

# CORPORATE GOVERNANCE REPORT

## Board focus in 2023 and principal activities

The principal activities of the Board during 2023 and how the Board considered the interests of its stakeholder groups in its decision-making, as well as its key priorities for 2024, are set out below:

TOPIC	KEY ACTIVITIES AND DISCUSSIONS IN 2023	STAKEHOLDER CONSIDERATIONS	KEY PRIORITIES FOR 2024
<b>Trading</b>	<ul style="list-style-type: none"> <li>Received regular updates from the Executive Directors on Group trading.</li> <li>Invited divisional leadership to present to the Board on trading and strategic delivery.</li> <li>Carefully managed Group indebtedness through a programme of disposals and an enhanced financial forecasting process.</li> </ul>	<ul style="list-style-type: none"> <li>The Board carefully considered the impact of trading updates on its stakeholders. The Board also balanced its decision-making in relation to dividends against the Company's financial performance and position, the need to reduce leverage and the need for equitable treatment of all of the Company's stakeholders.</li> <li>In working to address and reduce the Company's leverage, the Board in particular took into account the views and interests of shareholders, lenders and employees.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to maintain a close review of Group trading.</li> <li>Ensure delivery of disposals programme and successful implementation of an enhanced financial forecasting process.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Approved the Group's strategic priorities based on strategic focus, organisational simplification and execution.</li> <li>Approved the future strategic growth initiatives built upon compliance, talent deployment, geographical expansion, technology and innovation.</li> </ul>	<ul style="list-style-type: none"> <li>The Executive Directors meet regularly with the Company's lenders and shareholders to discuss the strategic direction of the Company. This dialogue impacted Board decision-making relating to capital expenditure.</li> <li>In reviewing implementation, and agreeing the Group's strategic priorities, the Board sought to balance the impact of prioritisation on all stakeholder groups, notably shareholders, employees and the environment.</li> </ul>	<ul style="list-style-type: none"> <li>Oversee implementation of strategic priorities.</li> <li>Ensure reduction of Group indebtedness.</li> </ul>
<b>Disposals and business closures</b>	<ul style="list-style-type: none"> <li>Approved the disposal of James Fisher Nuclear.</li> <li>Approved the closure of the Subtech Europe business.</li> </ul>	<ul style="list-style-type: none"> <li>The Board considered several stakeholder perspectives when reviewing disposals and business closures in parallel with meeting the Company's strategic aims and de-risking future cash flow, avoiding future financial losses and significant additional capital investment.</li> <li>Employee interests were at the forefront of stakeholder considerations. Employee engagement plans were developed during the negotiations and due diligence phase and implemented immediately following decision by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>Focusing the Company's investment on higher potential areas of growth.</li> <li>Reducing the Company's indebtedness through carefully selected disposals.</li> </ul>

TOPIC	KEY ACTIVITIES AND DISCUSSIONS IN 2023	STAKEHOLDER CONSIDERATIONS	KEY PRIORITIES FOR 2024
<b>Governance</b>	<ul style="list-style-type: none"> <li>Engaged with institutional shareholders during the full year and half year results presentations and with other stakeholders throughout the year.</li> <li>Reviewed and approved the 2022 Annual Report and Accounts.</li> <li>Approved the compliance programme.</li> </ul>	<ul style="list-style-type: none"> <li>The Board recognises the importance of good governance for all its stakeholders. The Board confirmed governance as one of the key pillars of the Group's Sustainability Strategy (as set out on pages 32 to 37) and the potential resulting impacts on stakeholder groups.</li> <li>The Board considered the interests of its suppliers and customers when approving the compliance programme. The Group's investment in its compliance programme will simplify the business interactions with customers and suppliers and benefit stakeholders as a whole by seeking to ensure a more robust governance framework and promote the long-term success of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and enhance the Group's culture and values and key policies and procedures.</li> <li>Oversee governance framework improvements.</li> <li>Continue to strengthen internal controls and reporting.</li> </ul>
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>Closely monitored health and safety performance across the Group.</li> <li>Health and safety governance and reporting reviewed and enhanced.</li> <li>Received presentations on health and safety performance from the senior leadership of each Division.</li> </ul>	<ul style="list-style-type: none"> <li>During the year, the health and safety of those working for the Group continued to be an area of focus and discussion by the Board.</li> <li>The Board has received safety updates from the CEO at each Board meeting. The Company's top priority and shared goal is that everyone who works for us returns home safely.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to engage with senior leaders regarding health and safety governance and performance.</li> <li>Enhance employee engagement in relation to health and safety matters at all levels including the deployment of the health and safety performance management software, Intelx.</li> </ul>
<b>Board development</b>	<ul style="list-style-type: none"> <li>Continued to focus on the composition, balance and effectiveness of the Board and the induction of a new Chief Financial Officer and Non-Executive Director.</li> <li>Reviewed Board composition, diversity, and discussed and acted on the recommendations of the Nominations Committee.</li> <li>Undertook a formal evaluation of the Board, its committees and individual Directors, and developed an action plan.</li> </ul>	<ul style="list-style-type: none"> <li>The Board has considered the interests of its stakeholders in making changes to the membership of the Board. In particular, the Nominations Committee has sought to make recommendations for new Board members who bring expertise and experience of working with all stakeholder groups, and can improve the engagement to ensure that stakeholder interests are heard clearly in the boardroom.</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the Board's strategic understanding of key markets.</li> <li>Board site visits to promote understanding of markets and to promote employee engagement with Board.</li> <li>Annual internal evaluation of Board and Committee performance.</li> </ul>

