ENSURING SUSTAINABLE GROWTH

Planet People Partnerships

Foreword

We are a business that strives to successfully solve complex and difficult problems in some of the harshest environments. Guided by our valued behaviours, we do this by engaging and empowering our people to achieve.

At James Fisher we are committed to ensuring that our business model creates value for all our stakeholders; shareholders, employees, customers and suppliers, local communities in which we operate, and the environment, in a socially and environmentally responsible manner.

We are committed to carrying out business fairly, honestly, and ethically across all our business activities. In support of this we aim to consider in all that we do, and report on Environmental, Social, and corporate Governance (ESG) factors.

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About our 2022 reporting suite

The James Fisher and Sons plc Sustainability Report 2022 is part of a suite of reporting sources, including:

Annual Report and Accounts 2022

Modern Slavery Statement

Gender Pay Gap Report

Please visit www.james-fisher.com for further information.

James Fisher and Sons plc
Registered office: Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR, UK
Registered in England no. 211475

Welcome

At James Fisher sustainability is at the heart of who we are; it is right for society and it is critical to our transformation and success.

We protect lives through our products, services, environment preservation and ensuring that safety comes first. We will never stop focusing on ensuring that people return safely to their homes, families and friends every day.

We enhance the lives of our stakeholders through our fairness and commitment to equality and diversity. Creating opportunities for those who choose to join the James Fisher team, developing their talents and engaging, through them, with our local communities across the globe.

We focus on performance. Our exceptional people with their expertise, courage and the ability to innovate and respond to difficult situations, enable us to find pioneering solutions for our customers that ensure a sustainable future.

Whilst the scope of sustainability at James Fisher transcends the environment, we nevertheless recognise that environmental sustainability is imperative for every business and we are proudly working towards a net zero carbon emissions enterprise. Our net zero commitment will help ensure our relevance and resilience as the world transitions into the new energy environment, which is crucial to being a world-class investment over the long-term.

Jean Vernet

Chief Executive Officer

Key highlights

SUSTAINABILITY STRATEGY IMPLEMENTED ACROSS THE BUSINESS.

FOUR OF NINE SUSTAINABILITY FOCUS AREAS PROGRESSED TO IMPLEMENTATION OF METRICS AND TARGETS.

NET ZERO BY 2050 COMMITMENT MADE IN SUPPORT OF THE PARIS AGREEMENT, TRANSITION PLANNING UNDERWAY.

ACTIVELY WORKING TO PRIORITIES THE HEALTH AND SAFETY OF OUR EMPLOYEES, CUSTOMERS, SUPPLIERS AND LOCAL COMMUNITIES, AND TO INCREASE EMPLOYEE ENGAGEMENT, GENDER DIVERSITY AND CARBON REDUCTION.

Sustainability is at the heart of who we are. It's right for society and it's critical to our transformation and success.

Jean Vernet
Chief Executive Officer

Business model and strategy

Our strategy is to focus on specific market sectors where we have, or can develop, a sustainable competitive advantage. United by our expertise as marine engineers, we focus specifically on the energy, defence and marine markets.

We intend to grow organically by leveraging our existing skills, technology and asset base in areas of specialist expertise and through investment in people, working capital, equipment, and a growing element of intellectual property. We are evolving our organisational structure to encourage the delivery of internal synergies that support the strategy and drive efficiencies. Our organic growth will be supported by highly selective acquisitions and partnerships that expand our product or service offering, or extend geographical coverage to strengthen our value proposition.

We 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 specialist capabilities create further possibilities to pursue adjacent market sectors and exploit integration opportunities to increase the value we create.

BUSINESS MODEL

Our strategic business model unites us through three key elements:

1. Our purpose and valued behaviours.
2. A sustainability strategy that puts our five core stakeholder groups at the centre of our decision-making.
3. Our focus on specific market sectors (energy, defence and marine markets) where we have, or can, develop a sustainable competitive advantage.

VALUE FOR OUR STAKEHOLDERS

We identify with five core stakeholder groups: shareholders, employees, customers and suppliers, local communities and the environment. Their needs guide us when we are making decisions relating to Planet, People and Partnerships – the pillars of our Sustainability Strategy.

ALWAYS GUIDED BY SUSTAINABILITY

We choose to be guided by our sustainability strategy. We assess and adjust our actions to make good choices for today **and** tomorrow.

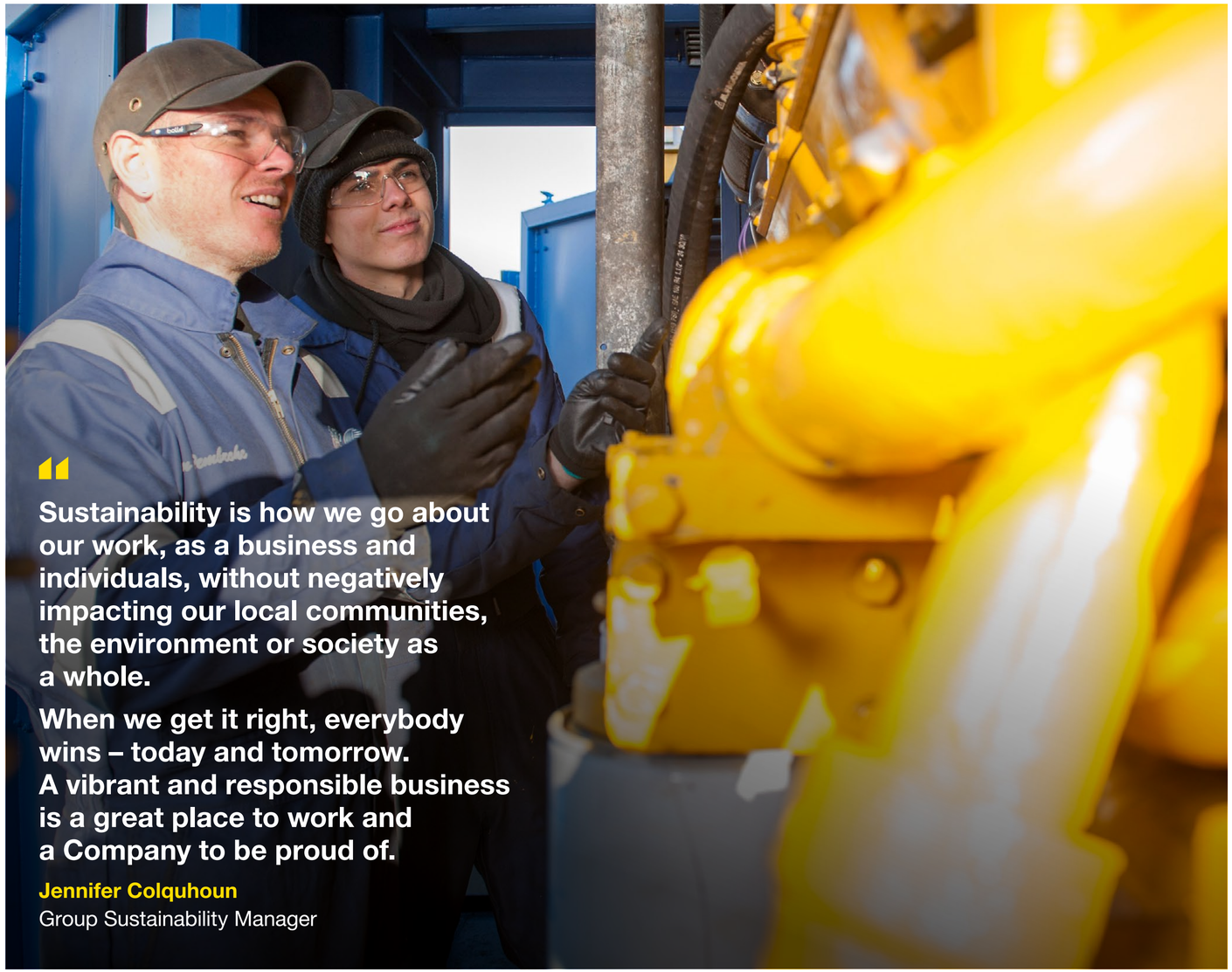
Introduction

Last year we published our first sustainability report as part of our Annual Report and Accounts 2021. We talked about rising social inequality, the energy transition, climate change and other macro challenges facing the world today resulting in sustainability and profitability becoming intertwined.

Our sustainability strategy is a fundamental part of our overall business model and is essential to ensure our sustainable, profitable growth.

We are committed to:

- Investing in capabilities and technologies to deliver a responsible energy transition.
- Harnessing the potential of our pioneering employees.
- Being good citizens of our local communities.
- Becoming a trusted partner for our customers and suppliers.
- Driving performance to improve returns for shareholders.



Sustainability is how we go about our work, as a business and individuals, without negatively impacting our local communities, the environment or society as a whole.

When we get it right, everybody wins – today and tomorrow. A vibrant and responsible business is a great place to work and a Company to be proud of.

Jennifer Colquhoun
Group Sustainability Manager

What sustainability means to James Fisher

DELIVERING STRONG, PROFITABLE GROWTH

BUILDING ON OUR 175-YEAR HISTORY

HAVING A POSITIVE IMPACT ON ALL OUR STAKEHOLDERS

A SHARED VISION AND ASPIRATION FOR CHANGE AND DOING BETTER

Our sustainability strategy

Ambition with purpose

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

In 2022 we implemented our sustainability strategy throughout the Group, launching all nine focus areas derived from the materiality assessment completed in 2021.

Operating companies selected specific areas of focus of critical relevance to their current situation, in order to prioritise engagement and impact. This work is foundational for the Business Excellence team as they look to take these best practices across the remainder of the Group. The Group Sustainability Committee, including stakeholder working group leads provide a key support function as sustainable measures are embedded into 'business as usual' activities, further ensuring there is value in all we do.

The Company was working throughout 2022 to establish suitable targets for all focus areas, and determining how to effectively gather, measure, and monitor performance data in support of these targets. Following a strategic review under new leadership, this work has continued. In areas where progress has been slower than desired, we have set internal targets for the implementation of suitable frameworks, tracking methods and processes in preparation for external target setting in the medium-term.

UNDERPINNED BY OUR VALUED BEHAVIOURS

Pioneering spirit

Integrity

Energy

Resilience

PLANET

- Portfolio choices
- Resource efficiency
- GHG emissions

» **See pages 17 to 22**

PEOPLE

- Top talent
- Equity, diversity and inclusion
- Health, safety and security

» **See pages 24 to 33**

PARTNERSHIPS

- Innovation
- Customer engagement
- Governance

» **See pages 35 to 39**

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:

SHAREHOLDERS

Consistently deliver attractive returns for shareholders through delivery of long-term strategic growth, leveraging existing specialist skill base and creating incremental value by expanding our offerings and capabilities.

EMPLOYEES

Engaging, investing in, and retaining our people to create a sustainable business with wellbeing at the heart of all we do.

CUSTOMERS AND SUPPLIERS

Establish trust-based relationships and deliver on shared goals through developing sustainable solutions and meeting the needs of our customers now and long into the future. Exceeding expectations for health, safety, quality, and integrity and supporting our customers and suppliers in achieving their sustainability ambitions.

LOCAL COMMUNITIES

See the communities in which we live and work as an extension of our James Fisher community. Strive to be good citizens and support our people in the provision of local community support and education while ensuring local employment and sourcing practices and investment is in place.

ENVIRONMENT

Advocate for restoring and preserving the environment in all we do. Assess, quantify, and manage the impact of our operations on our planet, and how external factors may affect the Groups performance including investment, risks and returns to the Company and shareholders.

Our focus areas

Through our nine focus areas (which were informed by a materiality assessment conducted in 2021), we are advancing action in the areas which are significant to our stakeholders.

We continue to build and refine the key metrics and KPIs upon which we will focus disclosure across our principal ESG areas.

FOCUS AREA	Portfolio choices	Resource efficiency	GHG emissions	Top talent	Equity, diversity and inclusion	Health, safety and security	Innovation	Customer engagement	Governance
	PLANET			PEOPLE			PARTNERSHIPS		
GOAL	Evolve our portfolio to serve the energy transition, with focus on growing renewables, remediation capabilities, and improving customers' efficiency.	Increase energy efficiency and minimise material waste through responsible consumption in processes, re-use, recycle, repurpose. Minimise waste and improve productivity in assets and people by embedding circular economy and Lean principles in our DNA.	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.	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.	Promote a diverse and inclusive workplace by recruiting where we work, enforcing pay parity, and celebrating the uniqueness of individuals and their communities.	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.	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.	Build stronger customer relationships to better understand and resolve pain points and foster collaboration towards value creation and shared success.	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.
GO TO PAGE	Page 17 »	Page 18 »	Page 19 »	Page 24 »	Page 28 »	Page 32 »	Page 35 »	Page 37 »	Page 38 »

Engaging for value

By partnering with our stakeholders, understanding their challenges, and managing risks, we find solutions for shared success, ensuring a sustainable business to benefit all our stakeholders.

The Board recognises 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
- external factors which may impact our decision-making and stakeholders

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	
Shareholders	Page 09 »
Employees	Page 09 »
Customers and suppliers	Page 10 »
Environment	Page 11 »
Local communities	Page 10 »

Further information about how the Directors have accounted for stakeholders in their decision-making in 2022 is set out in our 2022 Annual Report and Accounts, pages 82 and 83 in the Corporate governance report.

Engaging for value cont.

SHAREHOLDERS

Why we engage

Shareholders provide the financial liquidity required for us to operate and are 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 largest 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 2022

- The Board engaged with shareholders at the AGM.
- The Company completed a disposal programme, aimed at improving leverage.
- Following his appointment as CEO in September 2022, Jean Vernet held meetings with the Company's largest shareholders.

Key issues raised

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

EMPLOYEES

Why we engage

James Fisher must be an employer of choice. Attracting, developing, and retaining a high performing workforce and enhancing the lives of our employees are critical components of the Group's sustainable and profitable growth.

How the Board engages

- The Executive Directors have held town hall meetings.
- Inken Braunschmidt (designated Non-Executive Director) has undertaken a number of engagement activities, including being on the employee engagement group. She reports back to the Board on a regular basis.
- We have further enhanced the Group exit survey and implemented an employee equity, diversity and inclusion annual survey with the support of Gallup, providing valuable insights for the Board.
- The employee share save scheme encourages employees' involvement in Company performance.

How we supported during 2022

- We have deepened engagement understanding through 'lunch and learns' about our different businesses.
- We have extended mental health first aid training and now have over 145 trainers, of whom 33 are also trained in Suicide First Aid.
- We have continued our internship programme, bringing fresh ideas and energy into the businesses.
- We re-communicated our Employee Assistance Programme to remind our employees of the support available to them including: maintaining a healthy work/life balance; improving mental wellbeing; family issues; financial management and money issues.
- In November we provided a hardship payment to all those earning below a certain threshold, recognising the cost of living challenges faced through the winter of 2022-23.

Key issues raised

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

Engaging for value cont.

CUSTOMERS AND SUPPLIERS

Why we engage

The Group's success depends on a deep understanding of the challenges our customers face, and the complexities posed by the environments in which they operate. In doing so, and ensuring a resilient supply chain, we can adapt solutions to address our customers' needs, both locally and globally. Additionally, we are co-dependent in our shared net zero and wider sustainability commitments and ambitions.

How the Board engages

- The Board receives regular updates from operating company Managing Directors on their strategic priorities, their markets, and key customers.
- Through the Sustainability Committee the Board receives updates on performance throughout the Group to engage with and support our customers and suppliers.
- Where appropriate, our Executive Directors and divisional Heads work with major customers to ensure we develop innovative products and services and/or to find solutions to their problems.

How we supported during 2022

- Investment has continued into innovation in products and services to meet customer needs.
- We have been working to ensure that the Group's sustainability strategy and supporting activities encompass our customers' own social value and environmental ambitions and requirements.
- We have re-developed our supplier Code of Ethics to align with our sustainability strategy and the changing macro factors affecting our business.
- Through the supplier working group, we are identifying synergies and other benefits of procurement co-ordination between Group businesses.

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 valued behaviours, we 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 community integration performance throughout the Group.
- 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 time, education, for example STEM learning support and event participation, or collection and distribution of items to support those less fortunate or in need.

How we supported during 2022

- We have continued to support employees' local community initiatives and events through donation of time, material, or provision of expertise for example STEM event participation and local internships.
- A local communities' working group was formed to provide information and recommendations to the Sustainability Committee, identifying, driving and influencing best practice initiatives for implementation by the operating companies of the strategy.

Key issues raised

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

Engaging for value cont.

ENVIRONMENT

Why we engage

Our ambition to be net zero by 2050 is the central commitment of our environment focus area. It is evident that our activities are inextricably linked to the environmental effects of climate change and the energy transition, which will determine the future success of James Fisher.

How the Board engages

- The Board receives regular updates and recommendations from the Sustainability Committee on all nine of our focus areas, including the environment working group.
- The Board engages with shareholders directly to understand their Environmental, Social and Governance (ESG) priorities.

How we supported during 2022

- The sustainability strategy was implemented across the business with three of our nine focus areas forming our 'planet' pillar.
- 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 progress to implement the recommendations set out by the Task Force on Climate-Related Financial Disclosures (TCFD) and reached a position published in our comprehensive TCFD disclosure in our 2022 Sustainability Report. A summary of disclosures has been provided in our 2022 Annual Report and Accounts.
- The Group continued its reporting and disclosures in accordance with the Carbon Disclosure Project (CDP) with an accomplished score in 2022, and the UK SECR regulation.

Key issues raised

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

Our markets

Anticipating change to deliver innovation, operational excellence and specialist engineering in global energy, defence and marine markets.

Global trends

The three global mega trends of climate change and resource scarcity, shifting global economic power and technological breakthroughs continue to be our key market drivers, reinforcing our decision to focus on the core markets of energy, defence and marine. These long-term trends present opportunities for our stakeholders.

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. Additionally, 2022 saw us enter our first global energy crisis, triggered by Russia's invasion of Ukraine.

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.

Opportunities

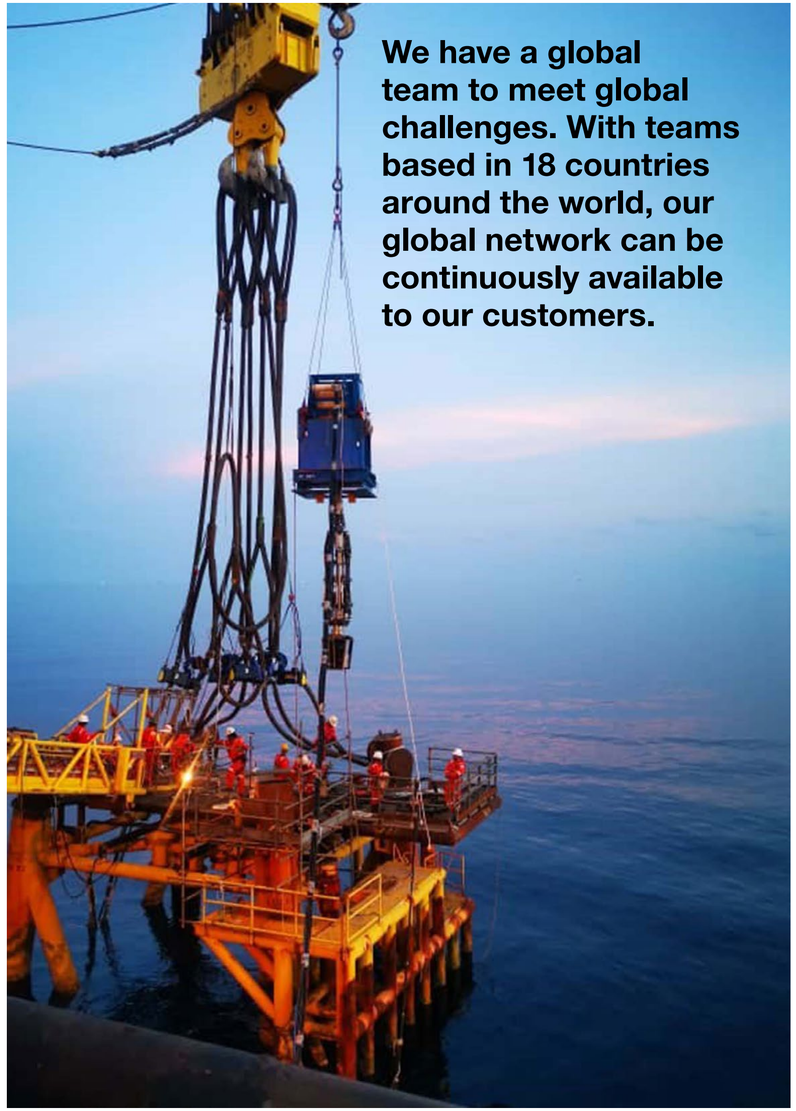
The necessity to achieve a reduced carbon footprint is driving demand across a number of areas that align with our specialism in our three chosen markets. This includes accelerating demand for low energy sources (such as gas, nuclear and renewables); greater regulation around information management; an increasing need for remote asset management; and requirements for basic resources that now require greater investment in defence capabilities.

