

Corporate governance report

Board focus in 2022 and principal activities

The principal activities of the Board during 2022 and how the Board considered the interests of its stakeholder groups in its decision-making and key priorities for 2023 are set out below:

TOPIC	KEY ACTIVITIES AND DISCUSSIONS IN 2022	STAKEHOLDER CONSIDERATIONS	KEY PRIORITIES FOR 2023
Trading	<ul style="list-style-type: none"> Received regular updates from the Executive Directors on Group trading. Invited divisional and business MDs to present to the Board on trading and strategic delivery. Carefully managed Group indebtedness through a programme of disposals and an enhanced cash forecasting process. 	<ul style="list-style-type: none"> The Board carefully considered the impact of trading updates on its stakeholders. The Board also balanced its decision-making in relation to 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, lenders and employees. 	<ul style="list-style-type: none"> Continue to maintain a close review of Group trading. Ensure delivery of disposals programme and successful implementation of an enhanced cash forecasting process.
Strategy	<ul style="list-style-type: none"> Approved the Group priorities for the future based on strategic focus, organisational simplification and execution. Approved the reorganisation of the Group into three divisions supported by a cohesive Executive Committee. 	<ul style="list-style-type: none"> The Board received updates on strategic implementation from the Executive Directors and businesses. 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. 	<ul style="list-style-type: none"> Oversee implementation of strategic priorities. Ensure reduction of Group indebtedness. Building KPIs for strategic priorities.
Risk management	<ul style="list-style-type: none"> Reviewed risk management systems and controls. Considered key principal risks in individual risk "deep dives". Agreed actions for the improvement of risk management controls, following the review conducted by PwC. 	<ul style="list-style-type: none"> The Board considered the perspectives of each stakeholder group when reviewing the Group's risk management systems and controls, with particular focus in 2022 on internal controls, risks in relation to cybersecurity, recruitment and retention, operating in emerging markets and climate change. 	<ul style="list-style-type: none"> Oversee implementation of risk management controls improvements. Ongoing principal risk "deep dives". Improvements in analysis of emerging risks and risk appetite.
Governance	<ul style="list-style-type: none"> Engaged with institutional shareholders and other stakeholders throughout the year. Reviewed and approved the 2021 Annual Report and Accounts. Approved the updated Board Diversity Policy. Approved the establishment of the Investment Committee and enhancement of the delegated authority matrix. 	<ul style="list-style-type: none"> The Board recognises the importance of good governance for all its stakeholders. The Board confirmed governance as one of the key pillars of the Group's sustainability strategy (as set out on page 27) and the potential resulting impacts on stakeholder groups. 	<ul style="list-style-type: none"> 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 2022	STAKEHOLDER CONSIDERATIONS	KEY PRIORITIES FOR 2023
Organisational capacity	<ul style="list-style-type: none"> Closely monitored health and safety performance across the Group. Health and 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 senior leadership positions. Oversaw ongoing implementation of employee engagement strategy. 	<ul style="list-style-type: none"> During the year, the health and safety of those working for the Group continued to be an area of focus and discussion by the Board. 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. The Board carefully reviewed the outcomes of the employee engagement survey and closely monitored actions to address the challenges identified. 	<ul style="list-style-type: none"> Continue to monitor senior executive talent management, succession plans and diversity for all key positions. Continue to engage with senior leaders regarding health and safety governance and performance. Enhance employee engagement at all levels.
Board development	<ul style="list-style-type: none"> Continued to focus on the composition, balance and effectiveness of the Board and the induction of a new Chief Executive Officer. Reviewed Board composition, diversity, and discussed and acted on the recommendations of the Nominations Committee. Undertook a formal evaluation of the Board, its Committees and individual Directors, and developed an action plan. 	<ul style="list-style-type: none"> The Board has considered the interests of its stakeholders 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 can improve the engagement to ensure that stakeholder interests are heard clearly in the Boardroom. 	<ul style="list-style-type: none"> 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.

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Employee engagement

The Board understands the importance of making visits to businesses in the Group to engage with employees. Such visits enhance Non-Executive Directors' knowledge of operations and strengthen their individual contribution to Board debate. The Board conducted an extensive programme of site visits during the year. In addition, as part of his induction, Jean Vernet completed a tour of the Group's businesses which was an opportunity to meet and connect with a diverse group of employees. The Board discussed the outcomes of the business visits, which assisted in identifying areas of focus for the site visits scheduled in 2023. The divisional and functional heads continue to attend certain Board and Committee meetings to discuss areas of strategic focus and employee engagement. An externally facilitated engagement survey of all our employees is conducted annually and reviewed by the Board.

Governance, risk and internal controls

The Board is responsible for determining the nature and extent of the Company's principal risks 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 62 to 70.

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.

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 controls and accordingly even the most effective system can provide only reasonable and not absolute assurance. During 2023, we will be implementing improvements to the governance structure, in particular the implementation of the delegated authority matrix.

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 70 and in the non-financial information statement on pages 72 and 73.

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 undertook a review of the Group's risk management framework, following which the Board confirmed that, although the controls and systems were adequate, a programme of improvements was agreed for 2022. Further details on changes implemented during the year can be found on page 62. An overview of the Company's risk management and internal control systems is included in the principal risks and uncertainties section of the Strategic report on pages 69 to 70.

Board composition

Details about the current composition of the Board are set out in the biographies of the Directors on pages 80 to 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 talent, as well as cultivating a culture of inclusion and diversity through clear tone from the top. The Board and Executive Committee champion 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-economic background, sexual orientation, disability, age, ethnicity and gender.

The Nominations Committee report on pages 86 to 88 sets out its progress in this respect, along with an example of the Nominations Committee's work in identifying a new CEO candidate on behalf of the Board.

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.

The 2022 annual review of individual Directors' performance was conducted internally. 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. The agreed actions resulting from the Board evaluation are set out in the table on page 85.

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 the increase of geographical risks associated with energy supplies, costs, sanctions, compliance and security. During the year the Board also received reports from the Group General Counsel 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 Group businesses and their operational performance, along with an overview 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 locations to understand the business and meet management teams.



Assisted by the Group 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, Chief HR Officer 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 30 and 31 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 pages 82 and 83 we set out how the Board has taken into account the interests of stakeholders when discussing and agreeing decisions on key matters in 2022.

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 on page 85 and the Strategic report on pages 10 to 11 sets out an explanation of the Company's business model and the strategy for delivering the Company's objectives.

BOARD EVALUATION

Action

Increased number and regularity of Director site visits.

Progress in 2022/23

2023 site visit schedule agreed, including increasing number of Non-Executive Director visits to overseas operations.

Action

Ongoing improvements in Board discussions on ESG matters.

Progress in 2022/23

Presentation to the Board on ESG-related strategy and targets scheduled in 2023.

Action

Strengthen engagement with senior management to inform succession planning discussions.

Progress in 2022/23

Planned interactions with senior management scheduled during the year including Board presentations, informal interactions and engagement during site visits.

Action

Regular updates to be provided to the Board and Audit Committee on the implementation of the enhanced risk management framework.

Progress in 2022/23

Update on the enhancement of internal controls provided to the Audit Committee in January 2023 and further reviews scheduled in 2023.

Action

Enhance the monitoring of Internal Audit findings and actions.

Progress in 2022/23

Internal Audit findings are discussed at each scheduled Audit Committee and reported to the Board.