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## Employee engagement

The Board understands the importance of making visits to businesses in the Group to engage with employees. Such visits enhance Non-Executive Directors' knowledge of operations and strengthens their individual contribution to Board debate. The Board conducted a programme of site visits during the year. In addition, Jean Vernet regularly visits the Group's operations which is an opportunity to meet and connect with a diverse group of employees. The Board discussed the outcomes of these visits, which assisted in identifying areas of focus for the site visits scheduled in 2024. The divisional and functional heads continue to attend certain Board and Committee meetings to discuss areas of strategic focus and employee engagement. An externally facilitated engagement survey of all our employees is conducted annually and reviewed by the Board.

## Governance, risk and internal controls

The Board is responsible for determining the nature and extent of the Company's principal risks and for ensuring that the Company maintains sound risk management and internal control procedures. More information in relation to those principal risks, the Group's approach to mitigating them, and the risk management and internal control procedures within the Group are set out in the Strategic report on pages 56 to 66.

The Audit Committee, on behalf of the Board, monitors the Group's risk management and internal controls processes and reviews its effectiveness on an ongoing basis. This is part of an established process, in accordance with the Code and the FRC's associated Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, for the identification, evaluation and management of the significant risks facing the Group, which operates and is reviewed throughout the year. During the year, the Board confirmed that, although the controls and risk management systems were adequate, a programme of improvements was agreed for 2024.

The Group's governance framework is described in more detail on pages 74 to 76. The Group's internal control systems are designed to provide the Board with reasonable assurance as to the effective and efficient operation of the Group in accordance with the governance structures, and to ensure the quality of internal and external reporting and compliance with all applicable laws and regulations. During 2023, BDO supported the Group with a comprehensive internal controls enhancement programme. Potential deficiencies were identified and remediation actions are planned in 2024. We will continue to implement improvements to the governance structure, in particular, through the implementation of the Board-approved compliance programme. More information on this, as well as the internal controls environment more generally, can be found in the Audit Committee report on pages 87 to 91.

As part of its internal control procedures, the Group maintains policies and processes for whistleblowing, anti-bribery and corruption and to uphold its zero-tolerance approach to any form of modern slavery. More information in relation to those policies is included in the principal risks and uncertainties section of the Strategic report on page 66 and in the non-financial information statement on pages 68 and 69.

The Board has also carried out a robust assessment of the principal risks facing the Group, including those that would threaten its Business model, future performance, solvency or liquidity, and of the Group's emerging risks. An overview of the Company's risk management and internal control systems is included in the principal risks and uncertainties section of the Strategic report on pages 64 to 65.

## Board composition

Details about the current composition of the Board are set out in the biographies of the Directors on pages 77 to 79.

## Board diversity

Ensuring that the Board is appropriately diverse across multiple areas is important to achieving its strategic objectives and in attracting and retaining talent, as well as cultivating a culture of inclusion and diversity through the Group by its clear tone from the top. The Board and Executive Committee champion diversity and inclusion in their own membership and throughout the Group. Supported by the Nominations Committee, the Chairman monitors the composition of the Board to ensure that it is made up of the appropriate mix of skills, experience and knowledge required to effectively oversee and support the management of the Group and the delivery of the strategy, having regard to the interests of the Group's stakeholders – shareholders, customers and suppliers, employees, the environment and local communities. When considering candidates for the Board, the Nominations Committee, on behalf of the Board, takes into account factors such as: professional experience, skills, education, international and industry knowledge, social-economic background, sexual orientation, disability, age, ethnicity and gender. The Nominations Committee report on pages 84 to 86 sets out its progress in this respect, along with an example of the Nominations Committee's work in identifying a new Non-Executive Director candidate on behalf of the Board.