Global trends, our key market drivers

CLIMATE CHANGE AND RESOURCE SCARCITY

SHIFTING GLOBAL ECONOMIC POWER

TECHNOLOGICAL BREAKTHROUGHS



We have a global team to meet global challenges. With teams based in 18 countries around the world, our global network can be continuously available to our customers.

Governance

Meeting our targets and commitments, and effective management and tracking of our ESG performance requires clearly defined leadership and direction, and strategic influence. Therefore, a robust and regularly reviewed governance structure is essential.

During 2022 the Sustainability Committee carried out a review of the sustainability organisation and governance structure to support our overarching sustainability and climate change agenda. As a result, various clarifications and changes to the executive level committee were made in order that it could be as effective as possible in curating activities across our respective sustainability areas of focus.

Flexibility within our operating companies to adapt and build on the Group sustainability programme is reflected within the organisation structure. This flexibility is important and will ensure the sustainability programme relevance to each unique operating company and own strategies and home market location conditions. While the overall structure has not changed, the expanded version creates clarity for all those feeding in.

Sustainability Committee

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

Responsibilities

- Recommending to the Board sustainability/ESG objectives and strategy for the Group, having regard to the interests of its stakeholders.
- Recommending to the Board non-financial KPIs and targets.
- Successful execution of sustainability strategy and KPIs throughout the Group.
- Ongoing oversight of implementation of the individual stakeholder objectives and strategies into operating companies, through review of regular reports from the stakeholder working groups.
- ESG Performance reporting both internally and externally ensuring compliance where regulated.
- Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness.

Stakeholder working groups

The Sustainability Committee is supported by stakeholder working groups, each with the mandate for identifying and driving best practice initiatives for implementation by the operating companies of the strategy and sharing of information and recommendations to the Committee.

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.
- Adopt common activity policies among operating companies and locations and assist in co-ordinating compliance to achieve genuinely sustainable progression.
- Uphold responsible business practices, develop and implement plans to conduct Group operations more responsibly, identifying opportunities to improve.

Sustainability Champions

Typically, operating companies have one or more sustainability champions, nominated by the operating company Managing Director or a function head where the support forms part of a standalone business function. 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 their operating company.

During 2023 the Group Business Excellence (BEx) team will drive standardisation through the Group's internal processes. This will provide an energetic implementation framework to support our operating companies in achieving their sustainability objectives, reducing operating costs, and growing profit through greater productivity and efficiency in our systems and processes. Together, the sustainability and BEx programmes will provide a complete and dynamic solution for the business with a shared set of focus areas, objectives and KPIs, to drive:

- Improved teamwork and collaboration.
- Environmental, social, and economic consideration embedded into day-to-day practices.
- Improved and streamlined performance tracking.
- Clear, consistent, and transparent communication between programmes and organisational levels.
- Delivery of our sustainability commitments.

Alignment with sustainability frameworks

Current framework alignments

We are committed to providing comprehensive public disclosure on our Group-wide sustainability performance which is tracked using well established frameworks and with a continual alertness to changes in regulations and reporting requirements.

Science Based Targets (SBTi)

In guiding efforts in modelling the Group's pathway to net zero, we have adopted the Science Based Targets initiative (SBTi) criteria as these provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. We aim to reduce our emissions in alignment with the SBTi guidance once the measurement of the full breadth of our Scope 3 emissions has been completed.

SBTi in 2021 paused commitments from fossil fuel sector companies, for which we currently fall into the threshold, however, we have remained committed to the SBTi framework and principles, and to continuing to provide responsible stewardship of oil and gas (O&G) service provision.

O&G companies are in a position to impact efforts to net zero significantly and we are monitoring the SBTi 'Oil and Gas Sector Project' and new methodology in development for this sector.

Greenhouse Gas (GHG) Protocol

This is the guiding reference for our ongoing GHG emissions footprint consolidation. It allows us to assess the emissions impact of our operations across the entire value chain and identify where to focus reduction opportunities. The GHG Protocol Corporate Accounting and Reporting Standard and guidance has been used in the development of our Scope 1, Scope 2 and Scope 3 identification, measurement, and reporting methodology.

Carbon Reporting (SECR)

The Group complies with the Streamlined Energy and Carbon Reporting (SECR) regulations and is directed by the guidelines set out by the UK government Department for Business, Energy & Industrial Strategy UK.

» **Click here to view our 2022 SECR disclosure**

Task Force on Climate-Related Financial Disclosure (TCFD)

The Group is making its 2022 disclosure in accordance with the Financial Conduct Authority (FCA) Policy Statement 20/17 and listing rule LR 9.8.6R(8), consistent with the recommendations and recommended disclosures and supporting guidance from the Task Force on Climate-related Financial Disclosures (TCFD).

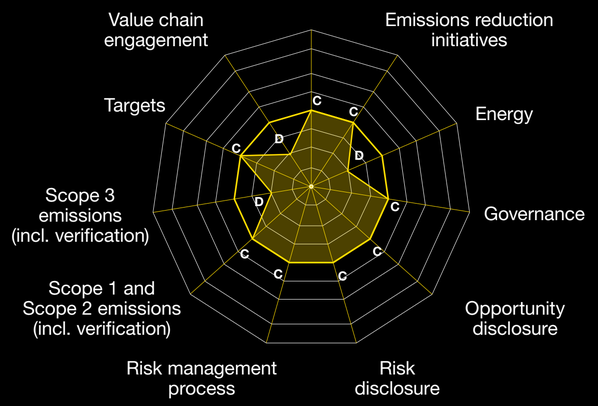
» **Click here to view our 2022 TCFD disclosure**

Carbon Disclosure Project (CDP)

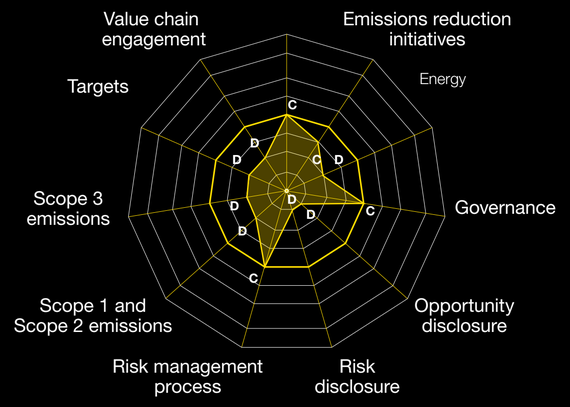
The CDP reporting structure promotes visibility and accountability in our management of climate-related risks and opportunities. We received an accomplished scoresheet in 2022, our third-year responding to the climate change questionnaire, for the reporting period 1 October 2020 to 30 September 2021. With an overall score C, five of the 11 categories scored higher than the previous year.

CDP SCORESHEET CURRENT AND PREVIOUS YEAR

2022 Business strategy, financial planning & scenario analysis



2021 Business strategy & financial planning



UN Sustainable Development Goals (SDGs)

The SDGs enable the mapping of our strategy execution impact to reflect our corporate social responsibility (CSR) efforts. We are currently contributing to 10 of the 17 SDGs.

Alignment with sustainability frameworks cont.

CURRENT MEMBERSHIPS

We are proud to be a signatory to the Powering Net Zero Pact (PNZP).

POWERING NET ZERO PACT
COLLABORATION FOR A JUST ENERGY TRANSITION TO NET ZERO

The PNZP brings together different companies across all tiers of the power sector – including civils, shipping, renewables, electrical engineering, and others – that are committed to a fair and just transition to net zero carbon emissions.

An initiative, legacy of COP26, created by 11 founding partners – SSE, Balfour Beatty; DEME Group; GE Renewables; Hitachi Energy; NKT; RJ McLeod; Siemens Energy; Siemens Gamesa; Subsea 7; and Vestas, the pact provides:

- a common ambition for a sustainable future
- collaborative working within the power sector
- engagement and commitment at a senior level

IF NOT NOW WHEN

Council for INCLUSIVE CAPITALISM with The Vatican

involve

CDP
DRIVING SUSTAINABLE ECONOMIES

Planned alignments and memberships

The Group is committed to enhancing our sustainability framework alignment and accreditations with the growing maturity of our sustainability strategy, performance, and reporting. During 2023 we plan to develop a roadmap for achieving our key milestones, reflecting those we consider as critical to meeting our sustainability commitments.

We recognise this space is evolving continually and the Group will continue to closely monitor upcoming changes in policy and regulation relating to climate and general sustainability disclosure, further supporting our sustainability performance.

PLANET

Portfolio choices

Resource efficiency

Greenhouse gas (GHG) emissions

Our activities are inextricably linked to **environmental considerations.**

Planet

FOCUS AREAS:

- **Portfolio choices**
- **Resource efficiency**
- **Greenhouse gas (GHG) emissions**

All businesses are responsible for global efforts in solving the challenge of climate change.

Our sustainability agenda is focused on transforming and continually improving our business and day-to-day practices to ensure our impact on the environment is net positive, and that we enable our stakeholders to do the same.

We are a diverse set of companies operating at the intersection of marine, defence and energy markets. Our activities are inextricably linked to environmental considerations related to climate change and the energy transition, albeit not always within our control.

Portfolio choices

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

Through 2022 we have continued to review and act on our portfolio choices. In December we sold three non-core businesses to new owners focused on taking those enterprises to their next level of performance.

Our focus is on the energy transition, defence, and marine sectors. As renewables and remediation activities continue to receive investment and grow, their share of the overall Group revenue will also grow. Oil and gas activities have also seen a resurgence in 2022, and the Group maintains a focus on supporting these markets in a manner consistent with our sustainability focus areas.

Having identified various opportunities through the scenario analysis conducted this year, we aim to ensure these opportunities are realised through continued consideration and opportunity monitoring both at Group and operating company level where appropriate. Opportunities include:

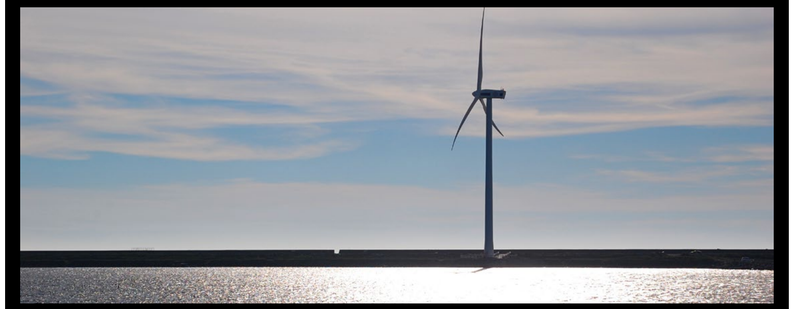
- new service opportunities from low carbon transitions and low carbon infrastructure
- increasing demand for services from negative impacts of climate change
- new service opportunities from negative impacts of climate change (e.g., infrastructure at risk)

» **For details click here to view our TCFD disclosure**

During 2023 we aim to:

- continue to deliver on re-focusing our portfolio
- invest in and deliver returns from renewables and remediation activities, in particular enhancing the intellectual property and access to critical assets which underpin our market positions
- support our customers through their own energy transition journey

OFFSHORE WIND GROWTH – TAIWAN



In 2022, James Fisher Renewables (JFR) was awarded a multi-million pound contract to provide high voltage (HV) specialist personnel and HV safety management services at the Formosa 2 offshore wind farm in Taiwan.

The Formosa 2 offshore wind farm project is being jointly developed by JERA, Macquarie's Green Investment Group (GIG) and Swancor Renewable Energy. GIG is supported by its portfolio company, Corio Generation. Once complete, the project will provide 376MW of renewable electricity to approximately 380,000 households and will bring Taiwan's Ministry of Economic Affairs another step closer to achieving its target of 20% renewables generation by 2025.

It is a real privilege to play such a crucial role in the construction of Formosa 2, supporting at the start of Taiwan's journey within offshore wind – this next phase into O&M represents an exciting opportunity for this region, and we are looking forward to once more sharing our knowledge and skills with the team.

Matthew Paterson
APAC Operations Director

Planet

JAMES FISHER APPOINTS RENEWABLES EXPERT IN NORTH AMERICA

Amidst the backdrop of unique regulatory challenges such as the Jones Act and local content requirements, the US is racing to meet offshore wind energy targets by 2030. The appointment of Barry Craig as Vice President Renewables will enable both James Fisher Renewables and Scan Tech to support the country's offshore wind growth ambitions by driving the identification of key strategic opportunities and local partnerships, in a bid to help accelerate the global energy transition.

For Scan Tech, this follows significant development of its existing product portfolio for the US, with its focus on adhering to the highest emissions standards for swift, compliant deployment. At the same time, James Fisher Renewables, which has led the charge in construction and development of over 17GW of offshore wind installed capacity in under 14-years, is primed to apply its supply chain expertise 'across the pond'.

We're entering the US at a pivotal moment; and I couldn't be more excited for what's to come. It is a fantastic opportunity for both Scan Tech and JF Renewables to establish themselves as serious players in the US market. In a region that takes local content very seriously, having boots on the ground will enable us to stay one step ahead when it comes to finding facilities, building relationships with local partners and establishing a base from which to recruit and grow – in step with industry demand.

Barry Craig,
Vice President Renewables – North America comments on his role

Resource efficiency

We aim to ensure our resources are used in a sustainable manner, that we protect the life systems that support the planet's natural resources, and that our workforce applies social values and environmental awareness when carrying out day-to-day tasks.

Good progress is being made with the deployment of a Lean operating system throughout the business and is critical for the new BEx team.

The Lean Operating System pilot conducted at RMSpumptools helped the business to deliver its highest throughput and revenue ever in 2022. All operating companies are now completing their Lean strategy deployment for 2023, setting clear goals for growth and action plans linked to clear visual indicators. The Lean Operating System will roll-out across all of our operating companies in 2023.

The focus is on reporting accuracy and cash collection, with the Lean methodology enabling the BEx teams to ensure we deliver improvements in these areas.

Responsible consumption

We seek to maximise the use of energy and materials through responsible consumption in processes and systematic functional management of all business operations. We can enhance awareness for day-to-day responsible practices through re-use, recycle, repurpose engagement and campaigns. This is all done with a long-term view of delivering more with less than is required today.

Through energy efficiency auditing, consumption monitoring, and the application of three R's principles (reduce, re-use, and recycle) we aim to reduce material waste and conserve natural resources throughout the business. With a focus on energy efficient solutions and initiatives highlighted through quarterly monitoring of waste generated in operations, reduction targets will be implemented by the Group in 2023.

During 2023, supporting our net zero commitment, we plan to combine Energy Savings Opportunity Scheme (ESOS) phase 3 site audits and reports with the identification of best practice solutions, initiatives, and engagement/participation campaigns for implementation across the Group.

Waste is connected to every one of the United Nations' SDGs and minimising it is an integral element of our sustainability strategy. During 2022 our focus has been improving our data collection processes Group-wide, our tracking methods, and on setting a baseline for material waste generated in operations.

2023 will see use of the improved tracking system and work towards Group-wide efforts in reducing our material waste. Several initiatives and campaigns are being explored to ensure we utilise all available leverages in doing so. For example:

- energy efficiency in buildings, determining areas for improvement through internal audit
- re-use and repurpose of stores packaging
- local community opportunities for the repurposing of materials which have reached the end of lifecycle within our business (metals and electronic equipment for example)

Planet cont.

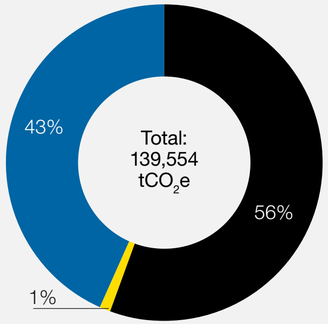
Greenhouse gas (GHG) emissions

We are committed to minimising and possibly eliminating the detrimental impact of greenhouse gas (GHG) emissions from our operational activities. We also recognise the importance of helping our customers reach their own net zero emissions targets.

Many of the countries we operate in have made a commitment to significantly reduce or reach net zero carbon emissions in line with the Paris Agreement. We recognise that the transition to a net zero economy will affect certain sectors within which we operate and that it will take innovation, technology change, and resources, both human and financial, to achieve a net zero ambition.

This is an undertaking we are passionate about and are pleased to be making our 2022 disclosure in accordance with the Financial Conduct Authority (FCA) Policy Statement 20/17 and listing rule LR 9.8.6R(8), consistent with the recommendations and recommended disclosures and supporting guidance from the Task Force on Climate-related Financial Disclosures (TCFD). GHG emissions results are shown alongside for reporting year 1 October 2021 to 30 September 2022, further details can be found within our TCFD report.

tCO_2e % SPLIT 2022



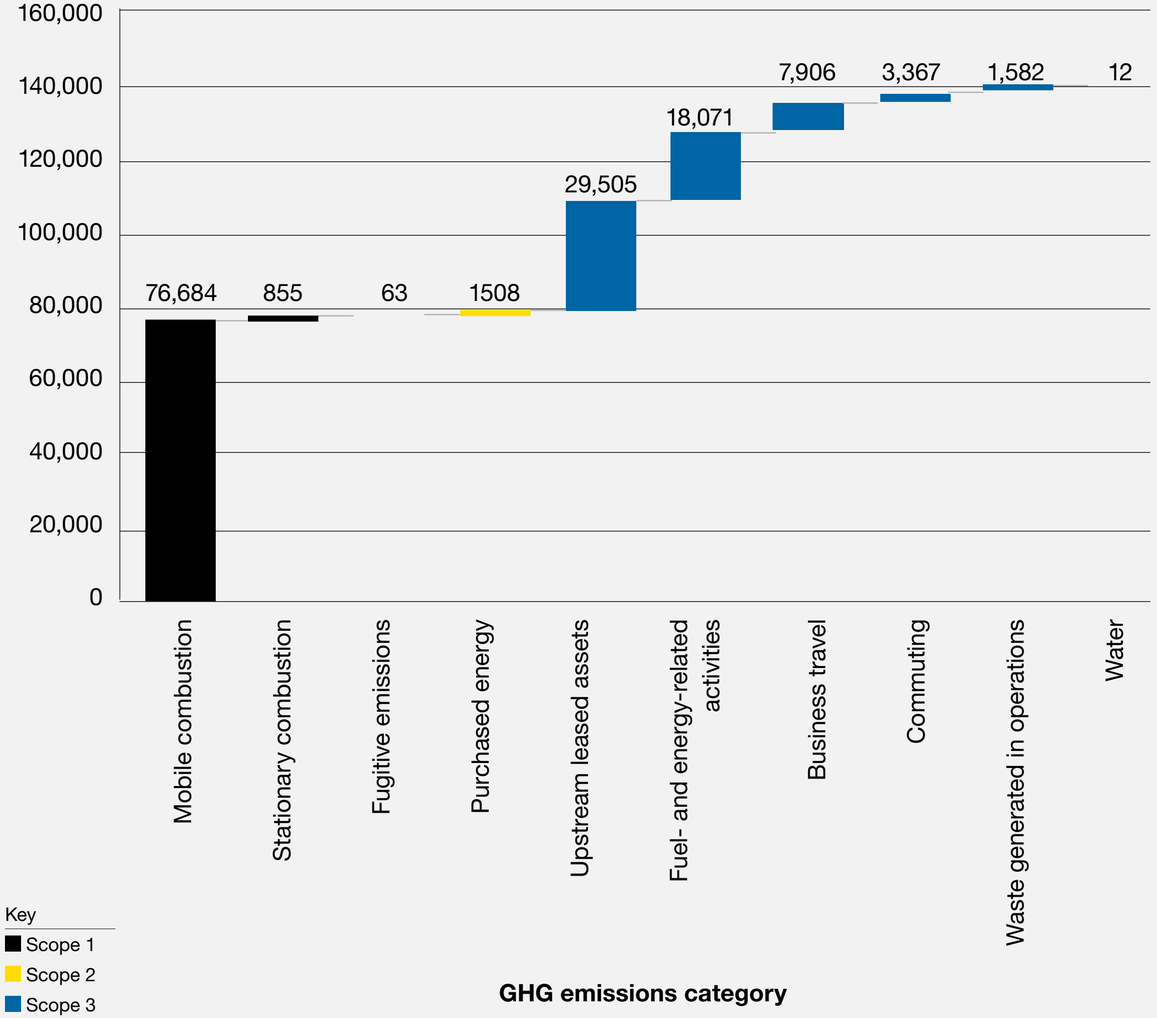
Key
- Scope 1 (77,602 tCO_2e)
- Scope 2 (1,508 tCO_2e)
- Scope 3 (60,444 tCO_2e)

James Fisher is committed to achieving net zero across our global operations by 2050

From today, we are making a science-based commitment to achieve net zero greenhouse gas (GHG) emissions by 2050. In this context, net zero means reducing the Group's Scope 1 and Scope 2 GHG emissions to as close to zero as possible by 2050 and applying a residual strategy to neutralise the residual emissions.

