contributions to this scheme in 2022 are £0.5m.

MNRPF

The MNRPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. The most recent actuarial valuation of the MNRPF was at 31 March 2020. In accordance with IFRIC 14, the defined pension liability has been calculated by adjusting the Company and Group's share of the Scheme's assets for the NPV of the agreed deficit recovery contributions. Information supplied by the trustees of the MNOPF has been reviewed by the Company's actuaries. The share of the Group and the Company in the net retirement benefit obligation of the MNRPF are 2.19% and 0.79% respectively. The principal assumption in the MNRPF valuation is the discount rate on the schemes liabilities which was 1.85% (2020: 1.25%). Estimated contributions to this scheme are £nil in 2022.

In 2018, the Trustees became aware of historic legal uncertainties relating to changes to ill-health early retirement benefits payable from the Merchant Navy Ratings Pension Fund (MNRPF). The most recent formal actuarial valuation for the Fund was carried out as at 31 March 2020 and the deficit included an estimate of the additional liability calculated on a technical provisions basis, there was no equivalent IAS 19 valuation. The estimated sum was determined before any detailed work was undertaken by the Trustees it is therefore not considered a reliable basis for the purposes of estimating the Group and Company's share of the obligation under IAS 19.

In order to resolve the issue the Trustee sought directions from the Court, and in February 2022, the High Court approved a settlement in principle. Any additional liability is expected to be accounted for at the point that additional contributions are determined by the Trustees in respect of the Group and Company's share as it is only at this point that the Group's share of any additional liabilities will be able to be reliably estimated. No additional accounting liability is recorded as at the balance sheet date.

New issues were identified in 2021 in relation to Fund's administrative and benefit practices as part of the benefit review carried out by the Fund's lawyers. The Trustee is undertaking further investigations and the potential quantum of these issues at the moment is uncertain.

Actuarial assumptions

The schemes' assets are stated at their market values on the respective balance sheet dates. The overall expected rates of return on assets reflect the risk free rate of return plus an appropriate risk premium based on the nature of the relevant asset category. The principal assumptions used in updating the latest valuations for each of the schemes were:

	2021	2020
Inflation (%)	**3.40**	2.95
Rate of increase of pensions in payment – Shore staff (%)	**3.25**	2.90
Discount rate for scheme liabilities (%)	**1.85**	1.25
Expected rates of return on assets (%)	**1.85**	1.25
Post-retirement mortality: (years)		
Shore staff scheme		
Current pensioner at 65 male	**21.8**	21.8
Current pensioner at 65 female	**23.4**	23.4
Future pensioner at 65 male	**23.3**	23.3
Future pensioner at 65 female	**25.1**	25.0

Notes to the financial statements cont.

23 Retirement benefit obligations cont.

Actuarial assumptions cont.

The post-retirement mortality assumptions allow for the expected increase in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to a member who is currently 45 years old.

No adjustments have been made to the mortality assumptions to account for the impact of COVID as the actual Plan experience from the period of the pandemic is not yet available and it is too soon to make a credit judgement on the impact of the pandemic on future mortality improvements.

The key sensitivities on the major schemes may be summarised as follows:

Key measure	Change in assumption	Change in deficit
Shore staff scheme		
Discount rate	Decrease of 0.25%	Increase by 3.1%
Rate of inflation	Increase by 0.25%	Increase by 1.8%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 4.5%
MNOPF		
Discount rate	Decrease of 0.25%	Increase by 0.01%
MNRPF		
Discount rate	Decrease of 0.25%	Increase by 0%

In determining the discount rate, assumptions have been made in relation to corporate bond yields and the expected term of liabilities. As noted above, a change in discount rate applied has a significant impact on the value of liabilities.

(a) The assets and liabilities of the schemes at 31 December are:

	Group				**Company**			
At 31 December 2021	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
Gilts/corporate bonds	**–**	**18.8**	**14.4**	**33.2**	**–**	**9.4**	**5.2**	**14.6**
Other investments	**64.8**	**76.9**	**14.3**	**156.0**	**64.8**	**38.5**	**5.1**	**108.4**
Cash or liquid assets	**1.0**	**1.5**	**0.3**	**2.8**	**1.0**	**0.7**	**0.1**	**1.8**
Fair value of scheme assets	**65.8**	**97.2**	**29.0**	**192.0**	**65.8**	**48.6**	**10.4**	**124.8**
Present value of scheme liabilities	**(66.8)**	**(87.5)**	**(26.1)**	**(180.4)**	**(66.8)**	**(43.8)**	**(9.4)**	**(120.0)**
Effect of asset ceiling	**–**	**(10.6)**	**(2.9)**	**(13.5)**	**–**	**(5.2)**	**(1.0)**	**(6.2)**
Net pension liabilities	**(1.0)**	**(0.9)**	**–**	**(1.9)**	**(1.0)**	**(0.4)**	**–**	**(1.4)**

	Group				Company			
At 31 December 2020	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
Gilts/corporate bonds	–	13.8	16.1	29.9	–	6.9	5.6	12.5
Other investments	60.7	84.9	13.8	159.4	60.7	42.5	4.7	107.9
Cash or liquid assets	2.2	0.5	1.0	3.7	2.2	0.3	0.3	2.8
Fair value of scheme assets	62.9	99.2	30.9	193.0	62.9	49.7	10.6	123.2
Present value of scheme liabilities	(71.7)	(92.8)	(28.5)	(193.0)	(71.7)	(46.5)	(9.8)	(128.0)
Effect of asset ceiling	–	(7.7)	(2.6)	(10.3)	–	(3.8)	(0.9)	(4.7)
Net pension liabilities	(8.8)	(1.3)	(0.2)	(10.3)	(8.8)	(0.6)	(0.1)	(9.5)

Other investments for the Shore staff scheme are unquoted investments.

The MNRPF and MNOPF contributions paid by the Group are not refundable in any circumstances and the balance sheet liability reflects an adjustment for any agreed deficit recovery contributions in excess of deficit determined using the Group's assumptions. Other investments in the Shore staff scheme comprise diversified growth funds, liability driven investments, absolute return and private market funds.

23 Retirement benefit obligations cont.

(b) Expense recognised in the income statement

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 31 December 2021								
Expenses	**0.1**	**–**	**–**	**0.1**	**0.1**	**–**	**–**	**0.1**
Interest cost on benefit obligation	**0.9**	**1.3**	**0.4**	**2.6**	**0.9**	**0.6**	**0.1**	**1.6**
Return on scheme assets	**(0.8)**	**(1.3)**	**(0.4)**	**(2.5)**	**(0.8)**	**(0.6)**	**(0.1)**	**(1.5)**
	0.2	**–**	**–**	**0.2**	**0.2**	**–**	**–**	**0.2**
At 31 December 2020								
Expenses	0.1	–	–	0.1	0.1	–	–	0.1
Interest cost on benefit obligation	1.1	2.1	0.6	3.8	1.1	1.0	0.2	2.3
Return on scheme assets	(1.1)	(2.0)	(0.6)	(3.7)	(1.1)	(1.0)	(0.2)	(2.3)
	0.1	0.1	–	0.2	0.1	–	–	0.1

The actual return on the shore staff plan assets is £4.2m (2020: £6.3m).

(c) Movements in the net defined benefit liability

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 1 January 2021	**8.8**	**1.3**	**0.2**	**10.3**	**8.8**	**0.6**	**0.1**	**9.5**
Expense recognised in the income statement	**0.2**	**–**	**–**	**0.2**	**0.2**	**–**	**–**	**0.2**
Contributions paid to scheme	**(1.6)**	**(0.5)**	**(0.2)**	**(2.3)**	**(1.6)**	**(0.2)**	**(0.1)**	**(1.9)**
Remeasurement gains and losses	**(6.4)**	**0.1**	**–**	**(6.3)**	**(6.4)**	**–**	**–**	**(6.4)**
At 31 December 2021	**1.0**	**0.9**	**–**	**1.9**	**1.0**	**0.4**	**–**	**1.4**
At 1 January 2020	0.4	3.4	2.0	5.8	0.4	2.2	1.1	3.7
Expense recognised in the income statement	0.1	0.1	–	0.2	0.1	–	–	0.1
Contributions paid to scheme	(1.2)	(2.0)	(1.8)	(5.0)	(1.2)	(1.9)	(1.1)	(4.2)
Remeasurement gains and losses	9.5	(0.2)	–	9.3	9.5	0.3	0.1	9.9
At 31 December 2020	8.8	1.3	0.2	10.3	8.8	0.6	0.1	9.5

Notes to the financial statements cont.

23 Retirement benefit obligations cont.

(d) Changes in the present value of the defined benefit obligation are analysed as follows:

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 1 January 2021	**71.7**	**100.5**	**31.1**	**203.3**	**71.7**	**50.3**	**10.7**	**132.7**
Expenses	**0.1**	**–**	**–**	**0.1**	**0.1**	**–**	**–**	**0.1**
Interest cost	**0.9**	**1.3**	**0.4**	**2.6**	**0.9**	**0.6**	**0.1**	**1.6**
Remeasurement loss/(gain):								
Actuarial loss/(gain) arising from scheme experience	**–**	**(3.2)**	**(2.3)**	**(5.5)**	**–**	**(1.7)**	**(0.4)**	**(2.1)**
Actuarial (gain)/loss arising from changes in demographic assumptions	**(0.1)**	**–**	**–**	**(0.1)**	**(0.1)**	**–**	**–**	**(0.1)**
Actuarial loss arising from changes in financial assumptions	**(2.6)**	**–**	**–**	**(2.6)**	**(2.6)**	**–**	**–**	**(2.6)**
Net benefits paid out	**(3.2)**	**(0.5)**	**(0.2)**	**(3.9)**	**(3.2)**	**(0.2)**	**–**	**(3.4)**
At 31 December 2021	**66.8**	**98.1**	**29.0**	**193.9**	**66.8**	**49.0**	**10.4**	**126.2**
At 1 January 2020	59.3	107.2	30.7	197.2	59.3	54.2	10.7	124.2
Expenses	0.1	–	–	0.1	0.1	–	–	0.1
Interest cost	1.1	2.1	0.6	3.8	1.1	1.0	0.2	2.3
Remeasurement (gain)/loss:								
Actuarial loss/(gain) arising from scheme experience	4.1	(6.8)	1.6	(1.1)	4.1	(3.0)	0.5	1.6
Actuarial (gain)/loss arising from changes in demographic assumptions	4.0	–	–	4.0	4.0	–	–	4.0
Actuarial loss arising from changes in financial assumptions	6.6	–	–	6.6	6.6	–	–	6.6
Net benefits paid out	(3.5)	(2.0)	(1.8)	(7.3)	(3.5)	(1.9)	(0.7)	(6.1)
At 31 December 2020	71.7	100.5	31.1	203.3	71.7	50.3	10.7	132.7

23 Retirement benefit obligations cont.

(e) Changes in the fair value of the plan assets are analysed as follows:

	Group				Company			
	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
At 1 January 2021	**62.9**	**99.2**	**30.9**	**193.0**	**62.9**	**49.7**	**10.6**	**123.2**
Return on scheme assets recorded in interest	**0.8**	**1.3**	**0.4**	**2.5**	**0.8**	**0.6**	**0.1**	**1.5**
Remeasurement loss/(gain):								
Return on plan assets excluding interest income	**3.7**	**(3.3)**	**(2.3)**	**(1.9)**	**3.7**	**(1.7)**	**(0.4)**	**1.6**
Contributions by employer	**1.6**	**0.5**	**0.2**	**2.3**	**1.6**	**0.2**	**0.1**	**1.9**
Net benefits paid out	**(3.2)**	**(0.5)**	**(0.2)**	**(3.9)**	**(3.2)**	**(0.2)**	**–**	**(3.4)**
At 31 December 2021	**65.8**	**97.2**	**29.0**	**192.0**	**65.8**	**48.6**	**10.4**	**124.8**
At 1 January 2020	58.9	103.8	28.7	191.4	58.9	52.0	9.6	120.5
Return on scheme assets recorded in interest	1.1	2.0	0.6	3.7	1.1	1.0	0.2	2.3
Remeasurement loss/(gain):								
Return on plan assets excluding interest income	5.2	(6.6)	1.6	0.2	5.2	(3.3)	0.4	2.3
Contributions by employer	1.2	2.0	1.8	5.0	1.2	1.9	1.1	4.2
Net benefits paid out	(3.5)	(2.0)	(1.8)	(7.3)	(3.5)	(1.9)	(0.7)	(6.1)
At 31 December 2020	62.9	99.2	30.9	193.0	62.9	49.7	10.6	123.2