## Board evaluation

The Board undertakes an annual evaluation of the performance of the Board, the Remuneration, Nominations and Audit Committees, and the individual Directors, including the Chairman, against the framework of Board effectiveness produced by the Financial Reporting Council.

The 2023 annual review of individual Directors' performance was conducted by the Chairman. The Chairman's performance review was led by the Senior Independent Non-Executive Director in consultation with the other directors. The performance of the Executive Directors was reviewed by the Chairman and Non-Executive Directors with the Chief Executive's review being communicated by the Chairman. The Chairman and the Executive Directors reviewed the performance of each of the other Non-Executive Directors. The Board considers that each Director continues to contribute effectively and to demonstrate commitment to the role. The agreed actions resulting from the Board evaluation are set out in the graphic on page 83.

## Training and development

Ongoing training and development for Directors is available as appropriate and is reviewed and agreed with the Chairman annually. Specific and tailored updates were provided by external advisers and management to the Audit, Nominations and Remuneration Committees. During the year the Board also received reports from the Group General Counsel on compliance, as well as corporate governance and ESG-related updates from external advisers. The Board is confident that all its members have the knowledge, ability, and experience to perform the functions required of a director of a listed company.

Upon appointment to the Board, Directors undertake an induction programme, receiving a broad range of information about the Group tailored to their previous experience. This includes information on the Group businesses and their operational performance, along with an overview of Group strategy, corporate governance, and Board procedures. The programme also includes one-to-one meetings with all Board and Executive Committee members, as well as individual site visits to key Group operating locations to understand the business and meet management teams.

Assisted by the Company Secretary, the Chairman has responsibility for these induction programmes, and for the Board's training and professional development.

## Stakeholders

The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by the Executive Directors (as well as representatives from the Group's businesses and functions who are invited to present to the Board), and through regular updates from Directors on their engagement activities with the stakeholders themselves. This includes regular updates from the:

- Chairman and the Executive Directors on their discussions with investors.
- Company's brokers on the feedback received from investors.
- Executive Directors, Chief HR Officer and Designated Non-Executive Director for Employee Engagement in relation to employee engagement.
- Group CEO on feedback from customers.
- Senior leadership team on their engagement with employees, customers, suppliers and local communities.
- Group Sustainability Committee on the Group's approach to reducing its environmental impacts.

On pages 36 and 37 of our Strategic report, we set out our principal stakeholders, how we engage with them, the issues which are important to them and how we respond. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making. On pages 80 and 81 we set out how the Board has considered the interests of stakeholders when discussing and agreeing decisions on key matters in 2023.

## Purpose, culture and values

The Board recognises the importance of its role in promoting the long-term sustainable success of the Group by setting the tone of James Fisher's purpose, culture and valued behaviours, and embedding them throughout the Group. Our core valued behaviours and our Code of Ethics (the behaviours we expect) underpin everything that we do and set out the type of organisation we want to be. Everyone who works for and with us is required to comply with these.

The Executive Directors set the tone of our organisation and demonstrate our valued behaviours. Various indicators are used to provide insight into our culture, including employee engagement and health and safety. We regularly assess the state of our culture, through activities such as employee engagement surveys and compliance reviews, and we address behaviour that falls short of our expectations.

## Financial reporting

The Board considers that the Annual Report and Accounts taken as a whole present a fair, balanced and understandable assessment of the Group and provides the information necessary for shareholders to assess the Group's position, performance, Business model and strategy. More information about how this assessment was made is set out in the Audit Committee report on page 88.

The going concern assessment is described in the Audit Committee report on page 88; the viability statement is set out on page 67 and the Strategic report on pages 6 to 7 sets out an explanation of the Company's Business model and the strategy for delivering the Company's objectives.

## BOARD EVALUATION

### Action

IR strategy and timing of capital markets day to be reviewed.

### Progress in 2023/24

Board presentation relating to IR strategy scheduled in 2024.

### Action

Continue improvements in ESG reporting.

### Progress in 2023/24

Presentation to the Board on ESG strategy and reporting scheduled in 2024.

### Action

Improve the Annual Report and external audit process.

### Progress in 2023/24

Management's 2023 Annual Report and external audit preparation plan presented to the Audit Committee.

### Action

Formalise the timing of the circulation of financial reports to the Board.

### Progress in 2023/24

Financial reporting schedule under review by management.

### Action

Improve below Board level succession planning.

### Progress in 2023/24

Nominations Committee review of Executive Committee and senior leadership succession planning process scheduled in 2024.