» **Further details can be found within our GHG emissions section below, and full details within our TCFD disclosure report which can be found on pages 41 to 65.**

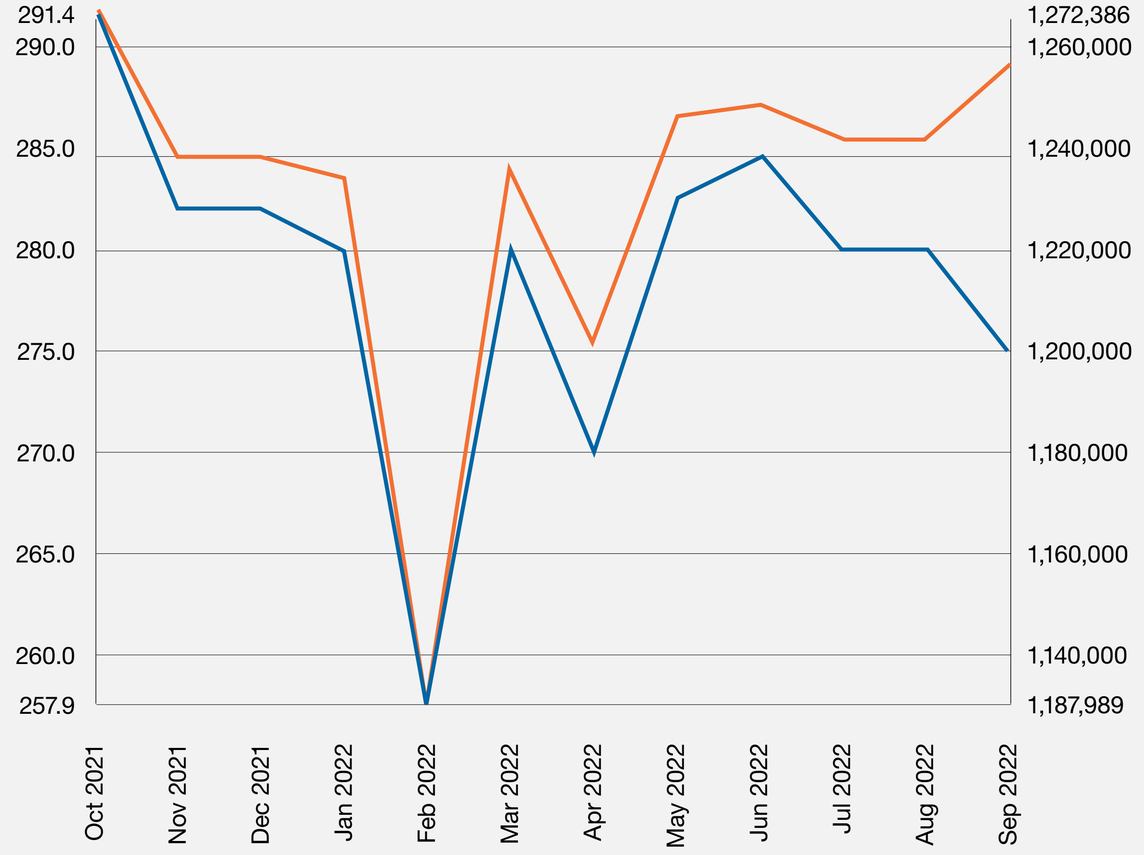
EMISSIONS TYPE/SCOPE (tCO_2e)



Planet cont.

TOTAL EMISSIONS (tCO_2e)

ELECTRICITY – KWH AND CARBON



Key
- tCO_2e
- Total kWh (right axis)

Planet cont.

In 2022 we moved from manual data collection, assessment, and impact reporting to an SAAS (Software as a Service) solution, an accredited CDP gold software partner. This identified an emissions data input error and minor variances due to different conversion factors. As a result, we recalculated our GHG emissions for reporting year 2020-21.

Additionally, during this transition, it was recommended that our baseline and impact disclosures should be oriented around location-based on location-based results, where previously, we reported using market-based data.

The re-calculation resulted in the Group's Scope 1 and Scope 2 baseline (2021 data) reducing from 114, 374 tCO_2e, to 84,711 tCO_2e. The Group's GHG emissions impact disclosures are reported on location-based results. This approach has been taken for the baseline year (2021) and for 2022. We 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 were used.

Our greenhouse gas emissions were calculated in accordance with the requirements of the GHG Protocol: A Corporate Accounting and Reporting Standard, revised edition.

GREENHOUSE GAS PROTOCOL

Ecometrica

Carbon reduction efforts throughout the Group

In our day-to-day operations and buildings we have various initiatives that contribute to our carbon reduction pathways. They include:

GROUP-LED INITIATIVES

Transitioning to one (renewable) energy supplier in the UK: three Group companies have entered into bespoke contracts with the supplier and others are to follow in line with contract renewals.

Utilisation of ESOS phase 3 audits outcomes in 2023 to drive and promote efficiency and reduction opportunities.

The Group's BEx programme will improve efficiency through greater productivity, efficiency measures and streamlining of our systems and global processes.

The Group is re-developing its business travel policy guidance to ensure specific considerations are made for example necessity and means/class of travel.

In order to maintain and promote the good habits which developed through the COVID-19 pandemic travel restrictions we have endorsed ongoing working from home arrangements which contributes to a reduction in GHG emissions created through commuting, also to wellbeing, engagement, reduction in travelling costs.

In 2022 the Group reviewed its employee benefits taking into consideration our sustainability areas of focus and in 2023 will include the implementation of a salary sacrifice scheme for electric vehicles.

We are looking into the use of voltage optimisers to reduce CO_2 emissions and energy costs, while prolonging the life and reliability of all equipment.

OPERATING COMPANY INITIATIVES

JFD installed electric vehicle (EV) charge points at two of its UK locations in 2022 and plan to add further locations. Additionally they are piloting EV fleet vehicles: the first two will be delivered in 2023. Scan Tech AS has also installed EV charge points.

Reduce, re-use and recycle initiatives and campaigns to promote innovative and responsible behaviour have been introduced throughout various operating companies. This will be further enhanced by the Group in 2023.

IT equipment at Scan Tech AS is collected through a loop refund agreement meaning the equipment is considered for re-use and recycling.

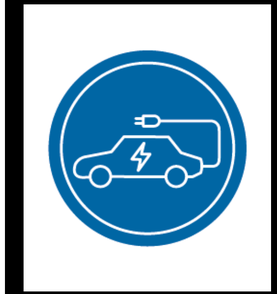
Various operating companies are exploring the use of window/door contact sensors, where the heating system and/or HVAC moves to standby whenever a window or door is opened.

Initiatives such as energy efficient lighting, energy efficient appliances and removing single-use drinking containers are continuing to be rolled out across our operating companies.

Having maintained good practices post-pandemic (utilisation of digital and remote capabilities for example, as well as inclusion of Group-determined reduction options within operating companies' strategies and reduction plans for 2023), we expect to see a significant acceleration in new, innovative, and impactful carbon reduction initiatives in 2023.

Planet cont.

BOOSTING OUR EMPLOYEE BENEFITS PACKAGE WITH SALARY SACRIFICE SCHEME FOR ELECTRIC CARS



Our salary sacrifice car scheme, due to launch in 2023, will offer a number of tax and personal benefits savings to our employees through paying for their electric vehicle from their gross salary before tax.

METRICS AND TARGETS

Summary of results can be found in our non-financial key performance indicators page 40 and detailed results can be found within our TCFD disclosure pages 41 to 65

» **Click LINK to view the TCFD disclosure**

DELIVERY OF FIRST DUAL-FUEL TANKERS

James Fisher's second LNG dual-fuel tanker, the Lady Maria Fisher, scheduled for sea trials in January 2023 (successfully completed at the time of report published) will soon join its sister vessel, Sir John Fisher.

» **Read more about the tankers and what environmental and operational efficiencies these bring to the Groups fleet on page 63 (TCFD disclosure).**

Sir John Fisher, the first of two LNG dual-fuel tankers.

The tankers are equipped with efficient dual-fuel engines able to run on liquified natural gas, the intention is to burn LNG whenever possible.

The two vessels also incorporate innovations in design and construction technology to further enhance hydrodynamic performance, to improve operational efficiency, reduce GHG emissions and improve local air quality. Their extensive, centralised waste heat recovery system also helps minimise GHG emissions.

PEOPLE

Top talent

Equity, diversity and inclusion

Health, safety and security

Our employees are critical to the operation of our business, **our most important assets**.

People

FOCUS AREAS

- **Top talent**
- **Equity, diversity and inclusion**
- **Health, safety and security**

Our employees are our most important assets and are critical to the operation of our business. United by a common purpose and shared valued behaviours, their pioneering spirit, integrity, energy, and resilience 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. We will continue to develop and build upon a culture which allows them to use their skills and to develop career paths for realising their potential.

We are committed to ensuring that sustainability is at the heart of everything we do, and nothing is more important than keeping our employees and service users safe in all their activities.

Top talent

Key drivers for sustainability focus area top talent are; stakeholder working groups engagement, wellbeing, and talent management.

Top-down approach

We believe that managers must lead by example and be strong advocates for our talent initiatives to be successful for both the business and our people. Employee engagement and talent management are important for both individuals and company performance, but unsustainable unless it goes hand-in-hand with employee wellbeing.

Talent management

Through continual consideration and demonstration of sustainable practices, including talent management, we are more likely to have aligned values with our employees.

Following on from our 'Leading in an Inclusive World' series in 2021, we are developing a Leading the Business programme (LTB). Manager behaviour is pivotal to engagement, wellbeing, and retaining top talent. Managers therefore represent a vital lever for creating a workforce that is both engaged and well. A performance series has been developed and delivered through virtual and digital learning support, with focus on creating a culture of performance conversations through line manager and employee communication, and objective setting for success.

A career development toolkit has been launched to help employees own, design, and drive their career progress, create opportunities for career development benefitting both our employees and the business, and create a workforce that is pioneering, agile, and able to respond to the ever-changing external environment.

EMPLOYEE EMPOWERMENT

We aim to build a foundation for success across the business by empowering our people to grow and drive performance. We aim to ensure our people are provided with experiences, through mentoring and secondment opportunities and participation in activities which fall outside their day-to-day roles and we believe this is crucial in retaining top talent.

2022 was an exciting year from a learning and development perspective. Forming new L&D partnerships with Corndel, Capita, Working Voice and MTD training, will ensure we can continue to provide a suite of learning for all employees to enable their continuous growth in their specified fields of expertise. Supporting the growth and development of our internal talent is key…this makes James Fisher a very exciting Company to work in.

Laura Porter TAP.cert,
Learning and Development Business Partner

LEARNING DEVELOPMENT
LEARN FROM YESTERDAY
DEVELOP FOR TOMORROW

People cont.

During 2023 we plan to develop training further to:

- Help our leaders focus on what matters
- Help managers become better coaches
- Help our employees do their best work

Our 2023 priorities include:

- identifying our high potential: we plan to review our current processes and define our key indicators with focus on simplifying for our people whilst being effective for our business needs
- retain our top talent: during 2022 we identified a number of areas for improvement and aim to design and implement these during 2023
- employee development: we aim to further enhance this area through onboarding, continual learning and development, performance management and talent mobility

THE SIZE AND DIVERSITY OF OUR GROUP PRESENTS VAST OPPORTUNITIES FOR CAREER GROWTH

Employees from across the Company are encouraged and supported to progress their careers internally, with development opportunities made available across the breadth of the Group's activities and regions.

Sebastian (Seb) Scorrer, now Strategy and Sales Analyst at EDS, is one example of an employee who recently took advantage of moving between operating companies and specialisms in pursuit of his personal goals.

Explaining the drivers behind his decision to adjust his career path and upskill, Seb said: "The motivation behind the move was to branch into renewables. As sustainability is a part of my personal life, I wanted to feel like I was 'doing my bit' in my work life too. I also just felt like it was time for a change, and it's good that at James Fisher we can move within the business when that is the case."

In making this decision and in the experience he has subsequently had in his new role, Seb feels he has received and benefitted from a large amount of support: "(I've had) Loads! A big one was EDS encouraging me to get my GWOs – these are safety qualifications that allow me to go offshore/onsite…. I've also been invited to/involved in a few senior leadership team meetings which I really enjoy. Just listening to how everyone interacts and also getting a better all-rounded business knowledge has helped."

Seb's colleague Becky Lloyd, Project Manager at EDS since February 2022, has also developed her career by moving throughout the Group having originally joined in 2017 as a finance accountant. Like Seb, Becky's experience developing her career at James Fisher has been positive: "The job is challenging, very rewarding, and the team have been amazing at helping me fit in and including me as one of their own. I am trying to continue my CIMA studies (funded by EDS) which hopefully will assist as I take on more responsibility in my new role."

INTERNAL COMMUNICATIONS HUB LAUNCHED

JFN has taken active steps to improve its internal communications. During 2022 JFN launched an 'Internal Comms HUB', bringing together internal communications from across the company into one central, easy to access place. Its weekly Business as Usual newsletter has evolved into the main feature, making for a more dynamic channel allowing for more immediate publication of news and announcements.

People cont.

Engagement

We believe engagement in the Company's sustainability work enhances employee job satisfaction, providing employees with a sense of belonging, drive, passion, and purpose, and ultimately ensures growth and long-term prosperity for our people and the business.

During 2022 our engagement champions, who act as representatives throughout the business, have been fully trained and are actively supporting their operating company managers and local activities.

We are working to create a physical and emotional connection that develops a shared purpose, and commitment with our people.

Following our 2021 engagement survey (the results of which are reflected in our 2022 engagement and retention metrics) and results analysis, the engagement working group committed to, and achieved, the following key objectives:

- reduce voluntary turnover across the Group. This was 1.5% for January 2022 and reduced to 0.9% in December 2022
- monitor the Group retention rate (engaged employees are less likely to leave). This rate was maintained at around 98% from January – November 2022. December retention rate dropped to 94% due to the sale of Mimic, Strainstall UK operations, and Prolec
- encourage a performance culture through the giving and receiving of feedback. Throughout 2022 the number of employees giving feedback increased from 3.8% to 8.3% (positive) and 1.1% to 2.3% (constructive). Employees receiving feedback increased from 8.2% to 16.1% (positive) and 1.2% to 2.4% (constructive)
- support line managers to interpret and share their engagement survey results with their teams, and to create and progress action plans
- support the promotion of the accountability index survey (May 2022) which maintains the engagement momentum and gives an indication of how a team may score in the following annual engagement survey

The survey and results analysis are cascaded to our senior leadership teams. A number of steps, personalised to each operating company, are then outlined for action. Each operating company has the flexibility to tailor best solutions and improvement opportunities for the business, with a directive on timelines and progress reporting led by the Group.

It's like a self-fulfilling circle; the more engaged your colleagues and employees are, the more successful the company. The more successful the employees are, they develop further and advance which further engages.

Inken Braunschmidt
(Non-Executive Director for Employee Engagement)

METRICS AND TARGETS

In our 2021 Annual Report and Accounts we reported our intention to set a target and measure and report on our employee engagement score. We are pleased to confirm this has now been implemented.

» **Refer to Key performance indicators page 40 for further details.**

EMPLOYEE ENGAGEMENT SURVEY

Foghorn: James Fisher's 2022 employee engagement survey.

A short, multiple-choice survey administered independently through Gallup, a global analytics and advice firm and employee engagement partner to the Group.

Image: Engagement Champion Bethany Wells.

People cont.

SHARING THE MESSAGE OF BREAST CANCER AWARENESS

October 2022 marked Breast Cancer Awareness Month and we took the opportunity to share the support on offer to those affected by cancer. Several colleagues shared tips and resources to help promote this topic including Emma Holmes, Contracts Manager at JF Subtech and head of the Group's wellbeing working group who shared some great advice. "Life can be busy and distracting, so I signed up to CoppaFeel's monthly text alerts which remind me to check. I would highly recommend visiting the website – they have some great instructional videos and leaflets which guide you through the signs and symptoms of breast cancer, and help you get to know your chest."

On 30 September 2022, teams from James Fisher and Sons plc, JFN and EDS HV Group came together to assist Macmillan Cancer Support by raising funds through an organised Coffee Morning in Bamber Bridge, UK.

Wellbeing

A renewed focus for the wellbeing working group in 2022 provided a preventative, culturally challenging and sustainable approach to delivering a physically and mentally healthy workplace in which our employees can thrive. We identified 'big picture' topics and developed a series of strategic areas of focus which have an emphasis on preventative measures which focus on the causes, not just the symptoms:

- Awareness training
- Campaigns
- Connectivity
- Mental health first aiders
- Planning/policy

Building on our commitment to train 50% of the mental health first aid (MHFA) population in suicide first aid (SFA), the first of our sessions by our MHFA England training provider commenced in August 2022. We are proud to have SFAs in our business and continue to build on the numbers into 2023 with a committed target as detailed in the Key Performance Indicator section page 40.

MOVEMBER

MOVEMBER®

Banding together for Movember and men's health in November 2022, our colleagues at James Fisher Everard (JFE) from our Tankships Division, worked together to raise awareness by completing a distance of 60km between them.

JFE are used to supporting the health and safety of men and women onboard the Group's fleet of tankers. Similar to their daily operations in this way, their charitable work looks for an external way to continue supporting the mental health and wellbeing of others.

THIS IS A CONVERSATION STARTER

The JFD teams at Bibra Lake and Perth, Australia, have recently taken up a new fun, bespoke piece of PPE to wear on Fridays in the office and after work in public spaces.

Embellished with a multi-coloured pattern on the lower torso, sleeves and collar, the back of the PPE hosts an eye-catching phrase – 'This is a conversation starter' – to literally start a conversation around the garment and the awareness around men's health it is trying to raise.

We are proud to see our teams across the world coming together in honour of supporting charitable causes.

The Group's wellbeing intranet page was published in 2022 creating a hub for information, guidance, working group news, contact information and useful resources. The annual engagement survey update incorporated the inclusion of wellbeing specific question(s), and a campaign calendar has been co-designed with Group Marketing contributing to mental health and wellbeing awareness and support, for example World Suicide Prevention Day 2022, stress awareness month, and Breast Cancer Awareness Month.

People cont.

Equity, diversity and inclusion

There was significant progress through 2022 due to improvements made to our learning and development, internal recruitment documentation and exit interview procedures that strengthen ED&I throughout the employee lifecycle.

2022 saw the launch of our first annual ED&I survey, developed in conjunction with Gallup. Key findings from this survey were:

- people feeling like they can be themselves at work and feeling that everyone is treated fairly
- there are opportunities to discuss diversity more openly
- there is a strong correlation between our local employee engagement, company advocacy and ED&I scores

IF NOT NOW WHEN

At James Fisher our commitment to equality, diversity and inclusion extends beyond our own workforce. We aim to engage the communities where we live and work through employing local people, contributing to local economies, and investing in local supply chains.

INTERNATIONAL WOMEN'S DAY 2022

Breaking the gender bias (#BreakTheBias) was the theme for International Women's Day 2022 and is complementary to our own agenda of increasing female representation. Throughout the Group we celebrated International Women's Day by joining in the #BreakTheBias campaign – demonstrating our support for women's equity through a photo campaign, women and men standing together in solidarity.

Additional activities during 2022 included a review of learning and development and internal recruitment documents to provide greater diversity coverage, and the team contributed to an overhaul of our exit and new starter feedback processes.

The annual ED&I survey results helped to determine the following key objectives for 2023:

- Increasing ED&I survey response rate from 55%
- Building on our ED&I overall index score of 4.03

We are implementing metrics to measure and monitor response rates for the newly implemented annual ED&I survey, and performance in relation to diversity within specific employee tiering bands for example senior leadership teams, and female attrition rates.

Lack of comprehensive data available from which to set targets has been an issue and the working group is seeking to ensure that effective data collection methods and tracking systems and processes are put in place.

GLOBAL EXPANSION

Global digital services provider Asset Information Services (AIS) is expanding its global footprint with new international teams in Nigeria, UAE, Mexico, and Indonesia to provide enhanced digital twin systems for the energy sector.

REDRESSING THE BALANCE

In March 2022, Subtech South Africa (Pty) Ltd completed a major Broad-Based Black Economic Empowerment (B-BBEE) transaction, transferring a 51% stake in the business to South African black-owned consortium, Tacenda Consulting (Pty) Ltd (100% black female-owned) and Thembani Shipping (Pty) Ltd.

South Africa introduced B-BBEE policy in 2003 to redress the unjust effects of the apartheid past. Aligned with the goals of B-BBEE, James Fisher Subtech has invested in, and is committed to, the socio-economic development of black South Africans through employment, management, and ownership opportunities within Subtech South Africa.

This is a powerful example of what can be achieved through meaningful Broad-Based Black Economic Empowerment.

Nomkhitha Mbele
Director at Subtech South Africa

People cont.

In line with regulatory requirements, our gender pay gap information is listed below.