(f) History of experience gains and losses

Shore staff	**2021 £m**	2020 £m	2019 £m	2018 £m	2017 £m
Fair value of scheme assets	**65.8**	62.9	58.9	53.3	56.1
Defined benefit obligation	**(66.8)**	(71.7)	(59.3)	(57.9)	(61.9)
Deficit in scheme	**(1.0)**	(8.8)	(0.4)	(4.6)	(5.8)
Remeasurement gain/(loss):					
Return on plan assets excluding interest income	**3.7**	5.7	6.5	(1.7)	2.4
Remeasurement (loss)/gain on scheme liabilities	**(2.7)**	14.7	2.2	(0.3)	1.4

MNOPF Group	**2021 £m**	2020 £m	2019 £m	2018 £m	2017 £m
Fair value of scheme assets	**97.2**	99.2	103.8	103.7	108.8
Defined benefit obligation	**(98.1)**	(100.5)	(107.2)	(108.8)	(115.6)
Deficit in scheme	**(0.9)**	(1.3)	(3.4)	(5.1)	(6.8)

MNOPF Company	**2021 £m**	2020 £m	2019 £m	2018 £m	2017 £m
Fair value of scheme assets	**48.6**	49.7	52.0	52.5	55.0
Defined benefit obligation	**(49.0)**	(50.3)	(54.2)	(56.1)	(60.0)
Deficit in scheme	**(0.4)**	(0.6)	(2.2)	(3.6)	(5.0)

Notes to the financial statements cont.

23 Retirement benefit obligations cont.

(f) History of experience gains and losses cont.

MNRPF Group	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Fair value of scheme assets	**29.0**	30.9	28.7	24.9	29.2
Defined benefit obligation	**(29.0)**	(31.1)	(30.7)	(31.3)	(36.4)
Deficit in scheme	**–**	(0.2)	(2.0)	(6.4)	(7.2)

MNRPF Company	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Fair value of scheme assets	**10.4**	10.6	9.6	8.6	10.2
Defined benefit obligation	**(10.4)**	(10.7)	(10.4)	(10.9)	(13.1)
Deficit in scheme	**–**	(0.1)	(0.8)	(2.3)	(2.9)

The cumulative amount of actuarial gains and losses relating to all schemes recognised since 1 January 2004 in the Group and Company statement of comprehensive income is a loss of £52.2m (2020: £58.5m).

(g) Defined contribution schemes

The Group operates a number of defined contribution schemes. The pension charge for the year for these arrangements is equal to the contributions paid and was £4.7m (2020: £4.8m).

During the year the Company contributed £0.5m (2020: £0.3m) into defined contribution schemes.

24 Share-based payments

The Group operates a Long-Term Incentive Plan (LTIP) in respect of Executive Directors and certain senior employees and details are set out in the Director's remuneration report on pages 94 to 110. It also operates a Sharesave scheme (Sharesave) for eligible employees which is HM Revenue and Customs approved.

Long-Term Incentive Plan (LTIP)

The Group recognised an expense in respect of equity-settled share based payments of £0.3m (2020: £0.1m) (Company £0.3m (2020: £0.1m) during the year. Conditional awards, in the form of options over shares or conditional rights to have shares transferred to certain employees were granted under the LTIP scheme over 386,413 (2020: 309,021) ordinary shares of 25p each.

The weighted average exercise prices (WAEP) and movements in share options during the year are as follows:

					nil options	
Group	2021 Number	WAEP	2020 Number	WAEP	2021 Number	2020 Number
Outstanding at 1 January	**449,898**	**£9.86**	354,805	£9.62	**309,021**	304,784
Granted during the year	**70,868**	**£11.06**	254,341	£10.22	**193,115**	146,813
Forfeited during the year	**(138,703)**	**£11.91**	(69,687)	£16.83	**(115,723)**	(81,485)
Exercised	**(97,410)**	**£5.44**	(89,561)	£4.51	**–**	(61,091)
Outstanding at 31 December	**284,653**	**£10.67**	449,898	£9.86	**386,413**	309,021
Exercisable at 31 December	**44,428**	**£8.19**	142,297	£6.33	**–**	–

24 Share-based payments cont.

The weighted average share price at the date of exercise for the options exercised was £11.25 (2020:£13.18). For the share options outstanding at 31 December 2021, the weighted average remaining contractual life is 1 year and 11 months (2020: 2 years and 1 month). The weighted average fair value of options granted during the year was £7.58 (2020: £6.45). The range of exercise prices for options outstanding at the end of the year was £5.67 – £20.98 (2020: £5.22 – £20.98).

					nil options	
Company	**2021 Number**	**WAEP**	2020 Number	WAEP	**2021 Number**	2020 Number
Outstanding at 1 January	**166,276**	**£7.03**	239,898	£6.01	**196,441**	202,553
Granted during the year	**5,952**	**£11.06**	21,791	£10.22	**121,253**	94,506
Forfeited during the year	**(8,718)**	**£11.49**	(5,852)	£15.68	**(71,244)**	(58,878)
Exercised	**(97,410)**	**£5.44**	(89,561)	£4.51	**–**	(41,740)
Outstanding at 31 December	**66,100**	**£9.15**	166,276	£7.03	**246,450**	196,441
Exercisable at 31 December	**44,428**	**£8.19**	141,838	£6.30	**–**	–

The weighted average share price at the date of exercise for the options exercised was £11.25 (2020: £13.12). For the share options outstanding at 31 December 2021, the weighted average remaining contractual life is 1 year and 11 months (2020: 1 year and 6 months). The weighted average fair value of options granted during the year was £8.71 (2020: £9.26). The range of exercise prices for options outstanding at the end of the year was £5.67 – £20.98 (2020: £5.22 – £20.98). The fair value of share based payments has been estimated using the Black-Scholes model for the Sharesave and the earnings per share element of the LTIP. The fair value of share based payments relating to the total shareholder return element of the LTIP has been estimated using the Monte Carlo model.

The inputs to the models used to determine the valuations fell within the following ranges:

	2021	2020
Dividend yield (%)	**1.6%**	1.6%
Expected life of option (years)	**3 – 7**	3 – 7
Share price at date of grant	**£10.74 – £11.04**	£12.18 – £12.66
Expected share price volatility (%)	**40.0%**	35.0%
Risk-free interest rate (%)	**0.14% – 0.39%**	(0.13%) – (0.03%)

Sharesave

All employees, subject to the discretion of the Remuneration Committee, may apply for share options under an employee save as you earn plan which may from time to time be offered by the Company. An individual's participation is limited so that the aggregate price payable for shares under option at any time does not exceed the statutory limit. Options granted under the plans will normally be exercisable if the employee remains in employment and any other conditions set by the Remuneration Committee have been satisfied. Options are normally exercisable at the end of the related savings contract but early exercise is permitted in certain limited circumstances. The performance period will not normally be less than three and a half years or greater than seven and a half years. Awards were made of 70,868 options under this scheme on 8 April 2021.

Notes to the financial statements cont.

25 Business combinations

Year ended 31 December 2021

On 2 June, the Group purchased Subsea Engenuity Ltd for a consideration of up to £0.7m. £0.4m was paid on completion with a further £0.3m of deferred consideration. Subsea Engenuity's innovative technology significantly reduces risk in well abandonment operations and is expected to be launched commercially in 2022. The acquired assets includes £0.7m intangible assets.

On 7 July, JF Overseas Ltd purchased an additional 51% shares in James Fisher Nigeria Ltd, thereby increasing its ownership to 100%. This transaction did not result in a change of control and is recorded within equity.

Year ended 31 December 2020

On 12 March 2020, the Group acquired 100% of the share capital of Fathom Systems Group Limited (Fathom), for a total cash consideration of £1.0m. Fathom is a leading supplier in the commercial diving industry for diver communications, gas analysis, diver monitoring and integrated diving control systems. Costs of £0.2m were incurred in relation to the acquisition of Fathom.

The fair values of the assets and liabilities acquired are set out below:

Fathom	Book value £m
Intangible assets	0.8
Property, plant and equipment	0.1
Inventories	0.4
Trade and other receivables	0.4
Overdrafts	(0.2)
Trade and other payables	(0.5)
Fair value of net assets acquired	1.0
Cash consideration	1.0

There were no goodwill adjustments in the year (2020: £nil).

Cash flow in respect of business combinations	Total £m
Cash paid	1.0
Overdrafts acquired	0.2
Acquisition of business net of overdrafts acquired	1.2
Deferred consideration paid	6.0
Acquisition costs paid	0.7
	7.9

Contribution to Group results

The businesses acquired during the period contributed £0.2m loss to the Group's loss after tax and £1.3m of revenues. If these businesses had been acquired at the start of the financial year, the contribution to Group loss after tax would have been £0.3m loss with revenue of £1.7m.

26 Disposal of business

Year ended 31 December 2021

On 2 November 2021, the Group disposed of its 100% shareholding in James Fisher Testing Services Ltd from its Marine Support division to Phenna Group for £5.7m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	5.7
Less net assets disposed:	
Goodwill	(3.9)
Property, plant and equipment	(0.2)
Right of use assets	(0.2)
Trade and other receivables	(1.1)
Cash and cash equivalents	(0.2)
Trade and other payables	0.5
Lease liabilities	0.2
Net assets disposed	(4.9)
Gain on disposal	0.8

Cash flow from the disposal of businesses

Cash received	5.7
Cash and cash equivalents disposed	(0.2)
Costs in relation to businesses sold	(0.3)
	5.2

On 31 December 2021, the Group disposed of it's 100% shareholding in James Fisher NDT Ltd from it's Marine Support division to Irisndt Ltd for £1.2m cash consideration. The assets and liabilities disposed were as follows:

	£m
Consideration received	1.2
Less net assets disposed:	
Property, plant and equipment	(1.0)
Right of use assets	(0.6)
Trade and other receivables	(1.2)
Cash and cash equivalents	(0.1)
Trade and other payables	0.5
Lease liabilities	0.7
Net assets disposed	(1.7)
Loss on disposal	(0.5)

Cash flow from the disposal of businesses

Cash received	1.2
Cash and cash equivalents disposed	(0.1)
Costs in relation to businesses sold	(0.2)
	0.9

On 16 November 2021, Subtech Group Holdings Pty Ltd sold 51% of its 100% shareholding in Subtech South Africa Pty to Thembani Shipping Pty Ltd (21%) and Tacenda Consulting Pty Ltd (30%). Cash proceeds were £0.2m and costs of disposal were £0.1m.

Notes to the financial statements cont.

26 Disposal of business cont.

Year ended 31 December 2020

On 20 October 2020, the Group disposed of its 80% shareholding in James Fisher Nuclear GmbH for cash consideration of £1.6m. The assets and liabilities disposed were as follows:

	£m
Consideration received	1.6
Less net assets disposed:	
Intangible assets	(2.7)
Trade and other receivables	(0.3)
Trade and other payables	0.2
Net assets disposed	(2.8)
Loss on disposal	(1.2)

Cash flow from the disposal of businesses	Total £m
Cash received	1.6
Costs in relation to businesses sold in the prior year	(0.3)
	1.3

27 Loans and borrowings

Current liabilities

	Group		Company	
	2021 £m	As restated 2020 £m	**2021 £m**	As restated 2020 £m
Overdrafts	**33.5**	79.6	**20.3**	54.4
Bank loans	**0.1**	0.2	**–**	–
Lease liabilities	**9.9**	7.2	**0.2**	0.2
	43.5	87.0	**20.5**	54.6

Non-current liabilities

	Group		Company	
	2021 £m	As restated 2020 £m	**2021 £m**	As restated 2020 £m
Bank loans	**173.9**	178.8	**173.9**	178.6
Lease liabilities	**36.1**	25.3	**1.4**	1.5
	210.0	204.1	**175.3**	180.1

Bank loans

Loans analysed by currency are repayable as follows:

At 31 December 2021

	Group		Company	
Currency	**GBP**	**BRL**	**Total**	**GBP**
Due within one year	**33.5**	0.1	**33.6**	20.3
Due between one and two years	**39.0**	–	**39.0**	39.0
Due between two and five years	**134.9**	–	**134.9**	134.9
	207.4	0.1	**207.5**	194.2

27 Loans and borrowings cont.

At 31 December 2020

	Group		Company	
Currency	As restated GBP	BRL	Total	GBP
Due within one year	79.6	0.2	79.8	54.4
Due between one and two years	114.4	0.2	114.6	114.4
Due between two and five years	64.2	–	64.2	64.2
	258.2	0.4	258.6	233.0

The interest rates charged during the year ranged from 1.7% to 2.3% (2020: 1.7% to 3.8%). There were no loans secured against the assets of the Group or Company in the current or prior period.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise:

	Group		**Company**	
	2021 £m	As restated 2020 £m	**2021 £m**	As restated 2020 £m
Cash at bank and in hand	**68.0**	93.1	**11.7**	11.5
Overdrafts	**(33.5)**	(79.6)	**(20.3)**	(54.4)
	34.5	13.5	**(8.6)**	(42.9)

The Group operates a notional pooling and net overdraft facility whereby cash and overdraft balances held with the same bank have a legal right of offset. Where there is no intention to settle amounts net, IAS 32 requires gross balance sheet presentation to separate overdrafts and cash balances. The Group has restated both the cash at bank and in hand and overdraft balances for 2020 to show these amounts gross.

	Group		
	2020 £m	Adjustment £m	As Restated 2020 £m
Cash at bank and in hand	23.9	69.2	93.1
Overdrafts	(10.4)	(69.2)	(79.6)
	13.5	–	13.5

	Company		
	2020 £m	Adjustment £m	As Restated 2020 £m
Cash at bank and in hand	3.1	8.4	11.5
Overdrafts	(46.0)	(8.4)	(54.4)
	(42.9)	–	(42.9)

This adjustment has no impact on the Group's net profit or loss, net assets or cash flow statements in 2020.

Notes to the financial statements cont.

28 Reconciliation of net borrowings

Net debt comprises interest bearing loans and borrowings less cash and cash equivalents.

	31 December 2020 £m	Cash flow £m	Other non cash £m	Exchange movement £m	31 December 2021 £m
Cash and cash equivalents*	**13.5**	**20.9**	**–**	**0.1**	**34.5**
Debt due within one year	**(0.2)**	**0.1**	**–**	**–**	**(0.1)**
Debt due after one year	**(178.9)**	**5.8**	**(0.9)**	**–**	**(174.0)**
	(179.1)	**5.9**	**(0.9)**	**–**	**(174.1)**
Lease liabilities	**(32.5)**	**13.7**	**(27.0)**	**(0.2)**	**(46.0)**
Net borrowings	**(198.1)**	**40.5**	**(27.9)**	**(0.1)**	**(185.6)**

	31 December 2019 £m	Cash flow £m	Other non cash £m	Exchange movement £m	31 December 2020 £m
Cash and cash equivalents*	7.5	7.7	–	(1.7)	13.5
Debt due within one year	(0.3)	0.1	–	–	(0.2)
Debt due after one year	(207.4)	30.1	(0.7)	(0.9)	(178.9)
	(207.7)	30.2	(0.7)	(0.9)	(179.1)
Lease liabilities	(30.2)	13.0	(15.4)	0.1	(32.5)
Net borrowings	(230.4)	50.9	(16.1)	(2.5)	(198.1)

* As defined in note 27.

29 Financial instruments

Capital management

The primary objective of the Group's capital management policy is to maintain a strong credit rating and covenant ratios in order to be able to support the continued growth of its trading businesses and to increase shareholder value. The Group meets its day-to-day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. At 31 December 2021, the Group had £111.5m (2020: £120.2m) of undrawn committed facilities.

The Group is required under the terms of its loan agreements to maintain covenant ratios in respect of net debt to Ebitda and net interest costs to underlying earnings before interest. The Group met its covenant ratios for the year ended 31 December 2021. The Directors have prepared forecasts of the cash flows for the subsequent 18-month period which indicates that, taking into account the factors noted above, the Group will meet its covenant requirements for this period. The total amount that it is able to borrow under existing revolving credit facilities was reduced to a maximum of £287.5m (2020: £300m).

The Group manages its capital structure so as to maintain investor, supplier and market confidence and to provide returns to shareholders that will support the future development of the business. The Group's dividend policy is based on the expected growth in sustainable income streams after making provision for the retention of capital to invest in growth and acquisitions. In evaluating growth investment opportunities the Group applies a hurdle rate of a 15% pre-tax return on capital invested. Capital efficiency is monitored by reference to Return on Capital Employed (Underlying ROCE – see note 2.3).

The Group has exposure to the following financial risks:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. These arise principally from the Group's receivables from customers and from cash balances held with financial institutions. The carrying amount of financial assets represents the maximum credit exposure. There are no significant concentrations of credit risk within the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which each customer operates. The Group has a number of large customers including Government agencies in the UK and overseas, major oil companies and other multinational corporations. The ten largest customers of the Group accounted for approximately 22% of Group revenue (2020: 22%). No customer accounted for more than 5% (2020: 5%) of Group revenue. New customers are subject to creditworthiness checks and credit limits are subject to approval by senior management. Goods are sold subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim.

29 Financial instruments cont.

Capital management cont.

(a) Credit risk cont.

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2021 £m	As restated 2020 £m	**2021 £m**	As restated 2020 £m
Receivables	**147.3**	154.5	**6.1**	5.5
Cash at bank and in hand	**68.0**	93.1	**11.7**	11.5
Interest rate swaps used for hedging:				
Assets	**0.1**	–	**0.1**	–
Forward exchange contracts used for hedging:				
Assets	**0.1**	3.2	**0.1**	3.2
	215.5	250.8	**18.0**	20.2

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. At 31 December the value of trade debtors outstanding was:

	Group			
	2021		2020	
	Gross £m	**Allowance £m**	Gross £m	Allowance £m
Not past due	**40.6**	**–**	38.7	–
Past due	**42.4**	**(19.0)**	46.3	(19.5)
	83.0	**(19.0)**	85.0	(19.5)

Gross trade receivables are analysed:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Not yet due	**40.6**	38.7	**–**	–
Overdue 1 to 30 days	**12.5**	14.2	**–**	–
Overdue 31 to 60 days	**5.8**	7.6	**–**	–
Overdue 61 to 90 days	**2.2**	3.8	**–**	–
Overdue 91 to 180 days	**4.3**	3.2	**–**	–
Overdue more than 180 days	**17.6**	17.5	**–**	–
	83.0	85.0	**–**	–

The movement in the provision for impairment of trade receivables is as follows:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Balance at 1 January	**19.5**	5.4	**–**	–
Provided in the year	**7.3**	17.0	**–**	–
Written off	**(7.8)**	(2.2)	**–**	–
Exchange differences	**–**	(0.7)	**–**	–
	19.0	19.5	**–**	–

Notes to the financial statements cont.

29 Financial instruments cont.

Capital management cont.

(a) Credit risk cont.

The Group considers that the trade receivables that have not been provided against and are past due by more than 30 days are collectable based on historic payment behaviour and extensive analysis of underlying customers' credit ratings. Based on historic default rates, used to inform our view of future expected credit losses, the Group believes that apart from the amounts included in the table above, no impairment allowance is necessary in respect of trade receivables. For debts overdue by more than 180 days and where the evidence suggests non-recoverability, the Company makes provision for impairment.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime expected credit losses (ECL) based on the simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information (both qualitative and quantitative) that is relevant and available without undue cost or effort. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days overdue.

For contract assets, in the event of a contract issue, specific provision is made where appropriate.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its cash resources and borrowings to ensure that it will have sufficient liquidity to meet its liabilities as they fall due but in a manner designed to maximise the benefit of those resources whilst ensuring the security of investment resources. The Group forecasts the profile of its cash requirements on a monthly basis and ensures that sufficient facilities are available to meet peak requirements which occur at predictable times in the year. The Group manages the maturity profile of its borrowings by maintaining a regular dialogue with its lenders and ensuring that it commences the renegotiation of facilities sufficiently early to allow a comprehensive review of its requirements before completion.

The Group's revolving credit facilities extend over several accounting periods and fall due for renewal in different accounting periods ensuring that the Group negotiations with individual lenders follow an orderly process which does not expose the Group to the possibility of a significant reduction in available facilities in any single period.

The following are the contractual maturities of financial liabilities, including interest payments:

At 31 December 2021

Group	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1 – 2 years £m	2 – 3 years £m	3 – 4 years £m	4 – 5 years £m	Greater than 5 years £m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	**207.5**	**(221.0)**	**(38.9)**	**(44.2)**	**(137.9)**	**–**	**–**	**–**
Lease liabilities	**46.0**	**(53.1)**	**(12.5)**	**(10.6)**	**(8.5)**	**(7.4)**	**(3.9)**	**(10.2)**
Trade and other payables	**150.8**	**(150.8)**	**(150.8)**	**–**	**–**	**–**	**–**	**–**
Derivative financial liabilities								
Interest rate swaps used for hedging	**0.1**	**(0.3)**	**(0.3)**	**–**	**–**	**–**	**–**	**–**
Outflow on forward exchange contracts used for hedging:	**0.5**	**(33.0)**	**(33.0)**	**–**	**–**	**–**	**–**	**–**
	404.9	**(458.2)**	**(235.5)**	**(54.8)**	**(146.4)**	**(7.4)**	**(3.9)**	**(10.2)**

At 31 December 2020

	As restated £m	As restated £m	As restated £m	£m	£m	£m	£m	£m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	258.5	(269.6)	(85.2)	(118.6)	(25.4)	(40.4)	–	–
Lease liabilities	32.5	(34.1)	(8.6)	(6.7)	(5.9)	(4.3)	(3.3)	(5.3)
Trade and other payables	143.7	(143.7)	(143.7)	–	–	–	–	–
Derivative financial liabilities								
Interest rate swaps used for hedging	1.0	(0.9)	(0.5)	(0.4)	–	–	–	–
Outflow on forward exchange contracts used for hedging:	(3.2)	(38.6)	(38.4)	(0.2)	–	–	–	–
	432.5	(486.9)	(276.4)	(125.9)	(31.3)	(44.7)	(3.3)	(5.3)

29 Financial instruments cont.

Capital management cont.

(b) Liquidity risk cont.
At 31 December 2021

Company	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	Greater than 5 years £m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	**194.2**	**(198.4)**	**(16.3)**	**(44.2)**	**(137.9)**	**–**	**–**	**–**
Lease liabilities	**1.6**	**(2.6)**	**(0.3)**	**(0.3)**	**(0.3)**	**(0.3)**	**(0.3)**	**(0.9)**
Trade and other payables	**7.4**	**(7.4)**	**(7.4)**	**–**	**–**	**–**	**–**	**–**
Derivative financial liabilities								
Interest rate swaps used for hedging	**0.1**	**(0.3)**	**(0.3)**	**–**	**–**	**–**	**–**	**–**
Outflow on forward exchange contracts used for hedging:	**0.5**	**(33.0)**	**(33.0)**	**–**	**–**	**–**	**–**	**–**
	203.8	**(241.7)**	**(57.3)**	**(44.5)**	**(138.2)**	**(0.3)**	**(0.3)**	**(0.9)**

At 31 December 2020

	As restated £m	As restated £m	As restated £m	£m	£m	£m	£m	£m
Non-derivative financial liabilities								
Unsecured bank loans and overdrafts	233.0	(244.2)	(60.0)	(118.4)	(25.4)	(40.4)	–	–
Lease liabilities	1.7	(2.1)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.5)
Trade and other payables	6.0	(6.0)	(6.0)	–	–	–	–	–
Derivative financial liabilities								
Interest rate swaps used for hedging	1.0	(0.9)	(0.5)	(0.4)	–	–	–	–
Outflow on forward exchange contracts used for hedging:	(3.2)	(38.6)	(38.4)	(0.2)	–	–	–	–
	238.5	(291.8)	(105.3)	(119.3)	(25.7)	(40.7)	(0.3)	(0.5)

(c) Foreign exchange risk

The Group is exposed to foreign currency risks on sales, purchases, cash and borrowings denominated in currencies other than Sterling. These transactional exposures are mainly to movement in the US Dollar and the Euro. The Group uses forward exchange contracts to hedge its transactional exposures. Most forward exchange contracts have maturities of less than one year after the balance sheet date. Forward exchange contracts which qualify as effective cash flow hedges are stated at fair value. The principal translation exposures relate to the US Dollar, Norwegian Kroner, Singapore Dollar, and Australian Dollar.