GENDER DIVERSITY METRICS, 2022 VS 2021

Gender diversity	2022			2021		
	Male	Female	% Female	Male	Female	% Female
Board Directors[1]	5	3	38%	6	2[1]	25%
Executive Team[2]	5	2	29%	8	4	33%[3]
Senior Managers[3]	102	33	24%	69	34	33%[3]
Employees	1,724	493	22%	1,991	577	22%
Total	**1,836**	**531**	**22%**	**2,074**	**617**	**23%**

(1) In Q1 2022, we appointed Claire Hawkings to the Board, increasing the total of Main Board Directors to eight and raising the % female metric up to 38%.

(2) Excludes Jean Vernet and Duncan Kennedy in calculation.

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

S.H.E.

S.H.E
Supporting Her Empowerment

JFD, championing our sustainability focus area equity, diversity and inclusion, created a women's network, open to all employees, across its global operations in 2022. With a formal launch due in 2023 JFD aim to educate and improve awareness of cultural differences that impact females in the work environment and increase representation of women in leadership and technical roles.

Local community integration

Our objective is to be a good citizen and active member of the community through:

- encouraging our employees to engage and make a difference
- creating local employment and sourcing opportunities within our communities
- investing and engaging in people development, wellbeing, training, and other initiatives to enhance the lives of people in the community

We have had an outstanding year in terms of supporting our local communities and we are exceptionally proud of the time and effort our employees across the Group have dedicated to this focus area.

FUTURESTARS CHARITY

FUTURESTARS CHARITY

James Fisher is proud to support Futurestars Charity in Ghana, an education-through-sports charity founded in 2018.

One of its latest projects has been the refurbishment of Twedaase Primary School in Tema, Ghana which involved the renovation of 1 school block with 3 classrooms for 130 children. Improvements included the installation of solar panelling, new lights, and ceiling fans as well as a 'Tree of Life' artwork – symbolising the achievements of the charity in partnership with the local schools.

The assistance the charity has rendered the local community in Ghana is amazing, and we are honoured to be part of the team!

People cont.

Group-wide, we remain committed to supporting local charities and organisations, and for our employees to engage directly with the people we are helping, in order to maximise impact. As part of that commitment, the Group is formalising its endorsement of one workday allocation per employee, per annum, to support their local community.

During 2022 we formed a communities working group which has been actively working in preparation for 2023. The working group aims to incentivise employees to volunteer their time to support local communities, ensure fairness across the Group, and provide employees with the outlets to do so by promoting new opportunities and developing tooling and guidance to facilitate the selection of, and engagement with, local organisations and charities. Planned activities for 2023 include:

- a comprehensive data gathering exercise to ensure we are capturing all local community efforts
- development of an internal hub for the James Fisher community discussion and collaboration forum
- regional reviews to ensure global coverage and determine where our operating companies can join forces and support local communities through collaboration. Bringing together our people from across the business, combining efforts and willingness with a shared purpose
- development of standardised guidance for those looking to identify suitable charities/organisations in their area, and what types of support or partnering opportunities they might offer

SUPPORTING ABERDEEN MOUNTAIN RESCUE TEAM

RMSpumptools has been supporting Martin for nearly five years in his role with the Aberdeen Mountain Rescue Team and has recently made a donation for their annual walk.

For almost five years, RMSpumptools has supported me and my mountain rescue duties, allowing me the time away to attend emergency call outs. It's great to see this taken one step further with their help in funding the food for our 50th annual walk

Martin Smith
Engineering Support Technician with RMSpumptools.

THE DISTINGUISHED GENTLEMAN'S RIDE

JFD Ortega are proud supporters of the Distinguished Gentleman's Ride (DGR) which unites classic and vintage style motorcycle riders all over the world to raise funds and awareness for prostate cancer research and men's mental health.

Bringing people together from across the globe, DGR funding has enabled Movember to support projects in: Australia, Austria, Brazil, Canada, Czech Republic, Germany, Finland, France, Hong Kong, Italy, Ireland, Netherlands, New Zealand, Norway, Spain, Switzerland, the UK, and the US.

Our Ortega team based in the Netherlands, one of which conducting client visits overseas, made personal donations and rode together apart.

Behind the scenes

At James Fisher, community within the workplace is the lifeblood of our business. We want our employees to feel they are working towards a greater goal as a source of inspiration within themselves, their roles, and their local communities day-to-day.

As part of continuing efforts to develop a sustainable and inclusive culture throughout the Group since launching our sustainability strategy in 2022, our internal community hub planned for launch in 2023 will be the heart of 'we are one'. The intention behind the community hub is to bring our people together, improve knowledge sharing, increase personal employee connections, improve productivity, and empower employees of all backgrounds to share their experiences.

JFN PROUD TO SUPPORT SKILLS FAIR IN FEBRUARY 2022

Alongside various businesses, training providers and national employers exhibiting at the #Workingtonskillsfair, Mechanical Design Engineer, Sophie Cullen, and EC&I Design Manager, Duncan Oates, took time out of their busy schedules to speak with young people about their future aspirations and to explore the potential career opportunities available at JFN.

People cont.

In 2023 we will continue to:

- work with local communities as collaborators and partners in order to 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

METRICS AND TARGETS

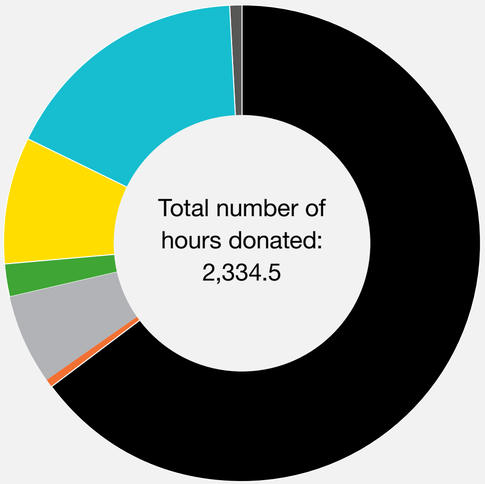
In our 2021 Annual Report and Accounts we reported our intention to set a target and measure and report on our community efforts. We are pleased to confirm this has now been implemented.

Refer to Key Performance Indicators page 40 for further details.

2022 COMMUNITY INITIATIVES

Spanning five countries worldwide, 93 initiatives were conducted in 2022 totalling 2,334.5 people hours donated.

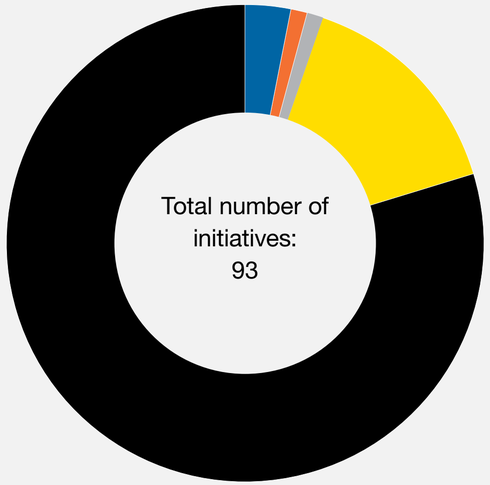
Split by theme (Hours donated)



Key

- Charity (1,511.5)
- Donation (3)
- Fundraising (11)
- Health and wellbeing (144)
- Hobby (0)
- Local business support (55)
- Local community group (198)
- School/education (396)
- STEM (16)

Split by country (Number of initiatives)



Key

- Australia (3)
- Netherlands (1)
- Singapore (1)
- South Africa (14)
- UK (74)

SUPPORTING THOSE WHO SERVE

ARMED FORCES COVENANT

Various James Fisher companies have committed to supporting the Armed Forces community, demonstrated by their signing of the Armed Forces Covenant. In alignment with this pledge, the companies will endeavour to uphold the key principles of the Covenant in its business dealings.

People cont.

VOLUNTEERING AT WALKMILL COMMUNITY WOODLAND

Walkmill Woodland is a vital and much-loved green space for the communities of Moresby near Whitehaven. The 36-hectare site is of significant interest in terms of its heritage woodland and habitats, and its social history and industrial archaeology. With funding from the National Lottery Heritage Fund 'A Wilder Walkmill' project will be delivered by an established partnership between Moresby Parish Council (MPC), Walkmill Activity Group (WAG) and West Cumbria Rivers Trust (WCRT) and seizes upon the existing community momentum to safeguard the heritage value and deliver broader public benefits.

JFN have been signing up volunteers to help with various activities.

- tree/hedge planting
- wildflower meadow sowing
- footpath maintenance and repair, boardwalk and step construction
- pond construction and maintenance
- bridge construction
- citizen science surveys – such as butterfly monitoring and wildflower identification
- fence removal

Health, safety and security

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.

We want people, including those benefitting from our products and services, to return safely to their homes, families, and friends every day.

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 co-ordinated 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

LOOK. THINK. ACT.

look.think.act.
safety in a healthy environment.

From day 1 of employment throughout the lifecycle of an employee’s career the provision of health and safety information and training is paramount. In 2022 we introduced a new enhanced employee induction with stronger focus on health and safety through engaging and interactive learning. We continue to provide several health and safety courses from mandatory compliance modules to wider health and safety issues, with all mandatory courses repeated year-on-year to ensure continued focus and adherence.

- health and safety in the workplace
- see it, sort it, report it
- fire safety awareness
- driver safety awareness
- slips and trips
- personal protective equipment (PPE) awareness
- hazard identification and risk control
- and many more...

Health and safety training

2022 health and safety performance did show an improvement on 2021 HSE performance data. During 2022, although there have been no fatalities, there have been incidents including high potential near misses and Lost Time Injuries. The Group has appointed a central HSEQ leader to improve the HSEQ performance and adopt best practice frameworks, processes, and standards across the Group.

SAFETY OBSERVATION AWARENESS CAMPAIGN

During 2022 JFD launched a safety observation awareness campaign which included the introduction of a new digital platform for safety observations with the following benefits:

- increase safety awareness
- decrease anxiety or threat of reporting errors
- provide additional means of submitting feedback

Employees can now report safety observations using the ‘fill out a card’ method, or the new digital, more environmentally friendly, method.

People cont.

Executive leaders continue to increase the level of awareness and focus on health and safety, and the Group safety forum is successfully sharing best practice, improving root cause analysis, initiatives and lessons learned amongst all stakeholders across the Group.

The Health, Safety and Security (HS&S) focus area will be led through our BEx team from 2023. The safety forum supports a Group-wide commitment to a positive, collaborative culture that focuses on people empowerment while developing and deploying business critical standards, policies, procedures, and systems, ensuring compliance through monitoring.

METRICS AND TARGETS

» **Refer to Key Performance Indicators on page 40 for our 2022 metrics and targets performance.**

CANAL & RIVER TRUST

JF Subtech successfully identified and replaced defective anodes for the Canal & River Trust, ensuring the longevity and safe operation of the historic Went Aqueduct on the Sheffield and South Yorkshire, UK, navigation.

The challenge

- As the waterway had been affected by unusual levels of rainfall, JF Subtech topside workers had to carefully navigate operating in tidal conditions close to the waterline.
- As a result, extra precaution was to be taken so as not to cause an environmental hazard to wildlife as well as other canal users.

The solution involved close liaison with the Canal & River Trust locally to ensure that the job was completed safely and to a high standard. Environmental conditions were carefully monitored to identify effective work windows and the project successfully completed in September 2022.

We continue to be a close partner with the Canal & River Trust to maintain the green-blue space, accessibility and history of our waterways.

Alex Ratcliffe
Assistant Project Manager, James Fisher Subtech.

JAMES FISHER SUBTECH

JF Subtech successfully completed a subsea inspection, repair and maintenance (IRM) contract for NEO Energy in 2022 on its floating production storage and offloading (FPSO) vessel, Global Producer III (GPIII), located in the Balloch field, Central North Sea.

The contract saw the safe and efficient execution of the FPSO's IRM scope and required JF Subtech to apply its comprehensive experience of technically complex project scopes in harsh environments, utilising its air diving and ROV expertise to undertake the operation on the GPIII vessel's hull, in accordance with NEO Energy's asset integrity programme.

PARTNERSHIPS

Innovation

Customer engagement

Governance

In our 175-year history, we have **differentiated ourselves through innovation and technology**.

Partnerships

FOCUS AREAS

- Innovation
- Customer engagement
- Governance

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 are uniquely positioned to support our customers and suppliers through highly skilled capabilities from product or service design, installation, delivery and ongoing maintenance.

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.

WIND FARM IN THE TAIWAN STRAIT

James Fisher Renewables (JF Renewables) are working with Ho Lung Power Engineering (HLPE) to provide planning, reporting, engineering support/technical review and skilled labour for cable termination and testing (T&T) of Orsted's Greater Changhua wind farm in the Taiwan Strait. This news follows the recent announcement of the partnership between JF Renewables and HLPE to strengthen localisation in Taiwan.

Innovation

Innovation is a key element for sustainable growth enabling the Group to meet our current customer expectations and to optimise new opportunities. We are uniquely positioned to influence and help our customers to share in the future of our chosen markets with 175 years of expertise spanning marine, transportation, oil and gas and renewable energy.

Our innovation goal is value creation – to deliver tangible revenue gains and cost savings for our customers while maintaining and exceeding products and service quality. 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 exceptionally talented workforce 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 in co-design and to ensure services are provided in accordance with our valued behaviours and code of conduct

Similarly, with opportunities identified through the scenario analysis work in our market areas, we aim to ensure that the opportunities identified through our products and service offerings are realised through continued consideration and opportunity monitoring both at Group and operating company level where appropriate. Opportunities identified through scenario analysis include:

- development and/or expansion of low emission goods and services
- development of new products or services through R&D (research and development) and innovation

» **Further details on the opportunities identified through scenario analysis can be found in our TCFD disclosure on page 53, click LINK to view the full report.**

Partnerships cont.

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 shown within this section.

During 2023 and 2024, we aim to develop and roll-out a Group-wide process and framework for innovation with a minimum of two innovation projects fully reviewed in line with the new process.

THE ULSTEIN TWIN X-STERN SOV

James Fisher and Graig Shipping Plc (Graig), a long-established UK shipowner, unveiled a pioneering service operation vessel (SOV) design concept in June 2022. The Ulstein Twin X-Stern SOV has been designed to support the UK's ambitious target of 50GW of offshore wind energy generation by 2030.

Meeting developer demand

The innovative design is intended for series construction, meaning it reduces time and cost to build while still allowing for configuration for owners and developers.

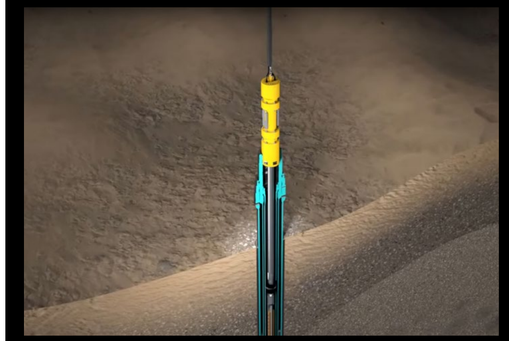
Lower GHG emissions

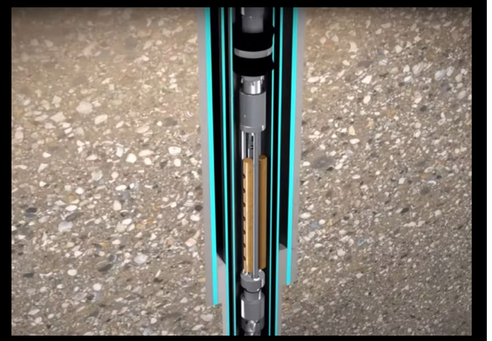
Because the vessels have two sterns, they are extremely manoeuvrable which reduces power consumption. They are also future-fuel ready, designed for conversion to zero emissions when technology has matured.

Better for seafarers

As larger turbines are installed further out at sea, vessels and crews will be travelling greater distances and working for longer periods of time. The hull design results in reduced motion in the water which makes it more comfortable for seafarers as well as contributing to the vessel's energy efficiency.

JAMES FISHER'S SEABASS





In 2021 we acquired Subsea Engenuity Ltd to increase our decommissioning capability with innovative well abandonment technology to enable the seabed to be returned to its natural state with no pollution impact.

The technology – SEABASS – is a revolutionary, single trip mechanically locking system for the abandonment of subsea wells. As well as meeting global market criteria, it is designed to deliver cost and time efficiencies and to remove contaminants upon plugging to allow the well site to return to its original environmental state.

Despite significant supply chain challenges due to the pandemic, SEABASS was brought to market in 2022. In October, in-depth simulation testing and in-house and customer testing was successfully completed. In December, a collaboration with a large-scale oil and gas operator and a major North Sea vessel operator was undertaken, with James Fisher Decommissioning providing tools and equipment for the abandonment of two subsea wells in the central North Sea.

We are investing in further development and in 2023 we expect the system to be adaptable to other subsea well applications. Additionally, new handling equipment and methodology are being adapted to further reduce operating time and increase safety during operations.

Partnerships cont.

Customer engagement

With a network of world-wide operators, partners, industry experts and support bases, we are well placed to support our customers across the globe.

- **we excel** in complex and time sensitive or emergency response situations as well as in the provision of bespoke solutions in high-risk environments
- **we pioneer** life preserving solutions for our customers while ensuring operator safety and security
- **we build partnerships** with customers and key industry players to co-design, develop, and commercialise cutting-edge solutions to industry and customer challenges

We have been working to ensure the Group's sustainability strategy and supporting activities connect with our customers' own social value and environmental commitments. For example, we are developing tools and guidance for the Group's operating companies which will help embed best practice methods used in meeting the needs of our customers, therefore, for example, in alignment with the UK Government, Social Value Model.

SUBSEA EXPO AWARDS

SUBSEA EXPO AWARDS
SHORTLIST FINALIST
2023

JFD announced as a finalist for The Cross Sector Diversification Award in 2022 at the 2023 Subsea Expo Awards. The prestigious awards ceremony organised by the Global Underwater Hub recognises innovators and talent from across the UK's underwater industry.

The Cross Sector Diversification Award recognises companies that develop technologies or solutions with applications across more than one market sector.

With a renewed approach to customer engagement following re-structuring which took effect in January 2023, the Group's BEx programme will develop a standard process for customer engagement to roll-out across the Group.

Customer engagement is integral to our business. The initial focus is to transform our customer feedback processes into a standardised process with a consistently tracked metric across the businesses.

We aim to gain a more accurate understanding of our customers through increased communication, in order to support them in meeting their own needs and objectives.

For example, we aim to better understand their:

- attitudes and behaviours or decision-making processes
- challenges so we can better support them through the identification of sustainable solutions
- decarbonisation agendas in order to provide innovative products and services which afford a positive impact for them

Through building on our customer relationships and continuing to identify shared sustainability goals we aim to support our customers in meeting their own needs and objectives.

We will deploy Net Promoter Score (NPS) as the KPI across the Group. Currently data capture is inconsistent with limited measures in place to support the feedback loops and process improvements. This will be addressed later in 2023, and we expect to be able to report on this from 2024 onwards.

Partnerships cont.

Governance

Values and ethics

We believe that ethical leadership and effective stewardship, consistent with the valued behaviours demanded of every James Fisher employee, are essential attributes for our success.

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. We also expect our suppliers, sub-contractors, and trusted partners to align with and demonstrate these also.

A solid Governance framework ensures we continue to deliver value for all our stakeholders while managing and minimising our risk exposure.

» **Refer to pages 62 to 70 of the 2022 Annual Report and Accounts for further 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, which are reviewed on a periodic basis to ensure they are current and align with evolving challenges in the world, whilst staying true to our core values and principles. Clear expectations and obligations are set out with our employees, partners, suppliers, and customers in alignment with these policies, and processes are in place to monitor compliance.

» **Several training programmes and assurance processes support our policies, and these are described on 72 and 73 of the 2022 Annual Report and Accounts.**

Supply chain management

We expect our suppliers and sub-contractors to adhere to our principles and to commit to sustainable business principles and practices generally. It is important to have accountability and full disclosure on issues such as human rights, health and safety, product and service quality, and environmental impacts. Our supplier onboarding process includes a detailed questionnaire capturing their governance processes, policies, and commitments, and examines the credentials of their own supply chains.

Corporate governance

During 2022 the Sustainability Committee has continued to embed into the Governance protocols of the Group.

We are continuing our focus on supply chain management in 2023 with the appointment of our Group PMO (Project Management Office) Director and divisional Head of Supply Chain, the Group Head of Supply Chain and divisional Head of Supply Chain positions.

The transformation team driven by our BEx programme will:

- roll-out our supplier code of conduct
- determine appropriate methods and tools for developing mutually sustainable, beneficial, and collaborative supplier partnerships that offer superior value whilst attaining the highest standards aligned to our Group values
- work with the Group Sustainability Committee to determine best approaches as we expand the Group's Scope 3 reporting and establish shared environmental goals with our suppliers

The value local suppliers can create is epitomised in the example of a family-run precision engineering and manufacturing company situated a short distance from our Inchinnan facility in Scotland which was identified by JFD's research and development team during a design project. The SME has become an integral part of JFD's supply chain and has expanded significantly as a business since 2015 through continued and significant work opportunities.