The Group's exposure to foreign currency transactional risk in its principal currencies was as follows based on notional amounts:

	31 December 2021					
	USD m	**EUR m**	**NOK m**	**SGD m**	**AUD m**	**NGN m**
Trade receivables	**54.0**	**1.8**	**–**	**–**	**0.3**	**107.1**
Cash at bank and in hand	**2.8**	**1.5**	**0.1**	**0.7**	**–**	**9.4**
Trade payables	**(8.2)**	**(2.9)**	**(10.8)**	**(0.2)**	**(0.3)**	**(12.3)**
Gross balance sheet exposure	**48.6**	**0.4**	**(10.7)**	**0.5**	**–**	**104.2**
Forecast sales	**145.4**	**9.7**	**0.7**	**–**	**–**	**333.0**
Forecast purchases	**(55.1)**	**(15.0)**	**–**	**–**	**–**	**(83.0)**
Gross exposure	**138.9**	**(4.9)**	**(10.0)**	**0.5**	**–**	**354.2**
Forward exchange contracts	**(44.7)**	**0.2**	**–**	**–**	**–**	**–**
Net exposure	**94.2**	**(4.7)**	**(10.0)**	**0.5**	**–**	**354.2**

29 Financial instruments cont.

Capital management cont.

(c) Foreign exchange risk cont.

	31 December 2020					
	USD m	EUR m	NOK m	SGD m	AUD m	NGN m
Trade receivables	28.3	0.7	–	–	0.3	94.4
Cash at bank and in hand	6.9	2.0	1.8	1.4	4.8	11.2
Trade payables	(7.5)	(2.6)	(8.3)	(0.2)	(0.1)	(21.1)
Gross balance sheet exposure	27.7	0.1	(6.5)	1.2	5.0	84.5
Forecast sales	166.0	9.4	–	0.2	–	200.0
Forecast purchases	(68.5)	(16.0)	–	(0.6)	–	(50.0)
Gross exposure	125.2	(6.5)	(6.5)	0.8	5.0	234.5
Forward exchange contracts	(50.0)	2.3	–	–	–	–
Net exposure	75.2	(4.2)	(6.5)	0.8	5.0	234.5

Changes in the level of exchange rates will have an impact on consolidated earnings. The following table shows the impact on earnings of a 5% strengthening in the exchange rate in the Group's key currencies against Sterling. The obverse movements would be of the same magnitude. These amounts have been calculated by applying changes in exchange rates to the Group's foreign currency profits and losses and to financial instruments denominated in foreign currency.

	2021		2020	
	Equity £m	**Income statement £m**	Equity £m	Income statement £m
US Dollar	**(2.4)**	**(3.4)**	(4.0)	(3.1)
Other	**(0.4)**	**–**	(0.3)	(0.3)
	(2.8)	**(3.4)**	(4.3)	(3.4)

Included within operating profit are foreign currency gains of £3.3m (2020: gains of £0.1m).

(d) Interest rate risk

The Group uses interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed hedge exposure to fluctuations in interest rates. The interest rate profile of the Group's financial assets and liabilities are set out in the table below:

	Group		**Company**	
	2021 £m	As restated 2020 £m	**2021 £m**	As restated 2020 £m
Fixed rate instruments				
Financial liabilities	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Variable rate instruments				
Financial assets	**68.0**	93.1	**11.7**	11.5
Financial liabilities	**(207.5)**	(258.5)	**(194.2)**	(224.6)
	(139.5)	(165.4)	**(182.5)**	(213.1)

Where hedging criteria are met the Group classifies interest rate swaps as cash flow hedges and states them at fair value. Over the longer term permanent changes in interest rates would have an impact on consolidated earnings. At 31 December 2021, a one per cent change in the interest rate would have had the following impact:

	2021 Income statement £m	2020 Income statement £m
Variable rate instruments	**(1.4)**	(1.7)
Interest rate swap	**0.7**	0.8
Cash flow sensitivity	**(0.7)**	(0.9)

29 Financial instruments cont.

Capital management cont.

(e) Fair values

There are no material differences between the book value of financial assets and liabilities and their fair value other than set out below:

Group	Note	2021 Carrying value £m	2021 Fair value £m	2020 As restated Carrying value £m	2020 As restated Fair value £m
Liabilities carried at amortised cost					
Unsecured bank loans and overdrafts	27	**(207.5)**	**(202.8)**	(258.5)	(251.6)
Trade and other payables	21	**(150.8)**	**(150.8)**	(143.7)	(143.7)
Leases	27	**(46.0)**	**(46.0)**	(32.5)	(32.5)
Preference shares	30	**(0.1)**	**(0.1)**	(0.1)	(0.1)
		(404.4)	**(399.7)**	(434.8)	(427.9)

Company	Note	2021 Carrying value £m	2021 Fair value £m	2020 As restated Carrying value £m	2020 As restated Fair value £m
Liabilities carried at amortised cost					
Unsecured bank loans and overdrafts	27	**(194.2)**	**(189.6)**	(233.0)	(225.9)
Trade and other payables	21	**(7.4)**	**(7.4)**	(6.0)	(6.0)
Leases	27	**(1.6)**	**(1.6)**	(1.7)	(1.7)
Preference shares	30	**(0.1)**	**(0.1)**	(0.1)	(0.1)
		(203.3)	**(198.7)**	(240.8)	(233.7)

Fair value has been determined by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments. The fair value of the financial assets has been assessed by the Directors with reference to the current prospects of the investments and associated risks.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements cont.

29 Financial instruments cont.

Capital management cont.

(e) Fair values cont.

Fair value hierarchy cont.
Financial instruments carried at fair value as set out below:

Group	Level 2 2021 £m	Level 2 As restated 2020 £m
Financial assets measured at fair value		
Forward exchange contracts – cash flow hedges	**0.1**	3.2
Interest rate swaps – cash flow hedges	**0.1**	–
	0.2	3.2
Financial liabilities measured at fair value		
Forward exchange contracts – cash flow hedges	**(0.5)**	–
Interest rate swaps – cash flow hedges	**(0.1)**	(1.0)
Financial liabilities not measured at fair value		
Unsecured bank loans and overdrafts	**(202.8)**	(251.6)
Leases	**(46.0)**	(32.5)
	(249.4)	(285.1)
	(249.2)	(281.9)

Company	Level 2 2021 £m	Level 2 As restated 2020 £m
Financial assets measured at fair value		
Forward exchange contracts – cash flow hedges	**0.1**	3.2
Interest rate swaps – cash flow hedges	**0.1**	–
	0.2	3.2
Financial liabilities measured at fair value		
Forward exchange contracts – cash flow hedges	**(0.5)**	–
Interest rate swaps – cash flow hedges	**(0.1)**	(1.0)
Financial liabilities not measured at fair value		
Unsecured bank loans and overdrafts	**(189.6)**	(225.9)
	(190.2)	(226.9)
	(190.0)	(223.7)

There have been no transfers between categories during the period. The fair value of interest rate swap contracts and forward exchange contracts are calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yields respectively.

Fair value hedges – Group and Company
At 31 December 2021 and 31 December 2020 the Group did not have any outstanding fair value hedges.

29 Financial instruments cont.

Capital management cont.

(e) Fair values cont.

Cash flow hedges – Group and Company

Forward contracts and interest rate swaps are included within "trade and other payables/trade and other receivables" in the Statement of financial position; in "effective portion of changes in fair value of cash flow hedges" in the Consolidated statement of other comprehensive income (OCI), and in "administrative expenses" within the Income statement.

At 31 December 2021, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Euro. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US$44.7m	**January 2022 – December 2022**	**1.37**	**(0.4)**
Buy			
Euro 0.2m	**January 2022 – December 2022**	**1.10**	**–**

At 31 December 2020, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Swedish Krona. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US$50m	January 2021 – December 2021	1.26	3.2
Buy			
Euro 2.3m	January 2021 – December 2021	1.10	–

The foreign exchange contracts have been negotiated to match the expected profile of receipts. At 31 December 2021, these hedges were assessed to be highly effective and an unrealised loss of £3.3m (2020: gain of £0.4m) relating to the hedging instruments is included in equity.

In respect of the Forward contracts, a loss of £0.3m (2020: £0.1m gain) was recognised in the income statement and a loss of £2.9m (2020: £1.7m gain) in the consolidated statement of other comprehensive income relating to forward contracts.

Interest rate swaps

The Group and Company entered into interest rate swap contracts in respect of Sterling denominated debt to swap a variable rate liability for a fixed rate liability. These instruments have been allocated against the Group and Company debt in the tables shown above. Details of the contracts and their fair values at 31 December are set out below:

	Amount				**Fair value**	
	2021 £m	2020 £m	**Maturity**	**Fixed rate %**	**2021 £m**	2020 £m
Sterling interest rate swaps	**75.0**	75.0	**30 October 2022**	**0.5% – 1.2%**	**–**	(1.0)

In respect of the Interest rate swaps, an expense of £0.5m (2020: expense of £0.2m) was recognised in the income statement, and a gain of £1.0m (2020: £1.2m loss) was recognised in the Consolidated statement of other comprehensive income.

Notes to the financial statements cont.

29 Financial instruments cont.

Capital management cont.

(f) Market risk

The Group has the following derivative financial instruments in the following line items in the statement of financial position:

	Group		Company	
Current assets	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Foreign currency forwards – cash flow hedges	**0.1**	3.2	**0.1**	3.2
Interest rate swaps – cash flow hedges	**0.1**	–	**0.1**	–
Total current derivative financial instrument assets	**0.2**	3.2	**0.2**	3.2

	Group		Company	
Current liabilities	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Foreign currency forwards – cash flow hedges	**(0.5)**	–	**(0.5)**	–
Interest rate swaps – cash flow hedges	**(0.1)**	(1.0)	**(0.1)**	(1.0)
Total current derivative financial instrument liabilities	**(0.6)**	(1.0)	**(0.6)**	(1.0)

30 Share capital

Allotted, called up and fully paid

	25p Ordinary shares		£1 Cumulative Preference shares	
In millions of shares	**2021**	2020	**2021**	2020
In issue at 1 January	**50.4**	50.3	**0.1**	0.1
Exercise of share options	**–**	0.1	**–**	–
In issue at 31 December	**50.4**	50.4	**0.1**	0.1
	2021 £m	2020 £m	**2021 £m**	2020 £m
Issued share capital	**12.6**	12.6	**0.1**	0.1

The preference shareholders are entitled to receive 3.5% cumulatively per annum, payable in priority to any dividend on the ordinary shares. The ordinary shareholders are entitled to receive dividends as declared from time to time by the Directors.

Shares all carry equal voting rights of one vote per share held. They also have the right to attend and speak at general meetings, exercise voting rights and appoint proxies. Neither type of share is redeemable. In the event of a winding-up order the amount receivable in respect of the cumulative preference shares is limited to their nominal value. The ordinary shareholders are entitled to an unlimited share of the surplus after distribution to the cumulative preference shareholders.