Often going above and beyond and providing a solid alternative option where a primary allocation supplier is unable to support, this collaborative relationship, similar to many of our valued suppliers, contributes significantly to the resilience of our business.

Supply chain resilience, optimisation, and our local communities

It is important to us that local start-up businesses, entrepreneurs, small- and medium-sized enterprises (SMEs), voluntary and social enterprises (VCSEs) have the same opportunity to supply our operating companies.

We do not currently measure and monitor the use of SMEs and others as described above at Group level, but plan to in 2023 and we are looking at how our ERP, or alternative, systems can support this.

We will continue to optimise cost through common categorisation, spend allocation, and supplier relationship management. For example, we are realising new economies of scale through Group-wide use of strategic suppliers.

A specific example of this, which supports our focus on GHG emissions by securing energy from low carbon sources, is that we are in the process of transitioning to one (renewable) energy supplier for our UK-based operating companies. So far, three of our companies have signed up to the Group contract with others pending on contract completion with their current suppliers.

Partnerships cont.

The expected level of service required from our supply chains demands supply chain resilience

In March 2022 James Fisher signed a charter agreement with Go Marine Group for the exclusive use of the Multi-purpose Service Vessel, Go Electra, adding much needed security for our customers amid cost and supply chain crunches in the industry.

The long-standing agreement will see quicker response times and tailored health and safety standards implemented, as well as stabilised and reliable day rates for customers. In addition, there will be an increase in operational uptime, with a consistent crew and shortened mobilisation and demobilisation times between projects resulting in boosted productivity and reduced environmental impact due to fewer overall transits to shore.

Putting sustainability and efficiency at the forefront of decision making, James Fisher selected the Go Electra following an extensive vessel research and evaluation process. The Go Electra was built in 2011 and measures around 80m in length with Dynamic Positioning System (DP2) capabilities, it has an onboard capacity for 66 crew and passengers.

James Fisher tackles supply chain challenges with seasonal charter agreement.

Sustainability is a complex space; it covers an array of environmental, economic, and social issues, as well as a large web of stakeholders, from investors, regulators, and customers to employees.

Evolving to be the heart of everything we do at James Fisher, we are working toward sustainability becoming part of our DNA, our culture, our everyday decision-making and considerations. Why?

WE ARE PREDICTING OUR FUTURE BY CREATING IT.

Non-financial key performance indicators

Employee Engagement Score (Gallup)

3.84

2023	3.95
2022	3.84
2021	3.6

Base year
2021

Baseline
3.6

Lost Time Incident Frequency (LTIF)*

0.51

2023	0.459
2022	0.51
2021	2.6

Base year
2021

Baseline
2.6

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

Total Recordable Injury Frequency (TRIF)*

2.65

2023	2.385
2022	2.65
2021	7.4

Base year
2021

Baseline
7.4

* TRIF = ((Fatality + Lost Time Injury + Restricted Work Day Case + Medical Treatment Case) x 1,000,000) /(hours worked).

Local community integration*

56%

2023	75%
2022	56%
2021	N/A

Base year
2022

Baseline
56%

* (2hr per employee headcount).

Fatalities

0

2023	0
2022	0
2021	0

Base year
2021

Baseline
0

Scope 1 and Scope 2 emissions (tCO_2e)

79,110

2025	70,480
2022	79,110
2021	84,711

Base year
2021

Baseline
84,711

Scope 3 emissions – business travel (tCO_2e)

7,906

2023	7,115.4
2022	7,906
2021	N/A

Base year
2021

Baseline
7,906

Key
- Target
- 2022
- 2021

Annex A Transition to net zero and TCFD disclosures

James Fisher and Sons plc (the Company) and its group of companies (the Group) is making its 2022 disclosure in accordance with the Financial Conduct Authority (FCA) Policy Statement 20/17 and listing rule LR 9.8.6R(8), consistent with the recommendations and recommended disclosures and supporting guidance from the Task Force on Climate-related Financial Disclosures (TCFD).

Introduction

During 2022 the Group completed the identification, impact and reporting for climate-related risks and opportunities, and how these map over the short-, medium-, and long-term. It has also extended the metrics used by the Company to support the implementation of these.

Our understanding and management of climate-related risks and opportunities has been enhanced through a detailed qualitative and quantitative scenario analysis exercise. We have evaluated the results of this scenario analysis at multiple levels within the business, including at Company Board-level, and are using them to influence our business strategy and financial planning.

We have also concluded the mapping of our emissions reduction pathways for Scope 1 and Scope 2 emissions which demonstrate pathways to achieving the net zero ambition.

We make climate-related disclosures consistent with the TCFD recommendations and recommended disclosures in this TCFD report against:

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

For metrics and target disclosures (b) and (c), work is underway to establish our GHG emissions baseline for applicable Scope 3 categories, and subsequent Scope 3 target setting, monitoring and assurance, to ensure full compliance in the future. This is being managed at the Group level through our GHG emissions performance and disclosure, and Scope 3 expansion activities.

Annex A Transition to net zero and TCFD disclosures cont.

TCFD recommended disclosures			
GOVERNANCE Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities. **Status: Disclosed** » **Page 43**	b) Describe management's role in assessing and managing climate-related risks and opportunities. **Status: Disclosed** » **Pages 43 to 46**	
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short-, medium- and long-term. **Status: Disclosed** » **Page 46**	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. **Status: Disclosed** » **Pages 47 to 53**	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. **Status: Disclosed** » **Pages 51 to 53**
RISK MANAGEMENT Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks. **Status: Disclosed** » **Page 54**	b) Describe the organization's processes for managing climate-related risks. **Status: Disclosed** » **Pages 43 to 45, and page 55**	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. **Status: Disclosed** » **Page 56**
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. **Status: Disclosed** » **Pages 57 to 58**	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. **Status: Scope 1 and Scope 2 emissions disclosed. Scope 3 emissions in process.** » **Pages 58 and 59**	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. **Status: Scope 1 and Scope 2 climate targets disclosed. Scope 3 targets in process.** » **Pages 60 to 65**

Source: https://www.fsb-tcfd.org/recommendations/" Recommendations | Task Force on Climate-Related Financial Disclosures (fsb-tcfd.org) last consulted 4 May 2023.

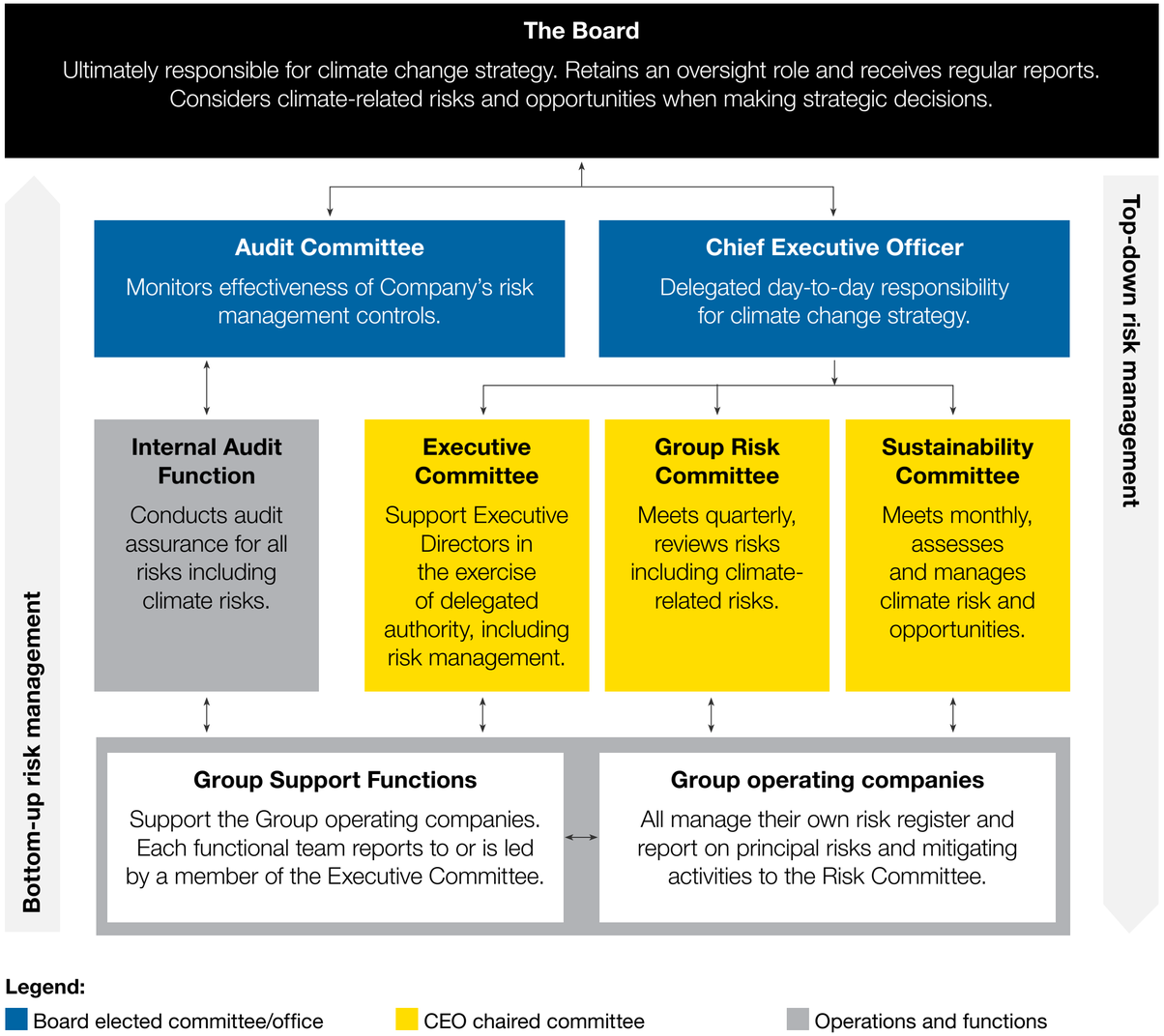
Annex A Transition to net zero and TCFD disclosures cont.

CLIMATE-RELATED GOVERNANCE

The Company's Board of Directors (the Board) has ultimate responsibility for the Company's climate change strategy and oversees progress against climate-related targets. The Board considers climate-related risks and opportunities on a continuous basis, such as when deciding on the strategic direction of the Group, acquisitions and divestments, or deciding on major capital expenditures.

The Board delegates day-to-day responsibility for the climate strategy to the Group CEO but is kept informed of climate-related issues via management structures including the Risk Committee, the Sustainability Committee, the Audit Committee, and the Group Support Functional leads. A summary of this Governance structure is provided in Figure 1 opposite and a list of key reports used to manage climate risk are provided in Table 1 on page 45. Further information of how these bodies work together to manage risk to manage risk is described on pages 43 to 45.

Figure 1. Governance framework overview



Audit Committee

The Audit Committee is made up of 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 on pages 89 to 93 of the 2022 Annual Report and Accounts.**

Internal Audit function

The Group's Internal Audit function is outsourced to PricewaterhouseCoopers (PwC LLP). Main responsibilities of this function are to:

- conduct audit assurance for all operational, compliance, financial, climate and other risks in all businesses and locations throughout the Group including voluntary assurance over TCFD disclosures, both existing and under development
- make recommendations for improvement and follow 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 PwC attends all Audit Committee meetings and, presents a summary of the internal audit findings, recommendations, and implementation progress on an ongoing basis.

An Internal Controls function has been created, headed by the former Group Head of Internal Audit, in part due to the BEIS (the department for Business, Energy and Industrial Strategy) consultation paper released in March 2021, which outlined its proposals for strengthening the UK's framework for major companies and the way that they are audited.

Annex A Transition to net zero and TCFD disclosures cont.

The Head of Internal Controls is supported by external advisers BDO, to manage the development of a roadmap that will enable the Group to be better prepared to meet the final requirements.

Internal Controls also implement 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.

Executive Committee

The Board operates an Executive Committee that meets monthly and is chaired by the Chief Executive Officer. The Committee consists of the Chief Executive Officer, Chief Financial Officer, Group General Counsel, Chief HR Officer, Head of Corporate Development, Group Business Development Director, Head of Business Excellence, and Divisional heads.

The Committee is 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.

Group Risk Committee

The Board operates 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 relate to the Group's principal risks and uncertainties, or to the individual operating companies' risk registers. Climate change is considered a principal risk by the Group and therefore is regularly discussed by the Risk Committee.

The minutes of Risk Committee meetings 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 risk appetite set by the Group
- review the Principal and Emerging risks that the Group is monitoring 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 Board at the appropriate time in the Board's corporate cycle.

Sustainability Committee

The James Fisher Sustainability Committee (the Committee), led by the Chief Executive Officer, reports directly to the Board and is responsible for creation and implementation of the Company's sustainability strategy activation across all its operating companies (the Group).

The Committee is an executive committee appointed by the Board to assist the Chief Executive Officer in recommending to the Board the Group's sustainability strategy, with its implementation across the Group, and with the Group's reporting with respect to sustainability.

On a quarterly basis, the Sustainability Committee presents a list of actions and decisions to be made for consideration by the Board. Members include:

- the Group Sustainability Manager (also representing stakeholder working group Leads)
- the Chief Financial Officer
- the Head of Corporate Development
- the Group General Counsel
- the Company Secretary
- the Chief HR Officer
- the Head of Business Excellence
- the Group Strategy Manager

The structure of the Sustainability Committee is described in more detail on page 13.

Group support functions

The Group's operating companies are supported by Group functional teams. Each functional team reports to or is led by a member of the Executive Committee. The Board retains an oversight role and receives regular reports on key issues from the following functional areas:

- strategy and sustainability matters, including climate strategy risks and commitments, from the Head of Corporate Development
- legal and regulatory matters from the Group General Counsel
- financial, tax and treasury matters from the Chief Financial Officer
- people and HR matters from the Chief HR Officer

Group Operating Companies

Responsible for ongoing management of the Company-specific risk register, including climate-related risks, and making recommendations for improvement to risk management processes. The operating companies are responsible for quarterly reporting to the Group Risk Committee on their principal risks and mitigating activities, as well as any emerging risks.

Table 1 overleaf illustrates reporting structures that exist to inform the Board, key stakeholders, and committees about climate-related risks across the operating companies. These structures support the management of climate-related risks. We are currently working to embed the management of climate-related opportunities into our business management processes which we will describe in more detail within our 2023 TCFD report.

Annex A Transition to net zero and TCFD disclosures cont.

Table 1. Reporting structures used to identify, report, and manage climate-related risks

Reports used to manage climate risk			
Source of report	**Recipient of report**	**Content of report**	**Frequency**
Audit Committee	The Board	Summary of the Internal Audit findings, recommendations, and implementation progress.	Four times per year
Audit Committee	The Board	Results of annual risk evaluation process.	Annually
Audit Committee	The Board	Results of internal control and risk management review questionnaire.	Bi-annually
Risk Committee	The Board	Minutes of Risk Committee.	Quarterly
Risk Committee	The Board	Recommendations regarding appropriate risk appetite for the Group.	Annually
Risk Committee	The Board and the Audit Committee	Recommendations for changes to the reporting of the Group's principal and emerging risks.	Appropriate time in the Board's corporate cycle
Sustainability Committee	The Board	List of actions, recommendations, and decisions.	Quarterly
Functional Heads	Risk Committee	Risks encountered in interactions with the operating companies.	Quarterly
Functional Heads	Risk Committee	Risk register.	Bi-annually
Operating Companies	Risk Committee	Report on principal risks and mitigating activities.	Bi-annually
Operating Companies	Risk Committee	Risk register.	Bi-annually
Internal Audit	Audit Committee	Annual Internal audit plan.	Annually
Internal Audit	Audit Committee	Recommendations for improvement to risk management processes.	Annually

Incentives

Part of the personal objectives for Executive Directors, executive committee team members and senior management is linked to the primary stakeholders of the Group: shareholders, employees, customers and suppliers, local communities, and the environment. As we continue to deliver our sustainability strategy throughout the Group, implementation of incentives for the management of climate-related issues, including the attainment of targets and/or the achievement of objectives is one of our current Sustainability Committee actions.

Objectives relating to the Company's sustainability strategy are currently reflected in Executive remuneration arrangements through the annual bonus. In 2022, the personal scorecards agreed for the Executive Directors included objectives relating to the structured analysis and framework for the Company's carbon reduction programme. For 2023, the payment to the Executive Directors of any annual bonus warranted by the achievement of the financial targets and strategic objectives comprising the bonus scorecard will be subject to a discretionary assessment by the Remuneration Committee of progress on other important initiatives during the year, including our Environment agenda. The ongoing role for, and linkage to, ESG priorities in remuneration arrangements will be kept under review, including as part of the Remuneration Committee's triennial review in 2023 of the Executive Directors' Remuneration Policy for 2024-26.

Our operators will also be expected to consider incentives at operational level in recognition of, and to drive efforts and contributions towards, our sustainability objectives. By 2024, our operators will have incentives in place to support the alignment of operational activities with our sustainability objectives. Appropriate incentives will be defined in 2023 by collaboration between the Group's Sustainability Manager and the Sustainability Committee.

Annex A Transition to net zero and TCFD disclosures cont.

Enhancement of Executive Committee and Board level climate expertise

The Board's climate expertise was enhanced by the appointment of Claire Hawkings as an Independent Non-Executive Director in January 2022. Claire brings a wealth of expertise into the business with key strengths and knowledge including considerable experience in the energy sector, ESG/sustainability leadership and management expertise, a broad understanding of the development and delivery of organisational strategies including business process transformation, leadership succession, diversity, and inclusion. Claire also has experience in portfolio management and leading complex commercial transactions.

Furthermore, Neil Sims, appointed in December 2022 as head of our Energy division, joins us with a long-standing career in the energy industry including ESG and energy transition strategies.

Considerations into process

To ensure consistency and that environmental and social value considerations being made when overseeing major capital expenditure, acquisitions or divestitures, work is underway to develop Group guidance and directive which will be flown down to our operating companies. This will allow for Group-wide monitoring of these integral considerations becoming part of business as usual.

STRATEGY

Climate change is an important consideration in defining the strategic direction of our businesses. To this end, **we have conducted a detailed scenario-analysis exercise aligned to the TCFD recommendations** with support from SLR Consulting, an external specialist consultancy.

This section describes the process which has been followed, the results, how we are integrating these results into our strategic planning, and how we intend to continue building on this process in the future.

Scenario analysis process overview

The scenario analysis exercise included a qualitative assessment of identified climate-related risks and opportunities, which were scored across three time horizons and three climate scenarios. Scoring was informed by globally authoritative data sets, desk-based research, as well as workshops and questionnaires with Group Executives and division leads.

Over the coming months, we will conduct a quantitative scenario analysis, focusing on the identified risk factor pathways and value drivers associated with the material climate-related risks and opportunities. The process involves modelling the evolution of value drivers over time and across different climate scenarios and projecting how changes in these value drivers could impact the performance of the Group. With new leadership, this has been paused to ensure that the analysis is done at the right level in the organisation, within the divisional structure.

The results from the scenario analysis were discussed with the Board of Directors and other key stakeholders throughout the Group. The results are now being used to: i) further inform our climate-related target setting; ii) identify metrics to track performance and monitor material risks; iii) guide our strategic decision-making processes, and; iv) contribute to our financial planning. A more detailed summary of the scenario analysis and methodologies is provided in Figure 2 overleaf and in the Risk Management section.

Timeframes and scenarios

In the qualitative scenario analysis the time horizons considered were:

- short-term: equivalent to 0-1 year
- medium-term: equivalent to 1-5 years
- long-term: equivalent to over 5 years

In the quantitative scenario analysis, the financial impact of key risks and opportunities will be modelled out to three time periods: (i) 2025; (ii) 2030; and (iii) 2050, to inform financial planning and strategic thinking over the short-, medium-, and long-terms.

Longer time periods have been used for the quantitative scenario analysis, versus those used for the qualitative scenario analysis, otherwise the climate scenario model data would have looked very similar in all scenarios (as they tend to start from a similar point and then diverge from 2025).

Climate scenarios and projections are being used to inform both the qualitative and quantitative scenario analysis processes. Climate projections from the suite of climate scenarios defined by the Network for Greening the Financial System (NGFS) are being used to inform risk scoring across time horizons and climate scenarios, and to inform macroeconomic conditions in the financial impact quantification.

The NGFS climate projections being used derived from the following representative scenarios:

- orderly 'transition': including early and ambitious climate policy action to a net zero emissions economy
- disorderly 'transition': including climate policy action that is late, disruptive, sudden and/or unanticipated, resulting in high transition risk
- 'hot house world': including limited climate policy action leading to a hot house world with significant global warming and high exposure to physical risks

Annex A Transition to net zero and TCFD disclosures cont.

Figure 2. Scenario analysis process

QUALITATIVE SCENARIO ANALYSIS PROCESS

1. Peer reviews, desk-based research and initial interviews with business divisions were used to generate a long list of climate-related risk and opportunities that the Group is exposed to. Initial Sensitivity and Adaptive Capacity scores were also generated using this process.

2. A series of workshops and online surveys with executives and division leads was used to validate the highest-ranking risks and opportunities and generate division-specific Sensitivity and Adaptive Capacity scores.

3. Exposure, Adaptive Capacity and Sensitivity information was used to generate a Vulnerability score using the process explained in the appendix.

4. Likelihood and Magnitude scores were generated over three time horizons and three climate scenarios using information from globally authoritative datasets and climate models (e.g., the IPCC WGI Interactive Atlas, the World Bank Group Climate Change Knowledge Portal, the NGFS IIASA Scenario Explorer).

5. Risk scores were generated over the scenarios and time horizons using the information on Likelihood, Magnitude, and Vulnerability. The risks were then prioritised and ranked.

For opportunities, scores were generated based on opportunity size and ability to execute (i.e., the ease that the Group could action opportunities).

QUANTITATIVE SCENARIO ANALYSIS PROCESS

Key risk/opportunity	Value driver
• Exposure to carbon prices. • Sensitivity to O&G markets. • Uncertainty surrounding global energy mix. • Physical impacts of climate change. • Growth of renewables (opportunity).	• Carbon Prices. • O&G Prices. • Global fossil fuel investment. • Global GDP decline. • Global wind energy investment.

Qualitative scenario analysis output: Highest ranked risks and opportunities and their key value drivers.

Next steps

Conduct a quantitative scenario analysis, focusing on the identified risk factor pathways and value drivers associated with the most material climate-related risks and opportunities.

The financial quantification will focus on the five highest ranked risks and opportunities and value drivers.

OUTCOMES

This information has been presented to the Board of Directors and they have cascaded throughout the management levels of the business. The outcomes of the scenario analysis process are being incorporated into business strategy and financial planning to ensure that the Group is prepared to meet the challenge posed by climate change and the net zero transition.

The Group now has a tool for quantifying the financial impact of these value drivers which will be used on an ongoing basis. The data and assumptions in this tool will be edited and updated as necessary.

The Group now has a deeper understanding of its climate-related risks and opportunities, their relative importance and how the risks may change across time horizons and climate scenarios.

Annex A Transition to net zero and TCFD disclosures cont.

Qualitative scenario analysis results

The qualitative scenario analysis has allowed the Group to identify a wide range of climate-related risks and opportunities that are relevant to James Fisher. The risks and opportunities were assessed and scored across multiple time horizons and climate scenarios, which allowed for ranking and prioritisation.

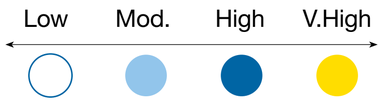
The findings of the qualitative climate-related risk assessment are in Tables 2-6. Each table focuses on a TCFD-related risk category (i.e., physical, policy and legal, market, technology, and reputation).

Each risk category incorporates multiple risks that have the potential to negatively impact the Group. Risks are considered in relation to the Group rather than individual operating companies. The risks and opportunities are increasingly understood at local level and incorporated into wider management practices.

How to read the qualitative scenario analysis colour charts

Each risk category is associated with overall risk scores (from 'low' to 'very high'), which are representative of the most material risk within each category (Figure 3). The evolution of risk scores across different time horizons and climate scenarios represents the direction of travel of expected risk impact.

Figure 3. Risk score legend



Climate-related risks and opportunities

Table 2. Physical climate-related risks and opportunities

PHYSICAL (ACUTE & CHRONIC)

Context

Marine and coastal operations are globally distributed (e.g., North Sea, Mediterranean, Middle East, Caribbean, Indian Ocean, and Eastern Pacific) and physical climate-related hazards will vary by location (e.g., tropical, and extratropical storms, sea-level rise and storm surges, wave climate, and heat stress). There will be opportunities for James Fisher (JFS) to become a specialist in providing operations and services in extreme conditions.

Material risks

- Extreme weather events impacting marine and coastal operations.
- Climate-related hazards impacting facilities and offices.
- Supply chain disruption from climate-related hazards delaying service provision.
- Changing wind speed and storm conditions increasing risk exposure.
- Changing length and/or severity of seasons impacting operations and service provision.

Group risk

Response options and opportunities

- Undertaking location- and operation-specific physical climate risk assessments and developing suitable bespoke response measures.
- Developing next generation health and safety protocols and specialising in providing operations and services under extreme climate conditions.
- Extending provision of maintenance and repair services to accommodate increasing client demand as a result of asset damage due to the manifestation of physical climate risks.

Annex A Transition to net zero and TCFD disclosures cont.

Table 3. Policy and legal climate-related transition risks and opportunities

POLICY & LEGAL

Context

Sustainability and climate-related regulations are already present in key markets for the Group and uptake of legislation will continue to grow. The changing regulatory landscape will present new and evolving risks. There will be co-benefits to compliance and from developing best-in-class attributes as climate strategies become increasingly important to stakeholders and investors.

Material risks

- Regulatory pressure on carbon intensive industries increasing direct and indirect costs.
- Carbon prices increasing direct costs.
- Revoking of permits for operations failing to meet standards reducing revenue.
- Litigation, if environmental regulations are breached, impacting brand and potential for legal costs.

Group risk

	Short-term (<1)	Med-term (1-5)	Long-term (>5)
Orderly	●	●	●
Disorderly	●	●	●
Hot House	○	○	●

Response options and opportunities

- Continuing to provide responsible stewardship of oil and gas service provision and maintaining climate-responsible oil and gas service lines (e.g., carbon-efficient well decommissioning).
- Increasing the proportion of revenue from low carbon aligned activities, which are less exposed to risk from climate-related regulations (e.g., renewables and remediations).
- Delivering the JFS Sustainability Strategy and investing in energy transition capabilities and technologies.
- Reducing emissions across the Group and achieving net zero status.

Table 4. Technology climate-related transition risks and opportunities

TECHNOLOGY

Context

Improvements in renewable energy technologies will contribute to the growth of renewables in the global energy mix. Combined with potential opportunities from energy efficiencies and new low carbon service offerings, it is important for JFS to engage in the global energy transition early. Companies that transition early are set to benefit from access to capital, cost saving efficiencies, and revenue growth from new and expanding service lines.

Material risks

- Renewable and green energy technologies becoming more cost-competitive, decreasing demand and revenue.
- Competitors gaining market share from investment into low carbon technologies and operations.
- Missed opportunities from delayed investment into low carbon technologies and services.

Group risk

	Short-term (<1)	Med-term (1-5)	Long-term (>5)
Orderly	●	●	●
Disorderly	●	●	●
Hot House	●	●	●

Response options and opportunities

- Continuing growth and expansion of JF Renewables and associated service lines.
- Exploring synergistic partnerships with low carbon technology providers already active in energy transition markets (e.g., to reduce direct and indirect emissions and/or gain access to emerging markets such as carbon capture and storage).
- Adopting green energy technologies for reducing costs, increasing efficiencies internally and for customers, differentiating from competition, and safeguarding against volatile energy prices.
- Capitalising on existing climate and environment-related internal initiatives and rolling out best practice consistently across the Company.

Annex A Transition to net zero and TCFD disclosures cont.

Table 5. Market climate-related transition risks and opportunities

MARKET

Context

The divisions and operating companies have varying exposure to market-related transition risks. The level of risk exposure is also dependent on external, macroeconomic factors, such as changing oil and gas prices, supply, and demand. JFS is protected to an extent due to the breadth of service offerings across the Group and by the Group's ability to support clients in volatile oil and gas markets. Further benefits are available from extending into new and growing market opportunities.

Material risks

- Energy and fuel price volatility increasing operational costs.
- Sensitivity to oil and gas markets and impact on demand and revenue.
- Uncertainty surrounding evolution of global energy mix, potential for high capital costs.
- Changes in customer behaviour demanding climate-engaged service providers leading to reduced market share and lower revenue.

Group risk

Response options and opportunities

- Enhancing business segments in new and growing market opportunities, such as renewables service lines.
- Growing maintenance and repair service lines for assets that will experience damage under climate change.
- Diversifying operations and services to avoid reliance on, and over-exposure to, volatile markets.
- Collaborating with partners in emerging markets to safely secure increased market share by providing unique specialised services (e.g., partnering with onshore and offshore wind turbine developers set to benefit from increasing public commitment to renewables growth).

Table 6. Reputation climate-related transition risks and opportunities

REPUTATION

Context

Customers and investors have growing interest in working with companies with robust sustainability and climate-related strategies that align to national and international standards. It is important to maintain a strong tendering position through positive brand reputation and robust and realistic sustainability and climate strategies.

Material risks

- Decreased competitiveness from weak sustainability and climate-related credentials leading to reduced market share.
- Negative perceptions of involvement with carbon and energy intensive industries leading to downturn in investor interest and decreased market share and access to capital.

Group risk

Response options and opportunities

- Aligning sustainability and climate strategies with international standards such as the SECR, SFDR, EU Taxonomy, SBTi, and TCFD.
- Publishing ambitious and realistic climate targets, such as Company-wide emissions reductions targets, and committing to regular progress reporting.
- Demonstrating that JFS is a sustainable business with a vision of moving toward a low carbon future.

Annex A Transition to net zero and TCFD disclosures cont.

Ongoing quantitative scenario analysis

The outputs from the qualitative scenario analysis feed into developing a quantitative understanding of the financial impacts of climate change on the Group. The motivation behind the analysis is to develop estimates of how climate-related trends might impact future revenue or costs based on assumptions about climate and macroeconomic conditions.

As a business operating in energy transition markets, growth rates that we see are heavily dependent upon rate of investment into either mitigating climate risk, transitioning energy sources, and/or migrating away from traditional markets; at the same time, we recognise that our ability to compete is dependent upon understanding the attractiveness of our offerings in this evolving landscape.

Thus, the risk and opportunity assessment is implicit in our budgetary and strategy planning processes.

We have not yet evolved our strategic planning to a level where we can incorporate the implications of different scenarios, but this is planned as part of our ongoing quantitative scenario analysis to develop estimates of how climate-related trends might impact future revenue or costs based on assumptions about climate and macroeconomic conditions.

» **You can read about James Fisher's SEABASS on page 36 within the Annual Sustainability Report as an example of the Group's investment in research and development.**

The quantitative scenario analysis will be applied across the Group, as each operating company has a unique relationship with climate-related issues, such as exposure to different physical climate hazards, or exposure to technological and market related impacts from the transition to a low carbon economy.

Figure 4. Key Risks and their Value Drivers for Quantitative Scenario Analysis

KEY RISK/OPPORTUNITY	VALUE DRIVER
• Exposure to carbon prices. • Sensitivity to O&G markets. • Uncertainty surrounding global energy mix. • Physical impacts of climate change. • Growth of renewables (opportunity).	• Carbon Prices. • O&G prices. • Global fossil fuel investment. • Global GDP decline. • Global wind energy investment.

The most material climate-related risks and opportunities have been shortlisted and linked to value drivers for projection modelling (Figure 4). Value driver projections are being built around a set of assumptions that can be disclosed and parameterised to stress test financial impacts under different assumed conditions.

Carbon prices

The cost of carbon is a potentially material climate risk, particularly over the medium- and long-term. Carbon pricing mechanisms are more likely to materialise in Orderly (i.e., a gradual ramp up) and Disorderly (i.e., delayed yet aggressive) Transition scenarios. Existing carbon pricing mechanisms (e.g., the UK Emissions Trading Scheme) do not yet apply to the activities of the Group. However, the Group may (partially or wholly) come under carbon pricing mechanisms in the future due to its diverse range of sectors and geographies.

While the Group is actively engaged in carbon accounting and reporting, and reducing GHG emissions across its operating companies, we need to build an appreciation of the financial implications of future carbon pricing policies in case they were to materialise. These efforts will help to enhance climate resilience across the Group if existing carbon pricing mechanisms expand in their scope and requirements.

Oil and gas prices

As a number of our operating companies are closely aligned with oil and gas markets, the Group has some sensitivity to price changes in these markets. Relationships between individual operating companies and oil and gas prices vary due to value chain positioning and business model, so that changes in market conditions do not necessarily represent negative exposures to operating companies. For example, changes within fossil fuel markets to support the transition to a low carbon economy, such as decreasing reliance on oil and an increasing reliance on natural gas, may position some operating companies favourably in terms of demand and (e.g., natural gas) price rises. Building an intimate understanding of how operating companies are likely to experience differing impacts from market transitions is crucial for building climate resilience into the future.

Annex A Transition to net zero and TCFD disclosures cont.

Global fossil fuel investment

The future of the global energy mix is material to the Group and will be considered in strategic decision-making due to close associations with oil and gas markets. Energy mix risk factor pathways that impact the Group include, for example, the decline in demand for service lines associated with oil extraction industries as the world transitions towards a low carbon economy. However, the low carbon transition is also likely to create opportunities for some operating companies, such as the increase in demand for remediation services (e.g., offshore well capping and decommissioning). Quantitative scenario analysis at the Divisional level will provide an opportunity to explore the interactions between changing energy mix through clean energy sources, and impact on the Group, by using the fossil fuel investment landscape as a proxy for demand of oil and gas related services. Projections of global fossil fuel investment under different climate scenarios will allow us to test how different operating companies may be impacted under different climate futures and will help to inform decisions on strategy and financial planning.

Global renewables investment

The Group considers the transition away from fossil fuels and the exponential growth of the renewables market to represent both a risk and an opportunity. By assessing climate-related risks and opportunities and undertaking scenario analysis, the Group is seeking to position itself as a beneficiary of the global transition to a lower carbon economy. Over recent years the Group has been exploring new revenue streams associated with renewables markets. We are committed to further expanding its provision of renewables and remediation service lines (see Metrics and Targets section) and is using projections of global wind energy investments to explore the potential impact of these growth markets on the operating companies across different time horizons and climate scenarios.

Global GDP decline

The physical impacts of climate change on the global economy will vary across geographies and sectors and will be exacerbated under higher warming scenarios. We recognise that global warming is a product of rising greenhouse gas emissions in the atmosphere and that fossil fuel industries have an important role in the transition to a lower carbon economy. Understanding the potential physical and transition impacts of further global warming is crucial for guiding our transition strategies. As part of our scenario analysis, we are exploring how potential impacts on global GDP (as defined by the Swiss Re Institute, 2021) might affect opportunities for our operating companies.

Annex A Transition to net zero and TCFD disclosures cont.

Resilience and climate-related opportunities

The Group is considered resilient to climate change because our operating companies provide a range of services that are crucial to the low carbon transition. These services include supporting the growth of the renewable energy sector (e.g., offshore wind power), the responsible decommissioning of redundant oil and gas assets, and the maintenance and repair of assets that are exposed to extreme climate conditions.

We have assessed climate-related opportunities in line with TCFD recommendations and have identified 15 material opportunities that the Group is poised to benefit from. Opportunities were scored (low, moderate, high, or very high) based on the opportunity size and ability to execute (Figure 5). Highest ranking opportunities included growth of renewable and green technology markets, increasing demand for existing services due to climate change, and benefitting from the roll-out of carbon reduction strategies across the Group (Figure 6).

Figure 5. Opportunity score legend.

Opportunity Potential

Low Mod. High V.High

Figure 6. Summary of climate-related opportunities

PRODUCTS & SERVICES

- Increasing demand for services resulting from negative impacts of climate change.
- New service opportunities from low carbon transitions and low carbon infrastructure.
- New service opportunities from negative impacts of climate change (e.g.,infrastructure at risk).
- New revenue stream from emerging technologies.
- Regulatory pressure increasing demand for emissions reduction services.

MARKETS

- Growth of renewable and green technologies.
- Changing physical climate conditions growing market size.

ENERGY

- Energy use reduction strategies and rolling out best practice.

RESOURCE EFFICIENCY

- Capitalising on more circular business models to improve product and resource efficiency.
- Adopting new technologies and digital approaches to gain efficiencies.
- Reviewing and maximising vessel utilisation efficiencies.

RESILIENCE

- Extending carbon reduction strategies across the Group.
- Extending the scope of the environment Forum, promoting peer learning and inclusivity.
- Establishing gold standard sustainability and climate credentials.
- Reviewing and diversifying supply chain providers, ensuring business continuity.

Annex A Transition to net zero and TCFD disclosures cont.

RISK MANAGEMENT

The Group employs a bottom-up and top-down approach to identifying, assessing, and managing climate risks and our approach to climate risk. Additionally, in 2022 the Group employed a scenario analysis approach to climate risk management for the first time. We are currently in the process of integrating this method into our risk management process.

Bottom-up and Top-down Approach

Bottom-up perspective

- Operating companies conduct quarterly board meetings which provide a forum to discuss and report changing risks and mitigation options. Any changes are then communicated to the Risk Committee.
- Operating companies conduct an annual risk evaluation process to identify the significant operational and financial risks facing the business (including climate-related risks). Each trading business maintains an up-to-date risk register, which identifies key risks, they assign 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.
- Managing Directors complete 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.
- 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, and prioritising, 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 on the Group. Through this exercise they can determine the potential size, scope, and materiality of climate-related risks to the Group, and make recommendations on whether to mitigate, transfer, accept or control those risks.
- 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.
- At most scheduled Board meetings, there is an in-depth assessment of at least 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.
- The Risk Committee and Executive Directors report the results of this bottom-up and top-down approach to the Board and Audit Committee.

» **The results of that assessment, including risk management and mitigating activities, are set out on pages 62 to 70 of the 2022 Annual Report and Accounts.**

Annex A Transition to net zero and TCFD disclosures cont.

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 (including climate-related risk), is consistent with the Group's risk appetite and strategic objectives, as defined by the Board. The framework is overseen by the Risk Committee.

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.

Incorporating climate risk management into strategy

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, the Group is realigning the risk management process with the strategic review cycle so that risks, including climate-related risk, are considered as part of the Group's strategic review. This also allows the operating companies to build their principal and emerging risks (and opportunities) into their own strategic outlook at an operating level.

Ultimately rolling up into the Group strategy, 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. 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 and will continue to be assisted by the Sustainability Committee which recommends the Group's sustainability policy and approach to the Board.

In the future, James Fisher's identification of climate-related risks and opportunities 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, both at a Group and individual operating company level.

Climate-related risks have been prioritised against other risks the Group faces using the guidelines shown on the following page. Currently, climate-related risks sit within our top 10 risk priorities. Priorities are assessed on a regular basis both at operating company and Group level.

» **Further details can be found on pages 43 to 46 including climate-related risk governance.**

Annex A Transition to net zero and TCFD disclosures cont.

Guidelines for scoring the business risks identified:

Current: The risks to be included here are those that are currently impacting or, expected to impact the business' ability to achieve its objectives within our planning horizon i.e., short-term is 12 months, medium-term is 1-5 years, long-term is over 5 years.

Emerging: The risks to be included here are those that are not currently, but may become, so tough that any likelihood/impact is uncertain e.g., legislation changes which are so uncertain that they are difficult to predict and may not yet be fully understood but will probably impact future strategy, spending decision and budgets.

Standard scoring is required to allow cross business/function comparisons to be made. Decimal points are discouraged but may be used to prioritise where one risk is slightly higher/lower than another.

			Estimated likelihood					Likelihood of an event is not necessarily influenced by it happening.
			Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**	
Impact score relates to reasonably foreseeable overall business impact.			Likely only in exceptional circumstances (5% Likelihood)	Likely only in unusual, irregular circumstances (6%-20%)	The rest (21%-50% likelihood)	Likely to occur in the planning period (51%-80%)	Highly likely to occur in the planning period (over 80%)	The current controls/mitigation in place to manage the identified risks should be shown along with the risk score that this creates.
Estimated impact	Level	Score	1	2	3	4	5	
	Very high	5	**5**	**10**	**15**	**20**	**25**	Where the risk score is amber/red any planned actions to reduce this further are to be given with the expected reduction in scores.
	High	4	**4**	**8**	**12**	**16**	**20**	
	Medium	3	**3**	**6**	**9**	**12**	**15**	
	Low	2	**2**	**4**	**6**	**8**	**10**	
	Very low	1	**1**	**2**	**3**	**4**	**5**	
			Extremely unlikely over the next 0 to 5 years	Unlikely over the next 0 to 5 years	Fair likely over the next 0 to 5 years	More likely over the next 0 to 5 years	Almost certain over the next 0 to 5 years	

Annex A Transition to net zero and TCFD disclosures cont.

Scenario analysis in risk management

We have begun incorporating scenario analysis into our risk management processes. This is beneficial in assessing the potential size of risks (through a risk score) and the potential scope of those risks (through projecting that risk score across time horizons and climate scenarios).

Scenario analysis risk scoring process

Risk scoring followed risk determination guidelines provided by the Intergovernmental Panel on Climate Change (IPCC) and was aligned to the Group's internal risk management processes. The term 'risk' signifies the possibility of adverse effects in the future, to the Company's financial position, our Group assets, or the Group's ability to meet the needs of our customers, driven by the occurrence of a hazard. Risk therefore occurs when organisations, assets, societies, processes, or systems become exposed to a hazard. To determine the level of vulnerability to risk, three terms were considered: exposure, sensitivity, and adaptive capacity.