Treasury shares	**2021 £m**	2020 £m
54,571 (2020: 9,227) ordinary shares of 25p	**0.6**	0.2

The Company has an established Employee Share Ownership Trust, the James Fisher and Sons plc Employee Share Ownership Trust, to meet potential obligations under share option and long-term incentive schemes awarded to employees. The historic cost of these shares at 31 December 2021 was £0.6m (2020: £0.2m). The trust has not waived its right to receive dividends.

In the year ended 31 December 2021, 26,738 (2020: 34,670) ordinary shares with an aggregate nominal value of £6,685 (2020: £8,668) were issued to satisfy awards made under the Company's Executive Share Option Scheme at option prices of 521.67p and 567p (2020: 410p and 522p) per share giving rise to total consideration of £530,055 (2020: £404,024).

During the year the Trust purchased 50,000 (2020: 50,000) of its own shares in the market at an average cost per share of £9.87 (2020: £17.82) and a total cost of £0.5m (2020: £0.9m).

31 Commitments and contingencies

Capital commitments

At 31 December, capital commitments for which no provision has been made in these accounts amounted to:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Capital commitments	**1.6**	–	**–**	–

Contingent liabilities

(a) In the ordinary course of the Company's business, counter indemnities have been given to banks in respect of custom bonds, foreign exchange commitments and bank guarantees.

(b) A Group VAT registration is operated by the Company and six Group undertakings in respect of which the Company is jointly and severally liable for all amounts due to HM Revenue & Customs under the arrangement.

(c) A guarantee has been issued by the Group and Company to charter parties in respect of obligations of a subsidiary, James Fisher Everard Limited, in respect of charters relating to nine vessels. The charters expire between 2022 and 2024.

(d) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £33.5m (2020: £48.2m).

(e) The Group is liable for further contributions in the future to the MNOPF and MNRPF if additional actuarial deficits arise or if other employers liable for contributions are not able to pay their share. The Group and Company remains jointly and severally liable for any future shortfall in recovery of the MNOPF deficit.

(f) The Group has given an unlimited guarantee to the Singapore Navy in respect of the performance of First Response Marine Pte Ltd, its Singapore joint venture, in relation to the provision of submarine rescue and related activities.

(g) In the normal course of business, the Company and certain subsidiaries have given parental and subsidiary guarantees in support of loan and banking arrangements.

(h) The Company and its subsidiaries may be parties to legal proceedings and claims which arise in the ordinary course of business, and can be material in value. Disclosure of contingent liabilities or appropriate provision has been made in these accounts where, in the opinion of the Directors, liabilities may materialise. Provisions made against certain receivables and claims are described in note 34 (b) estimates. Note 5 includes 'Costs of material litigation' arising from the process of exiting a number of historic joint venture companies. There are no other significant provisions and no individually significant contingent liabilities that required specific disclosure.

Notes to the financial statements cont.

32 Related party transactions

Transactions with related parties

FCM businesses

The Group has interests of between 40% and 50% in several joint ventures providing ship-to-ship transfer services in Northern Europe and Asia through its wholly owned subsidiary, Fendercare Marine Services Limited.

First Response Marine

The Group holds through James Fisher Marine Services Limited (JFMS) a 50% interest in First Response Marine Pte Ltd (FRM). FRM provides submarine rescue services to the Singapore government under a 20-year service contract which commenced in March 2009. FRM subcontracts the provision of the submarine rescue service to James Fisher Singapore Pte Ltd. JFMS has also provided a loan to FRM of £2.0m to support its day-to-day operations. The loan which is included in the Group balance sheet as part of the investment in joint ventures is interest bearing and is repayable at the end of the project. Interest charged in the period amounted to £0.1m (2020: £0.1m). Dividends received or receivable during the period included in the results of the Group are £0.5m (2020: £0.5m).

JFD Domeyer

The Group has a 50% stake in JFD Domeyer, an entity which provides in-service support and after-market services to customers in Germany.

Pleat Mud Coolers AS

The Group has a 50.1% stake in Pleat Mud Coolers AS, an entity which supplies mud cooling systems to the offshore oil and gas market.

Wuhu Divex Diving Systems

The Group has a 49% stake in Wuhu Divex Diving System Ltd, an entity which manufactures advanced diving systems for the Chinese market.

JF Technologies LLC

The Group has a 49% stake in James Fisher Technologies LLC, an entity which provides specialist design and engineering services including the provision of remote control equipment to the North American nuclear decommissioning market.

Details of the transactions carried out with related parties are shown in the table below:

		Services to related parties £m	Sales to related parties £m	Purchases from related parties £m	Amounts owed by parties £m	Amounts owed to parties £m
FCM businesses	**2021**	**–**	**0.6**	**0.7**	**0.1**	**0.7**
	2020	–	1.2	1.2	0.1	0.7
First Response Marine	**2021**	**–**	**–**	**–**	**1.0**	**–**
	2020	3.6	–	–	1.0	–
JFD Domeyer	**2021**	**–**	**0.6**	**–**	**2.1**	**–**
	2020	–	0.6	–	2.1	–
Pleat Mud Coolers	**2021**	**–**	**0.3**	**0.2**	**0.9**	**–**
	2020	–	0.5	–	0.6	–
Wuhu Divex Diving Systems	**2021**	**0.5**	**3.9**	**–**	**0.2**	**–**
	2020	–	0.2	–	0.3	–
JF Technologies LLC	**2021**	**–**	**–**	**–**	**–**	**–**
	2020	–	–	0.1	–	–

Company

The Company has entered into transactions with its subsidiary undertakings primarily in respect of the provision of accounting services, finance and the provision of share options to employees of subsidiaries.

The amount outstanding from subsidiary undertakings to the Company at 31 December 2021 was £343.9m (2020: £369.0m). Amounts owed to subsidiary undertakings by the Company at 31 December 2021 totalled £11.6m (2020: £3.6m).

The Company has had no expense in respect of bad or doubtful debts of subsidiary undertakings in the year (2020: £nil).

33 Significant accounting policies

The principal accounting policies, which have been applied consistently throughout the year and the preceding year, are set out below.

33.1 Basis of preparation of the consolidated financial statements

The results of subsidiaries are consolidated for the periods from or to the date on which control has passed. Control exists when the Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Acquisitions are accounted for under the purchase method of accounting from the acquisition date, which is the date on which control is passed to the Group. The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in the consolidated financial statements.

Payment for the future services from employees or former owners are expensed. Any payments to employees or former owners in respect of the acquisition of the business are capitalised. This is carefully managed during the acquisition process so that former owners and/or employees do not receive any incentive payments during an earn-out period.

Joint arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Any investment in joint ventures is carried in the balance sheet at cost plus the Group's post acquisition share in the change in net assets of the joint ventures, less any impairment provision. The income statement reflects the Group's share of the post-tax result of the joint ventures. The Group's share of any changes recognised by the joint venture in other comprehensive income are also recognised in other comprehensive income.

Non-controlling interests

Non-controlling interests represent the proportion of profit or loss and net assets not held by the Group and are presented separately in the income statement and in the consolidated statement of financial position. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Put options upon non-controlling interests are sometimes recognised arising from business combinations. An initial option price estimate is recorded within payables and a corresponding entry made to other reserves.

On the acquisition of non-controlling interests, the difference between the consideration paid and the fair value of the share of net assets acquired is recognised in equity. Changes to the carrying value of the Put option are similarly recorded within equity.

Company investments in subsidiaries and joint ventures

In its separate financial statements the Company recognises its investments in subsidiaries and joint ventures at cost. Income is recognised from these investments when its right to receive the dividend is established.

33.2 Foreign currency

Group

The financial statements of subsidiary undertakings are prepared in their functional currency which is the currency of the primary economic environment in which they operate. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into UK Sterling, which is the Group's presentational currency.

(i) Foreign currency transactions in functional currency

Transactions in currencies other than the entities functional currency are initially recorded at rates of exchange prevailing on the date of the transaction. At each subsequent balance sheet date:

(a) Foreign currency monetary items are retranslated at rates prevailing on the balance sheet date and any exchange differences recognised in the income statement;

(b) Non-monetary items measured at historical cost are not retranslated; and

(c) Non-monetary items measured at fair value are retranslated using exchange rates at the date the fair value was determined. Where a gain or loss is recognised directly in equity, any exchange component is also recognised in equity and conversely where a gain or loss is recognised in the income statement, any exchange component is recognised in the income statement.

(ii) Net investment in foreign operations

Exchange differences arising on monetary items forming part of the Group's net investment in overseas subsidiary undertakings which are denominated in the functional currency of the subsidiary undertaking are taken directly to the translation reserve and subsequently recognised in the consolidated income statement on disposal of the net investment. Exchange differences on foreign currency borrowings to the extent that they are used to provide an effective hedge against Group equity investments in foreign currency are taken directly to the translation reserve.

33 Significant accounting policies cont.

33.2 Foreign currency cont.

Group cont.

(iii) Translation from functional currency to presentational currency

The assets and liabilities of operations, where the functional currency is different from the Group's presentational currency are translated at the period end exchange rates. Income and expenses are translated at the average exchange rate for the reporting period. All other exchange differences on transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Resulting exchange differences are recognised in the consolidated statement of other comprehensive income. Tax charges and credits attributable to exchange differences included in the reserve are also dealt within the translation reserve.

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on settlement of monetary items or on the retranslation of monetary items at rates different from those at which they were initially recognised are taken to the income statement.

All exchange differences on assets and liabilities denominated in foreign currencies are taken to the income statement, other than investments in foreign operations and foreign currency borrowings used to hedge those investments, where exchange differences are taken to the translation reserve.

33.3 Financial instruments

IFRS 9 Financial Instruments became effective on 1 January 2018. This standard replaces IAS39 and introduced new requirements for classifying and measuring financial instruments and put in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. IFRS 9 has been implemented prospectively from 1 January 2018 and the impact on the Group has not been material. The key areas of focus for the Group under IFRS 9 are:

- Expected credit losses being recognised on trade debtors and contract assets recognised under IFRS 15;
- Hedge accounting and related hedge documentation; and
- Reclassification of assets held for sale as Other Investments, with these being fair valued at each reporting period.

(a) Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, other than a trade receivable without a significant financing component, or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Policy applicable from 1 January 2018

A financial asset is measured at amortised cost if it is not designated as fair value through the profit and loss account (FVTPL) and it is held to collect contractual cash flows with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income (FVOCI) if it is not designated as at FVTPL, and it is held with the objective of collecting contractual cash flows and selling financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment not held for trading, the Group can irrevocably elect, on an investment by investment basis, to present subsequent changes in the investment's fair value in OCI.

All financial assets not classified as measured at amortised cost or FVOCI, as described above, including derivative financial instruments are measured at fair value through profit and loss.

Financial assets at fair value through profit and loss, including any interest or dividend income, are recognised in the profit and loss.

Financial assets at amortised cost are valued using the effective interest method with the amortised cost reduced by any impairment losses, with interest income, foreign exchange gains or losses, impairment and de-recognition gains or losses recognised in profit or loss.

Debt investments are measured at fair value with interest income calculated using the effective interest method with any foreign exchange gains and losses, or impairments, taken through the profit and loss. Other net gains or losses, and those on de-recognition accumulated through the OCI, are reclassified in the profit or loss.

Equity investments are measured at fair value with dividends recognised through the profit and loss. Other net gains or losses, are recognised in the OCI, and are never reclassified in the profit or loss.

33 Significant accounting policies cont.

33.3 Financial instruments cont.

(b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Contingent consideration is considered to be a financial liability measured at FVTPL.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and any gain or loss on de-recognition are recognised in profit or loss.

(c) De-recognition

The Group de-recognises a financial asset when the contractual rights to the cash flows from that asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(d) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge and the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The appropriate level of hedging is monitored by Group Treasury and the Group Board. As part of this review process the following are assessed:

- the hedging effectiveness to determine that there is an economic relationship between the hedged item and the hedging instrument;
- the hedge ratio; and
- that the hedged item and instrument are not intentionally weighted to create hedge ineffectiveness.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

For all hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

Cash and short-term deposits included in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the original acquisition date. Cash and cash equivalents included in the cash flow statement comprise cash and short-term deposits, net of bank overdrafts.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity.

Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

33 Significant accounting policies cont.

33.3 Financial instruments cont.

(e) Expected credit losses
IFRS 9 introduced a new model for the recognition of impairment losses – the Expected Credit Loss (ECL) model. ECL is the expected value decrease in an asset. The expected credit loss model constitutes a change from the previous IAS 39 incurred loss model. The key difference between incurred and expected is the requirement to consider forward looking scenarios. Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The Group recognises a loss allowance of 100% on trade receivables which are more than 180 days overdue. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

33.4 Intangible assets

Intangible assets, excluding goodwill arising on a business combination, are stated at cost or fair value less any provision for impairment.

Intangible assets assessed as having finite lives are amortised over their estimated useful economic life and are assessed for impairment whenever there is an indication that they are impaired. Amortisation charges are on a straight-line basis and recognised in the income statement. Estimated useful lives are as follows:

Development costs	5 years or over the expected period of product sales, if less
Intellectual property	3 to 20 years
Patents and licences	5 years or over the period of the licence, if less
Other intangibles	5 years

(a) Goodwill arising on a business combination
Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of the fair value of the consideration over the aggregate fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

Costs related to an acquisition, other than those associated with the issue of debt or equity securities incurred in connection with a business combination, are expensed to the income statement. The carrying value of goodwill is reviewed annually for impairment but more regularly if events or changes in circumstances indicate that it may be impaired. When an impairment loss is recognised it is not reversed in a subsequent accounting period, even if the circumstances which led to the impairment cease to exist.

(b) Acquired intangible assets
Intangible assets that are acquired as a result of a business combination including but not limited to customer relationships, supplier lists, patents and technology and that can be separately measured at fair value on a reliable basis are recorded initially at fair value and amortised over their expected useful life. Amortisation is expensed to the consolidated income statement.

33.5 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment losses. Cost comprises expenditure incurred during construction, delivery and modification. Where a substantial period of time is required to bring an asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset.

Dry dock overhaul
Dry dock costs for owned and leased vessels are deferred as a component of the related tangible fixed asset and depreciated over their useful economic lives until the next estimated overhaul.

Depreciation is provided to write off the cost of property, plant and equipment to their residual value in equal annual instalments over their estimated useful lives, as follows:

Freehold property	40 years
Leasehold improvements	25 years or the period of the lease, if shorter
Plant and equipment	Between 5 and 20 years
Vessels	Between 10 and 25 years

No depreciation is charged on assets under construction.

Residual values of vessels are set initially at 20% of purchase cost or fair value at acquisition, which the Directors believe to be an approximation of current residual values. Residual values and estimated remaining lives are reviewed annually by the Directors and adjusted if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

33 Significant accounting policies cont.

33.6 Impairment of tangible and intangible assets

At each reporting date the Group asseses whether there are any indications that an asset has been impaired. If any indication exists, an estimate of the recoverable amount of the asset is made which is determined as the higher of its fair value less costs to sell and its value in use. These calculations are determined for an individual asset unless that asset does not generate cash inflows independently from other assets, in which case its value is determined as part of that group of assets. To assess the value in use, estimated future cash flows relating to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

(a) Impairment of goodwill

Goodwill acquired in a business combination is allocated against the appropriate combination of business units deemed to obtain advantage from the benefits acquired with the goodwill. These are designated as cash generating units (CGU). Impairment is then assessed by comparing the recoverable amount of the relevant CGU with the carrying value of the CGU's goodwill. Recoverable amount is measured as the higher of the CGU's fair value less cost to sell and the value in use. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the income statement. An impairment loss for goodwill is not reversed in a subsequent period.

(b) Impairment of tangible and other intangible assets

If any indiction of a potential impairment exists, the recoverable amount is estimated to determine the extent of any impairment loss. Assets are grouped together for this purpose at the lowest level for which there are separately identifiable cash flows.

(c) Research and development costs

Research expenditure is expensed in the income statement as incurred.

Expenditure on development which represents the application of research to the development of new products or processes is capitalised provided that specific projects are identifiable, technically feasible, and the Group has sufficient resources to complete development. The useful life of projects meeting the criteria for capitalisation is determined on a project by project basis. Capitalised development expenditure is measured at cost and amortised over its expected useful life on a straight-line basis. Other development costs are recognised in the income statement as incurred.

If an event occurs after the recognition of an impairment that leads to a decrease in the amount of the impairment loss previously recognised the impairment loss is reversed. The reversal is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

33.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables stores and finished goods for sale are stated at purchase cost on a first in, first out basis. Work in progress and finished goods are stated at the cost of direct materials and labour plus attributable overheads allocated on a systematic basis based on a normal level of activity. Net realisable value is based on estimated selling price less the estimated costs of completion and sale or disposal.

33.8 Taxation

Corporation tax is provided on taxable profits from activities not qualifying for tonnage tax relief and is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date, less any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes, that will result in an obligation to pay more, a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit; and
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is expected to be realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax arising on actuarial gains and losses relating to defined benefit pension funds is recorded in other comprehensive income. Where the cash contributions made to the schemes exceed the service costs recognised in the income statement the current tax arising is recorded in other comprehensive income.

Notes to the financial statements cont.

33 Significant accounting policies cont.

33.9 Leases

The Group leases land and buildings for some of its offices, warehouses and factory facilities. The length of these leases can typically run for up to 25 years, with most less than 10 years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Some leases provide for additional rent payments that are based on changes in local price indices.

Some of the buildings contain extension options that are exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group includes extension options in new leases to provide operational flexibility, that are exercisable by the Group but not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension option, and then reassesses this in the event that there is a significant event or change in circumstances within its control.

The Group also leases vessels, with lease terms typically of up to five years and IT equipment and machinery, typically for a duration of less than 10 years.

The Group has applied IFRS 16 using the modified retrospective approach.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At inception or on reassessment of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or it is recorded in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

The Group presents right-of-use assets and lease liabilities (within "borrowings") in the statement of financial position.

33 Significant accounting policies cont.

33.9 Leases cont.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less at inception and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease, making an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is treated as a finance lease, otherwise as an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately, assessing the classification of the sub-lease with reference to the right-of-use asset arising from the head lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

32.10 Pension plans

(i) Defined contribution schemes

Pre-determined contributions paid to a separate privately administered pension plan are recognised as an expense in the income statement in the period in which they arise. Other than this contribution the Group has no further legal or constructive obligation to make further contributions to the scheme.

(ii) Defined benefit schemes

A defined benefit scheme is a pension plan under which the amount of pension benefit that an employee receives on retirement is defined by reference to factors including age, years of service and compensation. The schemes are funded by payments determined by periodic actuarial calculations agreed between the Group and the trustees of trustee-administered funds.

The cost of providing benefits is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (current service cost) and to current and prior periods (to determine the present value of the defined benefit obligation). Current service costs are recognised in the income statement in the current year. Past service costs are recognised in the income statement immediately. When a settlement (which eliminates all obligations for benefits already accrued) or a curtailment (which reduces future obligations as a result of a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and any gain or loss is recognised in the income statement.

The interest element of the defined benefit charge is determined by applying the discount rate to the net defined benefit liability at the start of the period and is recognised in the income statement. A liability is recognised in the statement of financial position which represents the present value of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets and is calculated separately for each scheme.

The defined benefit obligations represent the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, discounted at a rate representing the yield on a high quality corporate bond at the balance sheet date, denominated in the same currency as the obligations, and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available from any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses on experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

Notes to the financial statements cont.

33 Significant accounting policies cont.

33.11 Share based payments

Executive savings related share option schemes are operated under which options are granted to employees of the Group. An expense is recognised in the income statement with a corresponding credit to equity in respect of the fair value of employee services rendered in exchange for options granted, which is determined by the fair value of the option at the date of grant. The amount is expensed over a specified period until the options can be exercised (the vesting period).

The fair value of an option is determined by the use of mathematical modelling techniques, including the Black-Scholes option pricing model and the Binomial model. Non-market vesting conditions (such as profitability and growth targets) are excluded from the fair value calculation but included in assumptions about the number of options that are expected to become exercisable.

An estimate is made of the number of options that are expected to become exercisable at each balance sheet date. Any adjustments to the original estimates are recognised in the income statement (and equity) over the remaining vesting period with any element of any adjustments relating to prior periods recognised in the current period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market condition (such as total shareholder return of the Group relative to an index). These are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

In addition to failure by the employee to exercise an option in accordance with the exercise period allowed by the scheme, an award made to an employee under a share option scheme is deemed to lapse when either the scheme is cancelled by the Company, or when an employee, who continues to qualify for membership of a scheme, ceases to pay contributions to that scheme. In these circumstances the full remaining unexpired cost of the award is expensed in the period in which the option lapses.

Where the exercise of options is satisfied by the issue of shares by the Company the nominal value of any shares issued from the exercise of options is credited to share capital with the balance of the proceeds received, net of transaction costs, credited to share premium.

33.12 Short-term employee benefits

The Group recognises a liability and an expense for short-term employee benefits, including bonuses, only when contractually or constructively obliged.

33.13 Share capital and reserves

Ordinary shares are classified as equity. Costs attributable to the issue of new shares are deducted from equity from the proceeds.

(a) Treasury shares
Shares issued by the Company which are held by the Company or its subsidiary entities (including the Employee Share Ownership Trust (ESOT)), are designated as treasury shares. The cost of these shares is deducted from equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares. Consideration paid or received is recognised directly in equity.

(b) Employee Share Ownership Plan (ESOP)
Company shares are held in an ESOP. The finance costs and administration costs relating to the ESOP are charged to the income statement. Dividend income arising on own shares is excluded in arriving at profit before taxation and deducted from aggregate dividends paid.

The Group maintains the following reserves:

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of operations whose financial statements are denominated in foreign currencies as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

33 Significant accounting policies cont.

33.14 Revenue recognition

Revenue represents income derived from contracts for the provision of goods and services by the Company and its subsidiary undertakings to customers in exchange for consideration in the ordinary course of the Group's activities.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices where appropriate. Given the bespoke nature of many of the Group's products and services, which are designed and/or manufactured under contract to the customer's individual specifications, there are typically no observable stand-alone selling prices. In such cases, stand-alone selling prices are typically estimated based on expected costs plus contract margin consistent with the Group's pricing principles.

Revenue and profit recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer.

For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

Point in time revenue includes services provided over periods of up to seven days.

Contracts that satisfy the over time criteria primarily occur in the Group's Specialist Technical business, either because the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs (typically services or support contracts) or the Group's performance does not create an asset with an alternative use and it has an enforceable right to payment for performance completed to date (typically production contracts).

For each performance obligation to be recognised over time, the Group typically recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred.

If the over time criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, on delivery.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Bid costs

All pre-contract bidding costs which are incurred irrespective of whether the contract is awarded relating to the design, manufacture or operation of assets or the provision of services are expensed when incurred.

In some circumstances, the Company incurs costs to obtain a contract with a customer, for example commission fees. These costs are recognised initially as an asset within debtors: contract assets and amortised on a systematic basis as the goods and services are transferred to the customer.

Warranty costs

Provision is made for warranties offered with products where it is probable that an obligation to transfer economic benefits to the customer in future will arise. This provision is based on management's assessment of the previous history of claims and probability of future obligations arising on a product-by-product basis. Provisions for warranty costs are set out in note 22.

Revenue – operating lease rental income

Revenue is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised in the income statement on a straight line basis over the period of the hire.

33 Significant accounting policies cont.

33.15 Other Investments

Other investments which are in unquoted entities are held at fair value and subject to an annual review. The Group elects on an asset by asset basis whether fair value movements are posted to the income statement or directly to reserves.

33.16 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

33.17 Government grants

During 2020, some employees across the Group were placed on furlough under the Coronavirus Jobs Retention Scheme. Furlough income of £nil (2020: £2.3m) in relation to a maximum of 400 employees was recognised during 2020 and as such the Group adopted IAS 20 in accounting for this government income. The grant has been recognised as income and matched with the associated payroll costs over the same period.