Sensitivity reflects the predisposition of organisations, assets, societies, processes, or systems to be adversely affected by climate-related risks. Adaptive capacity refers to characteristics or actions that may reduce the level of risk posed by a hazard and thereby alleviate vulnerability. Vulnerability, which is determined as a function of risk exposure, sensitivity, and adaptive 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 at an operating company level during a series of workshops held in 2022 with representatives from the Group functions and operating companies respectively.

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 risk (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 Transition 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 of impact were considered over three time horizons (short-term, medium-term, and long-term) and three climate scenarios (Orderly Transition, Disorderly Transition and Hot House World).

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

- very high sensitivity indicated an organisation, asset, society, process, or system that is very highly predisposed to being adversely affected
- very high adaptive capacity indicated an organisation, asset, society, process, or system that is very highly capable of alleviating risk through mitigation or adaptation actions
- a high vulnerability score (a function of sensitivity and adaptive capacity) indicated an organisation, asset, society, process, or system that had very high sensitivity to risk and very low adaptive capacity
- very high likelihood scores indicated risks that are 'very likely' to occur
- very high magnitude scores 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 inter-company comparability.

The highest scoring risks were considered to be those that are most material to the Group and informed our selection of the top five material risks.

Opportunity scoring process

Opportunities were scored against two key metrics: opportunity size, and ability of the relevant operating company to execute the opportunity. The objective of the approach was to provide an indicative score to assist with future prioritisation.

The opportunities identified were validated at a Group level and at an operating company level during a series of workshops held with representatives from the Group functions and operating companies respectively.

METRICS AND TARGETS

How we decide what to measure

The metrics and targets used in this section primarily relate to GHG emissions. Further metrics are being considered during 2023.

The Group has established a set of environmental, social and governance commitments and practical actions that guide how we do business including how it operates. Details of the Group's ambitions, referenced as the Sustainability focus areas established through a rigorous materiality assessment conducted in 2021 to determine areas of greatest importance to our stakeholders. The Group considers 'materiality' to be the threshold at which Environmental, Social and Governance issues become sufficiently important to our investors and other stakeholders that they should be measured and publicly reported. We are also informed by stock exchange listing and disclosure rules globally. We understand that our stakeholder priorities will evolve, and we plan to conduct periodic assessment of our focus areas ensuring we remain relevant in what we measure and publicly report.

Annex A Transition to net zero and TCFD disclosures cont.

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 3 emissions have been completed.

The Company is now in a position to confirm the Group's commitment to be net zero by 2050, as well as to provide details of the metrics and targets associated with Scope 1 and Scope 2 GHG emissions and the Scope 1 and Scope 2 reduction pathway to achieve net zero. This is reinforced by the value creation of the activities that the Group undertakes across the energy transition market, such that as the Scope 3 impacts are fully considered, there may well be a net positive impact.

In this context, net zero means reducing the Group's Scope 1 and Scope 2 GHG emissions to as close to zero as possible by 2050 and applying a residual strategy to neutralise the residual emissions.

While the successful implementation of the abatement measures will mitigate the GHG emissions from the Group's operations, there may still be emissions sources that remain unabated by 2050. During the development of our residual emissions strategy, the Group will further consider recommendations made by external environmental consultants SLR in 2022, for neutralising the residual GHG emissions from its operations. In this context, neutralisation refers to measures that the Group may take to permanently remove and store carbon from the atmosphere. According to the SBTi Net-Zero Standard, the Group must implement abatement measures which reduce the Scope 1 and Scope 2 emissions by 90% against the base year, as the residual emissions cannot be more than 10% of the combined Scope 1 and Scope 2 emissions.

Scope 1 and Scope 2 emissions

In its Annual Report and Accounts 2021 the Company quantified and reported the Group's Scope 1 and Scope 2 emissions, setting a baseline against which future emissions reduction efforts will be measured. Our 2021 data set is considered the most appropriate to use as our baseline following an extensive emissions footprint reporting and consolidation exercise across the Group in 2021 for which we engaged the services of specialist advisors. This exercise was preceded by a coaching session on reporting definitions, standards, and criteria to ensure that those responsible for reporting in a diverse group of operating companies do so effectively. The Sustainability Committee is now working to enhance our climate-related training material, methods, and platforms for continued competency.

Our planned objectives for Scope 1 and Scope 2 target setting have been achieved and consist of the following:

- Scope 1 and Scope 2 greenhouse gas (GHG) emissions baseline set (2021)*
- set a net zero GHG emissions target in line with SBTi
- develop a viable reduction pathway to achieving this target
- develop a residual emissions strategy

We are in the process of establishing a base year recalculation policy for the Group which clearly articulates the basis and context for any recalculations.

» **Scope 1 and Scope 2 results are shown below and page 59**

Scope 3 emissions

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, access to traceable data, nature of transactions which are sometimes difficult to attribute to specific physical assets, and the multiple categories as defined by the GHG protocol, quantification of Scope 3 emissions, applicable to our business, will take significantly more time to establish and will involve more intimate and detailed engagement with suppliers and customers.

During 2022, we continued the process of mapping out our Scope 3 emissions with an incremental approach and in accordance with the requirements of the GHG Protocol: A Corporate Accounting and Reporting Standard, revised edition and reported on our footprint in the business travel category.

Led by SLR Consulting as specialist advisors, the screening of all Scope 3 categories was undertaken in 2022 to determine which of the 15 categories are applicable, which categories are most material for our operating companies as part of an incremental approach to Scope 3 reporting, and how best to approach each applicable category in determining a baseline and reduction pathway.

Of the 15 Scope 3 categories screened, three categories were found to be not applicable to James Fisher. Category 10. Processing of sold Products, category 14. Franchises, and category 15. Investments.

The results have enabled us, through our staged approach, to implement an additional four categories into our GHG emissions reporting Group-wide. We have previously reported category 6. Business Travel, our operating companies are now reporting on the following:

- category 3. Fuel- and energy-related activities
- category 5. waste generated in operations
- category 6. business travel
- category 7. employee commuting
- category 8. upstream leased assets

In 2023 we will continue to work on our approach to reporting on all applicable Scope 3 categories, and we will conduct target modelling for all those currently reported on. We expect the process of determining our baseline for all applicable categories to be well-advanced, if not completed, within three years. We aim to implement, from 2024, specific targets for the categories listed above.

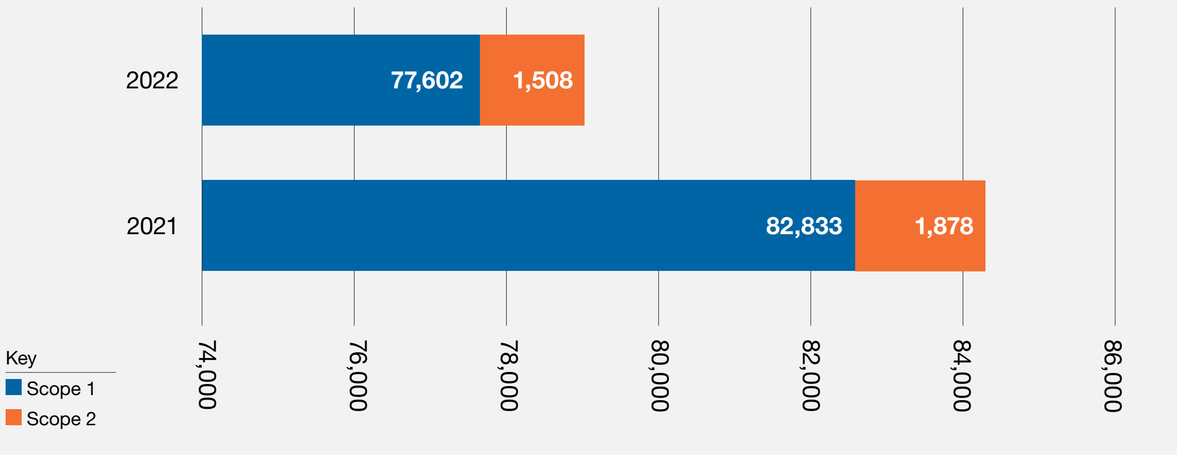
GHG emissions results

	2021	2022
Scope 1	82,833	77602
Scope 2	1,878	1,508
Scope 1 and Scope 2	84,711	79,110

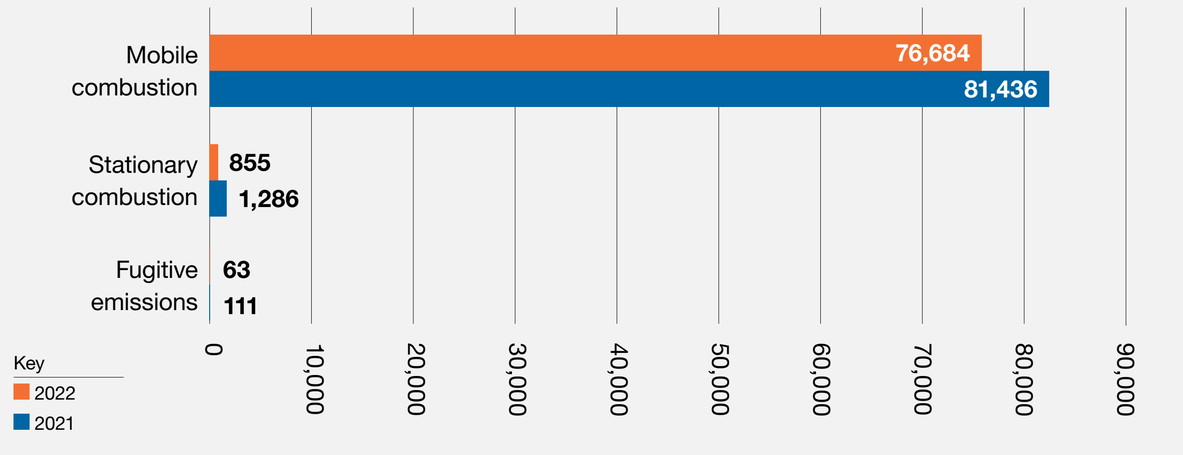
* In 2022 we moved from manual data collection, assessment, and impact reporting to a SAAS solution. This identified an emissions allocation and manual data input error that required us to re-calculate our GHG emissions for the reporting year 2020-21. Full details can be found within our sustainability report pages 21.

Annex A Transition to net zero and TCFD disclosures cont.

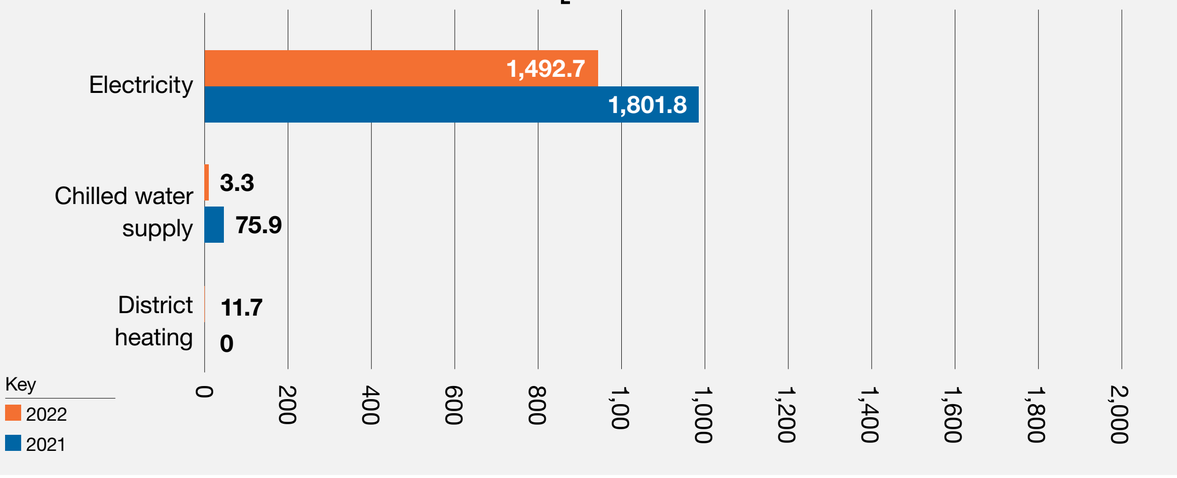
SCOPE 1 AND SCOPE 2 EMISSIONS (tCO_2e)



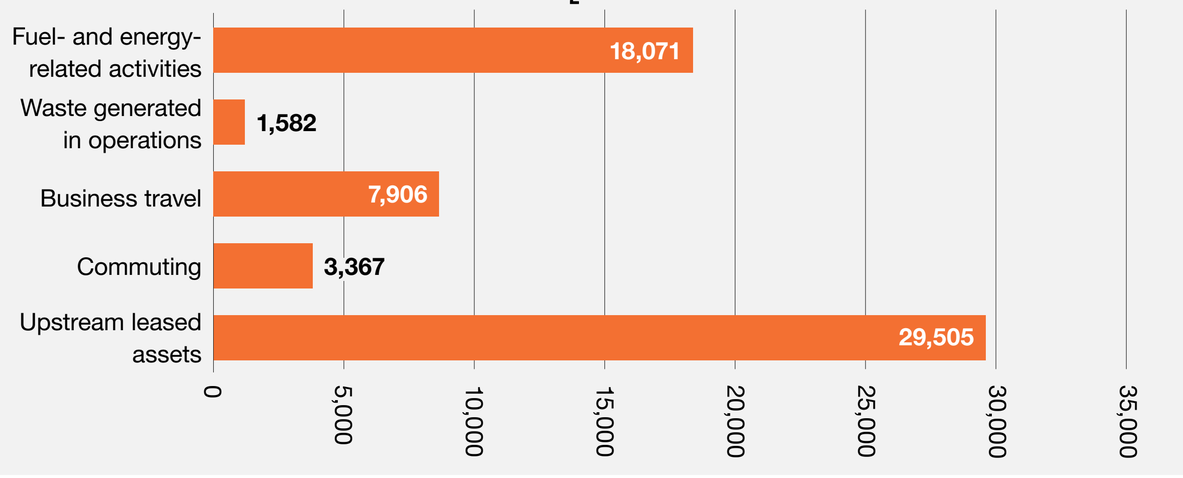
SCOPE 1 EMISSIONS PER CATEGORY (tCO_2e)



SCOPE 2 EMISSIONS PER CATEGORY (tCO_2e)



SCOPE 3 EMISSIONS PER CATEGORY (tCO_2e) 2022



Annex A Transition to net zero and TCFD disclosures cont.

The 7% reduction in emissions is due to an overall decrease in commercial activities throughout our vessels fleet during 2022. We expect to see emissions reductions through carbon reduction efficiencies from 2023 with 2022 largely focused on reduction modelling, planning and target setting.

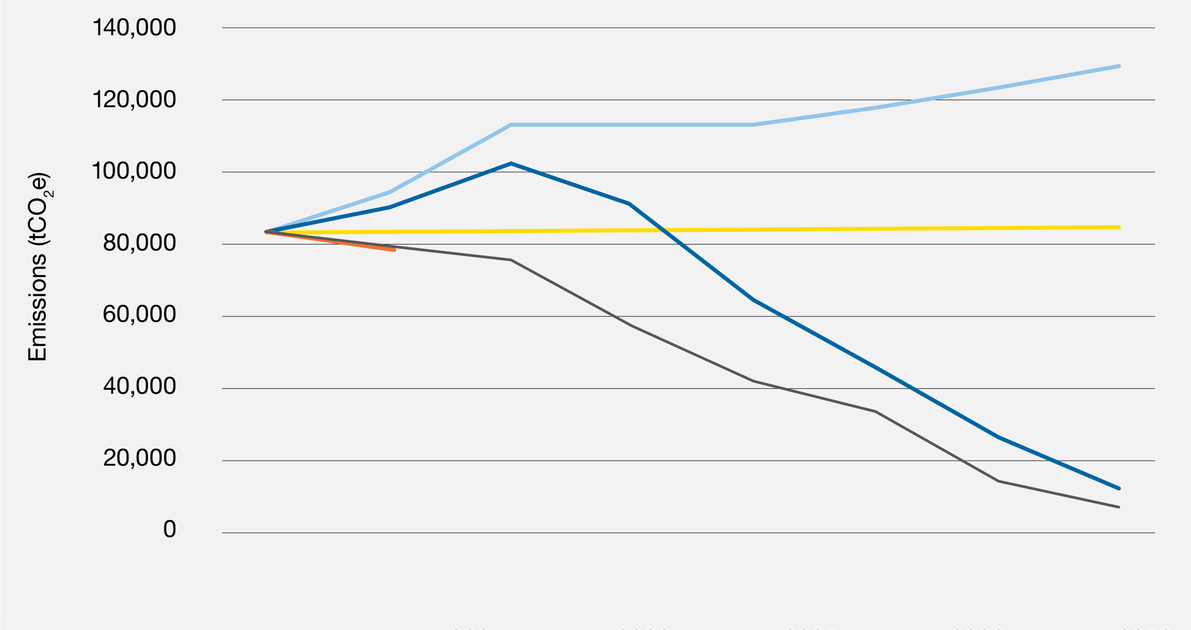
Emissions reduction pathways

Priority emissions reduction options have been mapped out to demonstrate a pathway to the achievement of JFS's near and long-term Scope 1 and Scope 2 emission reduction targets. The objectives of this phase were as follows:

- model the business-as-usual emissions under three climate scenarios
- identify and prioritise emission reduction options
- model reduction pathway to net zero
- discuss some of the key challenges to-and opportunities for achieving net zero

In order to account for the Group's future growth, and the associated increase in greenhouse gas (GHG) emissions, three business-as-usual (BAU) emission pathways were modelled.

Progress against targets



	2021	2022	2025	2030	2050
Baseline	84,711	84,711	84,711	84,711	84,711
BAU pathway	84,711	89,117	97,928	105,122	116,250
BAU reduction pathway	84,711	87,261	92,360	75,918	278
Current Scope 1 and Scope 2 pathway	84,711	79,110	–	–	–
1.5°C target	84,711	79,967	70,480	52,690	–

The BAU emission pathways were based on the projected investments in fossil fuels and wind energy in the future under the three climate scenarios: Orderly, Disorderly, and Hot-House World.

The projections were sourced from the Network for Greening the Financial System (NGFS)'s Scenarios Portal.

Future investments in fossil fuels were included in the BAU emission pathways as a proxy for revenue derived from O&G (Oil and Gas). In 2021, the revenue from O&G accounted for 62% of the Groups total revenue. It was assumed that O&G will continue to be an important source of revenue for the Group in the future, particularly in the short- to medium-term.

Future investments in wind energy were included in the BAU emission pathways as a proxy for revenue derived from renewables. In 2021, the revenue from renewables accounted for 8% of the Group's total revenue. Based on the Company's portfolio choices and growing renewables and decommissioning capabilities, it has been assumed that renewables will become an important source of revenue for the Group in the future, particularly in the medium-term.

» **Further details on our activities within the renewables market can be found in our 2022 Annual Report and Accounts.**

In order to limit the unknowns and to focus on those sectors that are likely to be most affected by a changing climate, it was assumed that the revenue derived from the other sectors in which the Group operates would remain unchanged.

In the Orderly Transition scenario, the increase in emissions up until 2025 is likely to be more significant due to early investments in renewables. From 2025 to 2030, emissions are likely to decrease gradually, dropping sharply between 2030 and 2040 due to a decrease in investments in both O&G and renewables. From 2040, the decline in emissions is likely to be more gradual due to a renewed increase in investments in renewables.

Annex A Transition to net zero and TCFD disclosures cont.

In the Disorderly Transition scenario, emissions are likely to rise sharp between 2030 and 2035 due to an increase in investments in renewables. Thereafter, emissions will decrease sharply with a drop in investments in O&G and renewables up until 2045. From 2045, there is likely to be gradual increase in emissions due to a renewed investment in renewables.

In the Hot House World scenario, emissions are likely to continue to increase gradually from 2030 to 2050.

Emissions reductions targets

The results of our reduction pathway modelling have been used to inform the setting of emissions reduction targets for Scope 1 and Scope 2 which are science-based, measurable, realistic, and ambitious.

Scope 1 and Scope 2 emissions targets

The Group has selected the absolute contraction approach. With this approach, the Group is committing to an overall reduction in GHG emissions to the atmosphere in the target year relative to the base year (e.g., reduce annual emissions by 38% by 2030, from 2021 levels).

The Group's emissions reduction targets are based on the 1.5°C trajectory in line with the goals of the Paris Agreement and requirements for setting a science-based target (SBT). This is equivalent to an absolute reduction of approximately 4.2% per annum. The 1.5°C trajectory represents the emission reductions required by the Group to reach net zero by 2050 in order to contribute to international efforts to limit global warming to 1.5°C above pre-industrial levels.

Scope 1 and Scope 2 reduction targets

2025 -17% → **2030 -38%** → **2050 Net zero**

Note: % reduction relative to the base year.