34 Significant accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. The outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed and revised on an ongoing basis.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included below:

Revenue

Revenue is set out in notes 3 and 33.14. Revenue is recognised as performance obligations are satisfied as control of the goods and services are transferred to the customer. The timing of the performance obligations will vary depending on the terms of the sales agreement, the evaluation of the specific risks associated with the performance of the contract (for example design, construction and testing) or generally accepted practice where there are no specific arrangements in the contract. Areas of judgement relate to construction contract accounting and specifically estimating the stage of completion and forecast outturn of the contract which are reliant on the knowledge and expertise of project managers, engineers and other professionals.

(b) Estimates

Impairment of goodwill

Goodwill, which is set out in note 12, of £135.5m (2020: £166.5m) is tested annually for any permanent impairment in accordance with the accounting policy in note 33.6. The value in use of the Group's cash generating units (CGU) requires assumptions about future levels of demand, gross margins and cost inflation. Inherent uncertainty involved in forecasting and discounting future cash flows is a key area of judgement. If indicators of impairment exist the carrying value of goodwill is compared to its recoverable amount which represents the higher of the net present value of the CGU's forecast cash flow and its carrying value. The assessment also includes sensitivity analysis to identify the range of outcomes and the validity of underlying assumptions.

Income taxes

Taxation is set out in notes 8, 9 and 33.8. The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax risk issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group has entered the UK tonnage tax regime under which tax on its ship-owning and operating activities is based on the net tonnage of vessels operated. Income and profits outside this regime are taxed under normal tax rules. This means that it is necessary to make estimates of the allocation of some income and expenses between tonnage and non-tonnage tax activities. These estimates are subject to agreement with the relevant tax authorities and may be revised in future periods.

Tax on separately disclosed items includes a credit of £7.9m, which represents deferred tax recognised on the timing differences created following the impairment of dive support vessels during the year ended 31 December 2020. The associated deferred tax asset will be utilised gradually over future accounting periods as the tax value of the vessels is amortised in line with rates set by HM Revenue & Customs.

34 Significant accounting judgements and estimates cont.

(b) Estimates cont.

Provision for impairment of trade receivables
As detailed in note 29, the Group has made doubtful debt provisions of £19.0m (2020: £19.5m) for certain of its receivables that are overdue for more than 180 days, which at 31 December 2021 amounted to £17.6m (2020: £17.5m). Due to the period of time elapsed full recovery is uncertain. In addition, some of these issues are subject to a contractual process of arbitration or standard legal process and may take some time to resolve. Provisions reflect current best estimates of the likely net proceeds that will be received but are subject to uncertainty where the outcome may differ materially from current best estimates.

Insurance claims
At any point in time, the Group has a number of insurance claims awaiting resolution and make appropriate best estimates within other debtors of recoverable amounts. In April 2018, two vessels collided off the coast of Singapore which resulted in a gas splash which enveloped a vessel owned and operated by the Group and resulted in severe engine damage. Whilst the Group's financial position reflects a best estimate of its the insurance claim, the overall outcome is awaiting resolution between the two vessel owners and a 10% change in estimate would impact the income statement by £0.2m.

Impairment of vessels
During the year, impairments totalling £7.7m has been charged in respect of vessels based on the recoverable amount which is the fair market value of these assets. The fair market valuation was made with reference to third party valuations and management experience. This fair market valuation is based on an orderly transaction between market participants.

(c) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2021 is included in the following notes:

- notes 12 and 13 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs; and
- notes 14 and 15 – impairment test of vessels: key assumptions underlying recoverable amounts.

Subsidiaries and associated undertakings

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Marine Support		
Deep Sea Operation & Maintenance Co. Ltd	Al Khobar City, PO Box 2716, Al Olaya, 34447, Saudi Arabia	100%
Fender Care (Changshu) Limited	Room 1211, Building 4, Huifeng Times Plaza, No 22 Huanghe Road, Changshu City, Jiangsu, 215500, China	100%
Fender Care Limited	Barrow-in-Furness(1)	100%
Fender Care Marine (Asia Pacific) Pte Ltd	Singapore(6)	100%
Fender Care Marine (Gibraltar) Limited	28 Irish Town, Gibraltar	100%
Fender Care Marine Ltd	Barrow-in-Furness(1)	100%
Fender Care Marine Products (Asia Pacific) Pte Limited	Singapore(6)	100%
Fender Care Marine Sohar LLC	Al Batinah Region, PO Box 37, Sohar, 327	70%
Fendercare Australia Pty Ltd	8D Sparks Road, Henderson WA 6166, Australia	100%
Fendercare Servicos Marinhos do Brasil Ltda	Avenida Feliciano Sodre 325, Centro, Niteroi, Rio De Janeiro, CEP: 24030-012, Brazil	100%
Hughes Marine Engineering Limited	Barrow-in-Furness(1)	100%
Hughes Sub Surface Engineering Limited	Barrow-in-Furness(1)	100%
James Fisher Asset Information Services Limited	Barrow-in-Furness(1)	100%
James Fisher Marine Services Limited	Barrow-in-Furness(1)	100%
James Fisher Maritime Deutschland GmbH	Stadthausbrucke 8, 20355 Hamburg, Germany	100%
James Fisher MIMIC Limited	Barrow-in-Furness(1)	100%
James Fisher Rumic Limited	Barrow-in-Furness(1)	100%*
JCM Scotload Ltd	Barrow-in-Furness(1)	100%
JF STS (Guernsey) Ltd	St Peter Port4	100%***
Maritime Engineers (Asia Pacific) Pte Ltd	Singapore, 508929(11)	100%
Maritime Engineers Pty Ltd	Henderson, Australia(10)	100%
Martek Marine Limited	Barrow-in-Furness(1)	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Martek-Marine (Asia Pacific) Pte Ltd	3 Church Street, #08-00, Samsung Hub, Singapore, 049483	100%
James Fisher Renouvelables	3 rue de France Comte, CS50311, Hauts de Quimpcanpoix, 5103, Cherbourg, France	100%
Namibia Subtech Diving and Marine (Proprietary) Limited	Shop 48, Second Floor, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	100%
Prolec Limited	Barrow-in-Furness(1)	100%
Rotos 360 Limited	Barrow-in-Furness(1)	100%
Servicos Maritimos Continental S.A.	Rio de Janeiro, Brazil(9)	60%
Strainstall Malaysia Sdn Bhd	Ground Floor, 8, Lorong Universiti B, Section 16, 46350 Petaling Jaya Selangor Darul Ehsan, Malaysia	100%
Strainstall Middle East Limited	Vistra (Cayman), Grand Pavilion, Hibiscus Way, 802 West Bay Road, PO Box 31119, Grand Cayman, KY1-1205, Cayman Islands	100%
Strainstall Singapore Pte Ltd	50 Raffles Place, #06-00 Singapore Land Tower, Singapore, 048623	100%
Strainstall UK Limited	Barrow-in-Furness(1)	100%
Subtech (Pty) Ltd	Durban, South Africa(8)	100%
Subtech Diving & Marine Tanzania Limited	The Slipway Road, Msasani Peninsula, Dar Es Salaam, United Republic of Tanzania	100%
Subtech Marine (Pty) Limited	PO Box 90757, Shop 48, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	70%
Subtech Middle East Saudi Company	Office 102, Al Jazira Building, Al Khobar, Saudi Arabia	100%
Subtech Norte Lda	Rua de Se no 114, Distrito Urbano 1, Bairro Central, Maputo City, Mozambique	100%
Subtech Offshore	Ocra (Mauritius) Limited, Level 2, Max City Building, Remy Ollier Street, Port Louis, Mauritius	100%
Subtech South Africa (Pty) Ltd	Durban, South Africa(8)	90%
Testconsult Limited	Barrow-in-Furness(1)	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Specialist Technical		
Cowan Manufacturing Pty Limited	BDO Tax (WA) Pty Ltd, 'BDO', 38 Station Street, Subiaco, WA6008, Australia	100%
Divex Asia Pacific Pty Ltd	Bibra Lake, Australia(12)	100%
Divex FZE	PO Box 261749, Jebel Ali Free Zone, Dubai, United Arab Emirates	100%
Divex Limited	Westhill(3)	100%
High Technology Sources Limited	Barrow-in-Furness(1)	100%
James Fisher Defence Italy	Via Montevideo, No.27, Rome, Italy	100%
James Fisher Defence Limited	Barrow-in-Furness(1)	100%
James Fisher Defence North America Limited	Suite 808, 1220 North Market Street, Wilmington DE 19801, United States	100%
James Fisher Nuclear Limited	Oldmeldrum(2)	100%
James Fisher Singapore Pte Ltd	Singapore 508929(11)	100%
JF Nuclear Limited	Barrow-in-Furness(1)	100%
JFD Australia Pty Ltd	BDO, 38 Station Street, Subiaco WA 6008, Australia	100%
JFD Limited	Westhill(3)	100%
JFD Ortega B.V.	Vliegveldstraat 100, B515, Technology Base, Enschede, Netherlands	100%
JFD Singapore Pte Ltd	Singapore, 508929(11)	100%
JFD South Africa (Pty) Limited	c/o Mazars, Mazars House, Rialto Road, Grand Moorings Precinct, Century City, Cape Town, SA 7441, South Africa	100%
JFD Sweden AB	Rindovagen, Rindo Vastra, 185 41 Vaxholm, Sweden	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Offshore Oil		
Buchan Technical Services Limited	Barrow-in-Furness(1)	100%
James Fisher Marine Services Malaysia Ltd	Level 1, Lot 7, Block F, Sanguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	100%
James Fisher Marine Services Middle East Limited FZCO	PO Box 371072, Dubai, United Arab Emirates	100%
James Fisher MFE Limited	Barrow-in-Furness(1)	100%
James Fisher Ocean Team Limited	Suites 4404-10, 44/F, One Island East, 18 Westlands Road, Taikoo Place, Hong Kong	60%
James Fisher Offshore Limited	Oldmeldrum(2)	100%*
James Fisher Offshore Malaysia Sdn Bhd	Room A, Ground Floor, Lot 7, Block F, Saguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	100%
James Fisher Personnel S.A. de C.V.	Ciudad de Mexico, D.F., Mexico(13)	100%
James Fisher Subsea Excavation Incorporated	21559 Provincial Boulevard, Katy TX 77450, United States	100%
James Fisher Subsea Excavation Mexico S.A. de C.V.	Ciudad de Mexico, D.F., Mexico(13)	100%
James Fisher Subsea Excavation Pte Limited	133 Cecil Street, #16-01, Keck Seng Tower, Singapore, 069535	100%
JF Singapore Holdings PTE Ltd	9 Raffles Place, #27-00 Republic Plaza, Singapore 048619	100%
RMSPumptools FZE	1-153, THUB, Dubai Silicon Oasis, Dubai, United Arab Emirates	100%
RMSPumptools Limited	Barrow-in-Furness(1)	100%
RMSPumptools Saudi Industrial Company	Khobar, Saudi Arabia	100%
Scan Tech AS	Stavanger(5)	100%
Scan Tech Personell AS	Stavanger(5)	100%
Scan Tech Produckt Personell AS	Stavanger(5)	100%
Scantech Offshore do Brasil Comercio E Servicos Ltda	R 01 223, Lote 146 Quadra 02, Balneario das Garcas, Rio das Ostras, 28.898-268, Brazil	100%
Scantech Offshore Limited	Barrow-in-Furness(1)	100%*
Scantech Offshore Pty Ltd	Henderson, Australia(10)	100%

Subsidiaries and associated undertakings cont.

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Tankships		
Cattedown Wharves Limited	Barrow-in-Furness[1]	100%
Everard (Guernsey) Ltd	St Peter Port[4]	100%
F.T. Everard Shipping Limited	Barrow-in-Furness[1]	100%
F.T.Everard & Sons Limited	Barrow-in-Furness[1]	100%*
James Fisher (Crewing Services) Limited	Barrow-in-Furness[1]	100%*
James Fisher (Guernsey) Limited	St Peter Port[4]	100%***
James Fisher (Shipping Services) Limited	Barrow-in-Furness[1]	100%*
James Fisher Crewing (CY) Limited	115 Griva Digeni, Trident Centre, Limassol, 3101, Cyprus	100%
James Fisher Everard Limited	Barrow-in-Furness[1]	100%
Onesimus Dorey (Shipowners) Ltd	St Peter Port[4]	100%*
Scottish Navigation Company Limited	Oldmeldrum[2]	100%

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Holding Companies		
EDS HV Group Limited	Barrow-in-Furness[1]	100%
Fender Care Marine Solutions Limited	Barrow-in-Furness[1]	100%
James Fisher (Aberdeen) Limited	Barrow-in-Furness[1]	100%*
James Fisher and Sons Nigeria Limited	7th Floor, 1 Kingsway Road, Falomo, Ikoyi, Lagos, Lagos State, Nigeria	99%*
James Fisher Holdings UK Limited	Barrow-in-Furness[1]	100%*
James Fisher Hong Kong Limited	Level 17, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	100%
James Fisher Norway AS	Stavanger[5]	100%*
James Fisher Nuclear Holdings Limited	Barrow-in-Furness[1]	100%*
James Fisher Properties Limited	Oldmeldrum[2]	100%
James Fisher Servicos Empresariais Ltda	Rua 01 No 223, Quadra 02, Lote 146-part, Balneario das Garcas, Brazil	100%
James Fisher Subtech Group Limited	Barrow-in-Furness[1]	100%*
James Fisher Tankships Holdings Limited	Barrow-in-Furness[1]	100%*
JF Australia Holding Pty Ltd	Bibra Lake, Australia[12]	100%
JF Overseas Ghana Limited	The Octogon Building, 7th Floor Suite B701, Accra Central, Accra, Ghana	100%
JF Overseas Limited	Barrow-in-Furness[1]	100%*
Martek Holdings Limited	Barrow-in-Furness[1]	100%
Strainstall Group Limited	Barrow-in-Furness[1]	100%*
Subtech Group Holdings (Pty) Ltd	Briardene, South Africa[14]	100%

Associated undertakings and significant holdings in undertakings other than subsidiary undertakings

NAME OF COMPANY	ADDRESS	GROUP PERCENTAGE OF EQUITY CAPITAL
Marine Support		
Eurotestconsult Limited	County Laois, Ireland(7)	50%
Eurotestconsult UK Limited	Barrow-in-Furness(1)	50%
FC Viking Sdn.Bhd	Suite 6.01, 6th Floor, Plaza See Hoy Chan Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia	49%
Fender Care Benelux B.V.	Torontostraat 20, 3197 KN , Rotterdam Botlek, Netherlands	50%
Fender Care Marine LLC	Fujairah Port, PO Box 5198, Fujairah, United Arab Emirates	49%**
Fender Care Marine SA (Pty) Ltd	Unit 4, Thembani House, 41 Brand Road, Glenwood, Durban, 4001, South Africa	49%**
Fender Care Marine Services LLC	G013, GH-1, Industrial City of Abu Dhabi (ICAD-1), Mussafeh, PO Box 45628, Abu Dhabi, United Arab Emirates	49%**
Fender Care Middle East LLC	P.O Box 25896, Plot 146/16, Emirates Industrial City, Sajja Industrial Area, PO Box 25896, Sharjah, United Arab Emirates	49%**
Fender Care Omega (Middle East) FZC	E-LOB Office No. E-69G-20, PO Box 51602, Hamriyah Free Zone – Sharjah, United Arab Emirates	50%
Fendercare Marine Ghana Limited	11 Aduemi Close, North Kaneshie, Accra, Ghana	50%
Fendercare Marine Omega India Private Limited	JA 1104 – 1106, DLF Tower – A, Jasole District Centre, New Delhi, 11044, India	50%
James Fisher (Angola) Limitada	67 Rua Damiao de Gois, Alvalade, Borough, District of Maianga, Ingombota Municipality, Angola	49%*
James Fisher Angola UK Limited	Barrow-in-Furness(1)	50%
James Fisher Nigeria Limited	34 Awolowo Road, Ikoyi, Lagos, Nigeria	49%
Nuclear Decommissioning Limited	3 Sovereign Square, Sovereign Street, Leeds, LS1 4ER	25%
Strainstall Laboratories WLL	PO Box 2255, Office No.70, Barwa Commercial Avenue, Doha, Qatar	49%**
Strainstall Middle East LLC	PO Box 111007Jebel Ali Industrial Area 1, Dubai, United Arab Emirates	49%**
Strainstall Saudi Arabia Limited	PO Box 30124, Riyadh 11372, Saudi Arabia	49%**
Strainstall Testing Lab LLC	PO Box 62579, Abu Dhabi, United Arab Emirates	49%**
Subtech Offshore Services Nigeria Limited	Plot 15, Block 110, Henry Ojogho Crescent, Off Road 69, Lekki Phase 1, Lagos, Nigeria	49%
Specialist Technical		
First Response Marine Pte Ltd	16 Benoi Road, 629889, Singapore	50%
James Fisher Technologies LLC	Units 1 and 2, 1234 Sherman Drive, Longmont CO 80501, Colorado	49%
JFD Domeyer GmbH	Konsul-Smidt-Str. 15, 28217, Bremen, Germany	50%
Wuhu Divex Diving System Limited	No.58 Yongchang Road, Jiujiang District, Wuhu City, Anhui Province, PR China	49%

(1) Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR
(2) North Meadows, Oldmeldrum, Aberdeenshire, AB51 0GQ
(3) JFD, Westhill Industrial Estate, Enterprise Drive, Westhill, Aberdeen, AB32 6TQ
(4) 4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA
(5) Finnestadsvingen 23, 4029 Stavanger, Norway
(6) 6 Pioneer Place, 627705, Singapore
(7) Unit D, Zone 5, Clonminam Business Park, Portlaoise, County Laois, Ireland
(8) Warehouse 1, 20 Rustic Close, Briardene, Durban, 4051, South Africa
(9) Rua Tenente Celio, No.150, Bairro Granja Caveleiros, Macae, State of Rio de Janeiro, 27.930-120, Brazil
(10) 23 Sparks Road, Henderson, WA 6166, Australia
(11) 19 Loyang Lane, Singapore 508929
(12) 54 Bushland Ridge, Bibra Lake WA 6163, Australia
(13) Gabriel Mancera 1041 Del Valle, Benito Juarez, 03100, Ciudad de Mexico, D.F., Mexico
(14) 20 Rustic Close, Briardene, KwaZulu-Natal, 4051, South Africa

* held by the Parent Company (all other subsidiaries are held by an intermediate subsidiary)
** consolidated as subsidiary undertakings
*** held by nominee shareholders

Group financial record
For the five years ended 31 December

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Revenue		restated*	restated*		
Marine Support	**214.5**	249.4	311.6	274.3	235.6
Specialist Technical	**133.2**	130.4	149.4	156.5	146.0
Offshore Oil	**86.3**	78.0	88.2	70.0	60.7
Tankships	**60.1**	60.4	67.9	60.7	57.0
	494.1	518.2	617.1	561.5	499.3
Underlying operating profit					
Marine Support	**5.0**	10.1	24.5	26.8	25.3
Specialist Technical	**9.9**	14.0	18.4	21.4	19.2
Offshore Oil	**11.1**	11.2	14.2	6.8	3.2
Tankships	**4.8**	8.0	12.0	9.9	8.8
Common costs	**(2.8)**	(2.8)	(2.8)	(2.8)	(2.4)
	28.0	40.5	66.3	62.1	54.1
Net finance costs	**(8.3)**	(9.0)	(7.8)	(6.0)	(5.5)
Underlying profit before taxation	**19.7**	31.5	58.5	56.1	48.6
Separately disclosed items	**(48.7)**	(84.0)	(10.7)	(0.7)	(1.3)
(Loss)/profit before taxation	**(29.0)**	(52.5)	47.8	55.4	47.3
Taxation	**0.8**	(4.8)	(11.1)	(10.1)	(7.9)
(Loss)/profit after taxation	**(28.2)**	(57.3)	36.7	45.3	39.4
Intangible assets	**146.8**	186.6	215.2	197.5	199.2
Property, plant and equipment	**122.2**	158.2	210.6	145.4	132.5
Right-of-use assets	**41.8**	31.9	27.9	–	–
Investment in associates and joint ventures	**9.4**	8.9	9.9	9.6	9.4
Working capital	**62.5**	66.6	107.5	96.3	109.5
Assets held for sale	**10.7**	–	–	–	–
Contingent consideration	**–**	(1.7)	(8.2)	(6.0)	(12.8)
Pension obligations	**(1.9)**	(10.3)	(5.8)	(16.1)	(19.8)
Taxation	**4.7**	(4.2)	(10.7)	(6.7)	(6.5)
Capital employed	**396.2**	436.0	544.4	420.0	411.5
Net borrowings	**147.4**	175.0	203.0	113.6	132.5
Lease liabilities	**38.2**	23.1	27.4	–	–
Equity	**210.6**	237.9	316.0	306.4	279.0
	396.2	436.0	546.4	420.0	411.5

Earnings per share	**Pence**	Pence	Pence	Pence	Pence
Basic	**(55.2)**	(114.2)	73.1	89.5	77.5
Diluted	**(55.2)**	(114.2)	72.7	88.9	76.9
Underlying basic	**20.0**	48.0	93.2	90.0	79.3
Underlying diluted	**20.0**	47.9	92.8	89.5	78.7
Dividends declared per share	**8.0**	8.0	11.3	31.6	28.7
Other key performance indicators					
Operating margin (%)	**5.7%**	7.8%	10.7%	11.0%	10.8%
Return on capital employed (post tax) (%)	**3.6%**	6.7%	11.3%	12.2%	12.0%
Underlying net gearing (%)	**70.1%**	74.4%	64.8%	37.2%	47.7%
Dividend cover (times)	**–**	6.0	8.2	2.5	2.7

Investor information

Company Secretary
Jim Marsh

Registered office
James Fisher and Sons plc
Fisher House, PO Box 4
Barrow-in-Furness
Cumbria LA14 1HR

Incorporated in England under Company no. 211475

www.james-fisher.com

Registrar
Link Group

10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Auditor
KPMG LLP

1 St Peters Square
Manchester M2 3AE

Bankers
Bank of Ireland

4th Floor
Bow Bells House
1 Bread Street
London EC4M 9BE

Barclays Bank PLC

1st Floor
3 Hardman Street
Spinningfields
Manchester M3 3HF

DBS Bank Ltd

London Branch
One London Wall
London
EC2Y 5EA

Handelsbanken

First Floor East
Bridge Mills
Stramongate
Kendal LA9 4BD

HSBC UK Bank PLC

2nd Floor
Landmark
St Peters Square
1 Oxford Street
Manchester M1 4BP

Lloyds Bank PLC

Lovell Park
1 Lovell Park Road
Leeds LS1 1NS

Santander UK plc

298 Deansgate
Manchester M3 4HH

Debt advisors
N.M.Rothschild & Sons Limited
82 King Street
Manchester M2 4WQ

Merchant Bankers
E C Hambro Rabben and Partners Ltd
32-33 St James's Place
London SW1A 1NR

Brokers
Investec Bank (UK) Limited

30 Gresham Street
London EC2V 7QP

Jefferies International Limited

100 Bishopsgate
London EC2N 4JL

Financial calendar
5 May 2022

Annual General Meeting

1 September 2022*

Announcement of 2022 Half Year results

* Provisional

Disclaimer
This Annual Report has been prepared for the members of the Company only. The Company, its Directors, employees and agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed. This Annual Report contains certain forward-looking statements that are subject to future events including, amongst other matters, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates and the availability of financing to the Group. As such the forward-looking statements involve risk and uncertainty. Accordingly, whilst it is believed the expectations reflected in these statements are reasonable at the date of publication of this Annual Report they may be affected by a wide range of matters which could cause actual results to differ materially from those anticipated. The forward-looking statements will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

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