In more detail

		tCO_2e reduction			tCO_2e reduction		
1.5°C target	**Baseline**	**2025**	**Absolute**	**%**	**2030**	**Absolute**	**%**
	84,711	70,480	14,231	17%	52,690	32,021	38%

As reported in the 2021 Annual report and Accounts, the Group engaged the services of specialist advisors and conducted an extensive emissions footprint reporting and consolidation exercise across the Group, 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, and with a change in methodology, the additional capture of additional assets under Group control and due to a change in reporting calendar and operational boundaries, our baseline was re-established in 2022. The 2022 figures and methodology will be used as base year going forward.

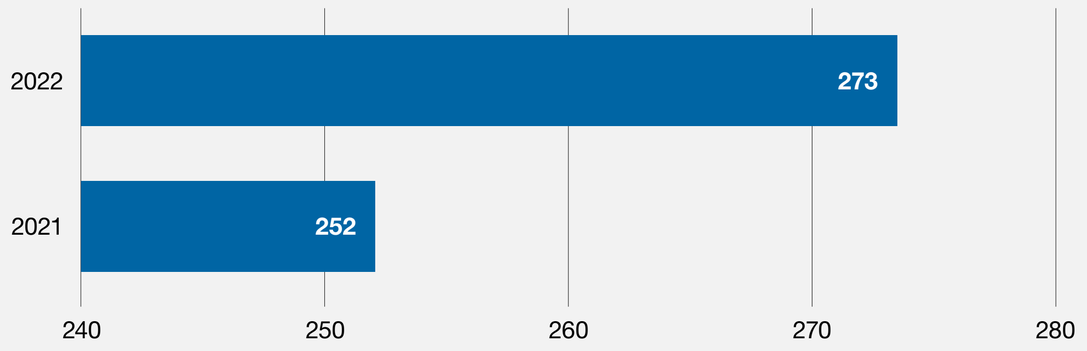
The energy intensity of our vessels will be measured internally, using the Carbon Intensity Index to align with the International Maritime Organisation's climate goals, and in line with SBT guidance will lead to absolute emission reductions which will be reported on within the Annual Report and Accounts from 2023. We will track the energy intensity across the business so that we understand the impact of growth on our absolute targets. We are tracking two intensity indicators; the CO_2e/employee headcount and CO_2e/£m revenue, and the MWh/employee headcount and MWh/£m revenue. We will report on these year-on-year, using 2022 as our baseline.

Total employee headcount 2022:	Total employee headcount 2021:
2,451	**2,554**

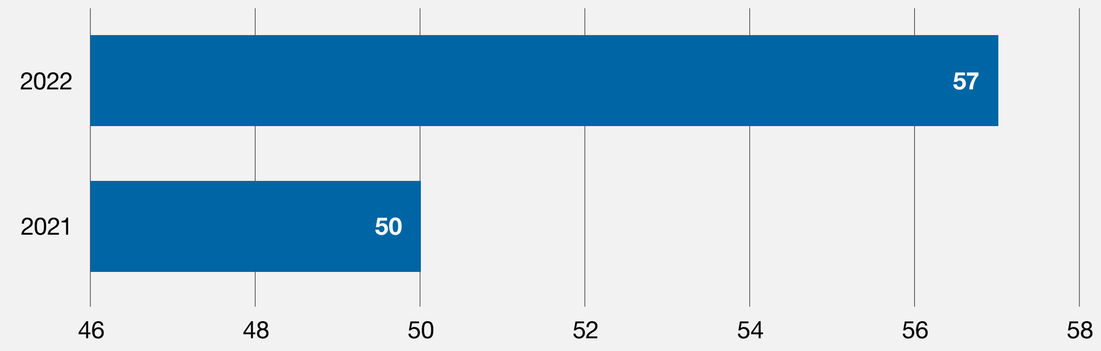
Note: Headcount year ending 30 September 2022.

Annex A Transition to net zero and TCFD disclosures cont.

tCO_2e/£M REVENUE

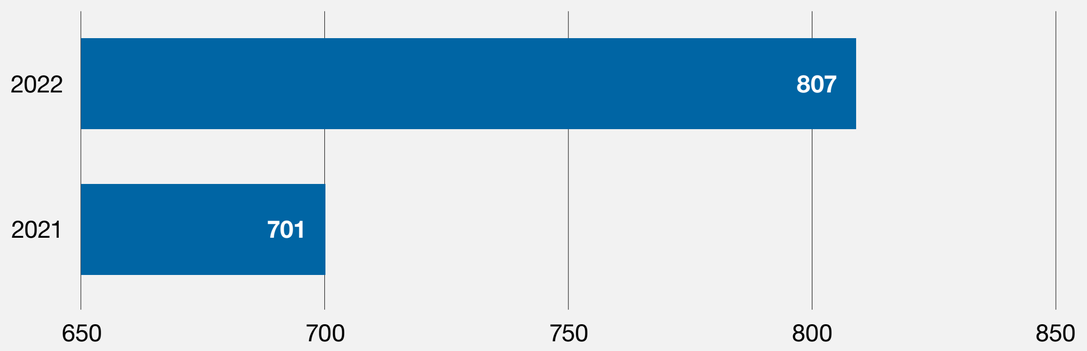


tCO_2e/EMPLOYEE COUNT



tCO_2e intensity figures are calculated based on the total Group (Scope 1, Scope 2, and Scope 3) CO_2e emissions divided by the respective annual revenue or average employee count during the 2022 assessment period.

MWH/£M REVENUE



MWH/EMPLOYEE COUNT

MWh intensity figures are calculated based on the total Group energy consumption in MWh within the reported Scope 1, Scope 2, and Scope 3 activities divided by the respective annual revenue or average employee count during the 2022 assessment period.

Annex A Transition to net zero and TCFD disclosures cont.

How the Group will meet the reduction targets

Reduction options

An initial 'long' list of emission reduction options was reduced to a 'short' list of emission reduction options. These were included in the Reduction Pathway Model in order to define the reduction pathway to net zero. To make provision for options that may be phased in over time, the model allows for the implementation of options in the three different time periods; short-term (2025), medium-term (2030), and long-term (2050).

A selection of the reduction opportunities identified through the Groups reduction pathway modelling is summarised below. All of which are viable reduction opportunities for all three time periods, spanning all shipping companies.

VESSELS REDUCTION OPTIONS (not limited to)	DESCRIPTION
Speed management	Develop and implement a standard operating procedure for slow steaming, which considers expected time of arrival, weather, currents, etc.
Draft displacement optimisation in ballast	Develop and implement a standard operating procedure for draft displacement optimisation in ballast. This includes training of the crew.
Fuel switch – MFO to MGO	Develop and implement a green procurement policy which includes a requirement for vessels to switch from marine fuel oil (MFO) to marine gas oil (MGO) in all locations.
Fuel switch – MFO/MGO to biofuel	Develop and implement a green procurement policy which includes a requirement for vessels to switch from MFO/MGO to biofuel where biofuels are readily available and increase in costs is within the accepted pricing strategy.
Auxiliary system optimisation	Develop and implement a standard operating procedure for optimising the vessel's auxiliary systems, thereby reducing fuel consumption and GHG emissions. Procedure to include both operational and technological options for matching the auxiliary system to the vessel's operating profile.
Air cavity lubrication (medium-term, long-term)	Develop and implement a green procurement policy which includes a requirement for new builds to include air cavity lubrication where feasible. The policy should also include a requirement for chartering of vessels with air cavity lubrication where feasible in the long-term.
Hybridisation – conventional hybrid ship (medium-term, long-term)	Develop and implement a green procurement policy which includes a requirement for new builds/chartered vessels to include hybrid propulsion system where feasible.

Annex A Transition to net zero and TCFD disclosures cont.

Example of activities identified as viable reduction opportunities now underway, are:

- Our Tankships division has developed a long-term fleet strategy which includes the replacement of its ageing fleet with newbuild vessels. This will play a key role in reducing our GHG emissions and provide the Company with a strong competitive advantage to secure future chartering contracts.
- At the time of publication James Fisher has welcomed MV Sir John Fisher, the first of two 6,000 dwt LNG dual-fuel tankers, to its fleet (2022), and its sister vessel Lady Maria (January 2023) which will replace ageing vessels. The tankers are equipped with efficient dual-fuel engines able to run on liquified natural gas, the intention is to burn LNG whenever possible.
- The two vessels above also incorporate innovations in design and construction technology to further enhance hydrodynamic performance, to improve operational efficiency, reduce GHG emissions and improve local air quality. Their extensive, centralised waste heat recovery system also helps minimise GHG emissions.
- Our Tankships division is also in the process of installing new bunker software on its current fleet to improve data collection accuracy and performance analysis. Starting with four vessels in October 2022, data collection is in progress to quantify where improvements can be made and with what significance which will then be considered for the full fleet.

Despite vessels accounting for the vast majority of the Groups carbon footprint, a significant reduction in emissions out-with vessels, for example from fleet vehicles, offices, and industrial facilities, is an important part of our net zero commitment.

- These are relatively low in cost when compared to cost of emission reduction options for the vessels.
- They can be implemented relatively easily in the short-term, contributing to our near-term emissions reduction targets.
- The reductions, or efficiency improvements, are all relatable and will play a significant part in developing a sustainability culture and changing our day-to-day habits. There is a significant opportunity for increasing overall engagement, continual improvement mind-set, and embedding sustainable good working practices.

Example activities here include, switching fuel on a Group-wide basis, accelerating energy efficiency in buildings, implementing Group-wide energy efficiency procurement and supporting policies, switch to 100% renewable sources, and investing in energy efficient fleet vehicles.

Considerations and assumptions

The Group's overall emissions may increase through to 2025 due to the underlying market growth in oil and gas markets. Up until 2025, the compensating Scope 1 and Scope 2 emission reduction may not be sufficient to compensate for the market growth as there are limited short-term options for reducing emissions from the current fleet of vessels. However, as the plans evolve and are cascaded through the organisation, we hope to accelerate the carbon intensity reductions.

While the identified emission reduction options are insufficient to align with the trajectory of the absolute 1.5°C target in the near-term (i.e., 2021-2030), they will align with the trajectory of the 1.5°C target in the long-term (i.e., 2030-2050) provided that the Group is in a position to procure a new, energy efficient fleet that are able to use an alternative fuel (e.g., green methanol) with little or no emissions, which can come in as the fleet is renewed.

Importantly, the emissions reduction model is based on the overall assumption that all the current emissions sources will be replaced by a source of a similar size, which will perform the same function as one being replaced. For example, a vessel will be replaced by a vessel of the same size and used to perform the same function as the vessel being replaced. This is to ensure that the model is mapping out the reduction in emissions due to the shortlisted options and not the downscaling of the fleet or office size (would require reset of base year).

Due to the limited available options for reducing emissions from the Group's current fleet of vessels the Group's short-term focus must be on operational reduction efficiencies throughout the Group through Lean principles and both Group and operating company specific energy efficiency and reduced carbon initiatives, for example, energy efficient procurement policies, building management systems and energy efficient fleet vehicles and business travel policies.

Examples of limitations, vessels specifically, include:

- Availability and customer uptake of energy efficient vessels that are able to use an alternative fuel (e.g., green methanol) with little or no emissions.
- Significant advancements in alternative or 'green' fuel technologies over the next two decades.
- Fuel savings are limited due to the smaller vessels and relatively short sea routes, and the vessels mostly operate under full load conditions.
- Limited/opportunity for installation of energy efficient lighting and hybrid propulsion systems in the short- and medium-term where the vessels are chartered. Applicable to new vessels only.
- Shift in customer behaviour and a willingness to pay a premium for zero-carbon shipping services.
- No opportunity for use of air cavity lubrication in the short-, medium-, and long-term due to nature of their operations (i.e., limited voyaging) (Fendercare and Marine Contracting divisions). Limited/no opportunity to install air cavity lubrication or hybrid propulsion systems on current Tankships fleet nearing end of design-life.

Limited/no opportunity for retrofitting current fleet to use LNG, methanol, or 'green' fuel in the short- and medium-term due to the high retrofitting costs, and where vessels are nearing the end of their design-life.

Annex A Transition to net zero and TCFD disclosures cont.

In summary, the Group has made a commitment to setting a Scope 1 and Scope 2 net zero target in alignment with the goals of the Paris Climate Agreement. This is a bold, and significant first step on the journey towards sustainability in a complex and challenging industry. The Company recognises that the transition to a lower carbon economy will affect certain sectors within which it operates and that it will take innovation, technology change, and resources, both human and financial, to achieve its net zero ambition. The development of the emission reduction pathway is another important step in the transition towards net zero, mapping out the Group's current pathway and what more needs to be done to align with its near-and long-term emission reduction targets.

Climate-related risk and opportunity metrics

Climate-related risks and opportunities, as part of the quantitative scenario analysis process, are being informed by a set of value drivers (below). Data for these value drivers are being accessed through the NGFS (*Swiss Re for global GDP), which provides projections of future changes in these drivers using different integrated assessment models under different climate scenario conditions.

- carbon price
- oil price
- gas price
- fossil fuel investment
- wind energy investment
- global GDP*

Results from the quantitative scenario analysis will inform how sensitive operating companies are to changing oil and gas prices and markets and explore the significant potential positive exposure to growing renewables markets. The Group has identified a single common metric that can be tracked to monitor these sensitivities and exposures: the proportion of revenue streams from renewables and remediations operations versus revenue from other products and services. The Group will track this metric and will look to grow revenue from renewables and remediation operations in the future.

We will consider in 2023, additional metrics to report against which have a direct impact on our climate-related risks, opportunities, and overarching targets, and are considered most relevant to the Group. Considerations may include; Assets optimisation, revenue investment in research and development, and proportion of executive management remuneration linked to climate considerations.

Annex B Streamlined Energy & Carbon Reporting (SECR)

Having expanded on the Group's Scope 3 reporting for our 2022 GHG assessment, we have updated our SECR reporting format to better align with the mandatory Scope 1 and Scope 2, and voluntary Scope 3 requirements for SECR reporting.

				2020-21				2021-22
		UK		Non-UK		UK		Non-UK
SECR	**tCO_2e**	**MWh**	**tCO_2e**	**MWh**	**tCO_2e**	**MWh**	**tCO_2e**	**MWh**
Fugitive Emissions (Scope 1)	32	0	79	0	27	0	36	0
Mobile Combustion (Scope 1)	31,843	115,796	49,593	180,013	27,495	99,989	49,189	178,310
Stationary Combustion (Scope 1)	926	4,312	360	1,488	639	3,026	216	950
Purchased Energy (Scope 2)	852	3,917	1,026	2,756	675	3,407	832	2,182
Scope 1 and Scope 2 Total	**33,653**	**124,025**	**51,058**	**184,257**	**28,836**	**106,422**	**50,273**	**181,442**
Business travel by car (Scope 3)	179	717	7	23	227	914	397	1,488
Scope 1 and Scope 2 + business travel by car (Scope 3)	**33,832**	**124,742**	**51,065**	**184,280**	**29,063**	**107,336**	**50,670**	**182,930**
Business travel (Scope 3)	2,217	0	1,201	0	1,504	409	5,778	0
Commuting (Scope 3)	232	917	68	264	671	2,755	2,696	10,314
Fuel- and energy-related activities (Scope 3)	7,670	0	11,416	0	6,623	0	11,448	0
Upstream leased assets (Scope 3)	12,980	20,670	6,024	22,029	19,625	73,495	9,881	35,775
Waste generated in operations (Scope 3)	27	0	166	0	437	0	1,146	0
Water (Scope 3)	0.2	0	2	0	9	0	3	0
Scope 3 excluding business travel by car (Scope 3)	**23,126.2**	**21,587**	**18,877**	**22,293**	**28,869**	**76,659**	**30,952**	**46,089**
Total tCO_2e	**56,958.2**		**69,942**		**57,932**		**81,622**	
Total MWh		**146,329**		**206,573**		**183,995**		**229,019**
Scope 1 and Scope 2 + business travel by car (Scope 3) CO_2e intensity ratio (tCO_2e/£m revenue)	**68**		**103**		**57**		**99**	
Scope 1, Scope 2 and Scope 3 CO_2e intensity ratio (tCO_2e/£m revenue)	**115**		**142**		**113**		**160**	

Annex B Streamlined Energy & Carbon Reporting (SECR) cont.

Annual energy use

In 2022, the Group's total energy consumption associated with Scope 1 and Scope 2 was 287,865 MWh. The Group's non-UK facilities accounted for 63%, with the UK facilities accounting for the remaining 37%.

Fuel was the largest source of energy consumed (97.1%), followed by electricity (1.9%), and gas (0.9%). Outside the UK, fuel was also the largest source of energy (98.5%), with a minor contribution from electricity (1.2%), and gas (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 2022, the Group's total Scope 1 and Scope 2 greenhouse gas emissions was 79,110 tCO_2e. As with energy consumption, the Group's non-UK facilities accounted for most of the greenhouse gas emissions (64%), with the UK facilities accounting for the remaining 36%.

Fuel consumption accounted for most of the greenhouse gas emissions (97.4%), followed by electricity consumption (1.9%), gas consumption (0.6%), and refrigerants (0.1%). With respect to the non-UK facilities, fuel consumption also accounted for most of the greenhouse gas emissions (98.0%), with a minor contribution from electricity consumption (1.7%), gas consumption (0.2%), and refrigerants (0.1%).

Assessing the full Scope 3 emissions across the Group is an ongoing exercise. However, we have reported on certain Scope 3 emissions: waste generated in operations emissions category 5, business travel emissions category 6, employee commuting emissions category 7, and upstream leased assets emissions category 8.

» **Further details on our Scope 3 reporting and commitments made can be found on pages 58 and 59**

Emissions Intensity Ratio

The Group measures intensity as greenhouse gas emissions per unit of revenue (£m). We are also tracking intensity per employee count, and specific intensity measures within the businesses where relevant.

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 Group level. Our greenhouse emissions are calculated in accordance with the requirements of the GHG Protocol: A Corporate Accounting and Reporting Standard, revised edition.

Emission conversion factors from the UK Department for Business, Energy & Industrial Strategy (2021), International Energy Agency (2021), United Nations (2022), and the Environmental Protection Agency (2022) were used, amongst others, in the calculation of the energy usage and greenhouse gas emissions.

Energy efficiency action

As part of our commitment to setting net zero targets in alignment with the Paris Climate Agreement, emissions reduction pathways have been modelled and 2023 will see the relevant reduction options embedded into the strategies and plans of our operating companies, not replacing the detailed planning in place at this level but enhancing and ensuring alignment with Group priorities and targets.

Throughout the Group we are continuing to install energy efficient lighting, replace end-of-life appliances with energy efficient replacements, we are looking into the use of voltage optimisation technology to regulate incoming power supply, and we are continuing to install interior motion sensors throughout the Group where appropriate. Solar panels are also being explored across various operating companies.

Due to our decentralised model, our operating companies have continued to adapt solutions to address their areas of focus. We are working to put in place, the tooling, guidance, and tracking methods to measure the reduction associated with these actions and increase co-ordination across businesses.

We plan to review our policies around the use of appliances and switching off equipment at the end of a working day.

We are in the process of transitioning across to one (renewable) energy supplier for our UK-based operating companies, three of which have entered into our unique contract and with others to follow in line with contract renewals. While this does not directly lead to increased energy efficiency, this does lead to less emissions (market-based) and greater awareness of our net zero activities throughout the Group. When it comes to workplace energy expenditure, we believe the employee's day-to-day habits are more influential than any design change.

Annex B Streamlined Energy & Carbon Reporting (SECR) cont.

Energy efficiency campaigns and initiatives planned for 2023 will focus on encouraging energy-efficient habits. This may include:

- routine energy audits
- encouraging use of electronic signing, note taking and file storage, minimising the use of printers
- 'switch off' when not in use
- optimising room ventilation instead of using A/C, when practical
- use of low brightness, dark mode, and other power-saving settings on computers

Our Business Excellence programme will lead our ESOS phase 3 audits in 2023, the outputs of which is a key driver toward greater building efficiencies for example conserving energy through stabilising indoor temperatures through roofs and ceilings.

The Business Excellence programme, through traditional schemes (Lean manufacturing and continuous improvement) will provide input into energy efficiency opportunities and help make greater use of what we have through greater productivity and efficiency in our systems and processes.

» **Further details on how we plan to deliver against target on energy efficiency and progress made in 2022 can be found on pages 18 to 21**

2021 data

In 2022 we moved from manual data collection, assessment, and impact reporting to a SAAS solution. This identified a significant emissions data input error and minor variances due to different conversion factors used, that required us to re-calculate our GHG emissions for the reporting year 2020-21.

Additionally, during this transition, it was recommended that our baseline and impact disclosures be based on location-based results, where previously, we reported using market-based data.

The re-calculation resulted in the Group's Scope 1 and Scope 2 baseline reducing from 114,374 tCO_2e, to 84,711 tCO_2e.

While the SAAS solution, including Quality Analysis (QA) by expert sustainability analysts, plays a key role in ensuring assessment accuracy, the system and its output is only as good as the data going in. We are continually developing guidance and supporting tools for those reporting, such as providing step by step instructions to assist with accounting for the emissions from leased assets.

» **Further details can be found on page 21**

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