Governance at a glance

Key governance activities

Focus on opportunities and challenges for all divisions at the annual Board strategy session, including around Green Transition initiatives

Read more:
On pages 44, 45 and 94.

Engagement with shareholders regarding AGM voting outcomes, including remuneration

Read more:
On pages 98 and 99.

Appointment of Sue Harris as Senior Independent Director

Read more:
On page 102.

Completion of the external evaluation of the Board's effectiveness

Read more:
On pages 104 and 105.

Continued review of executive succession planning

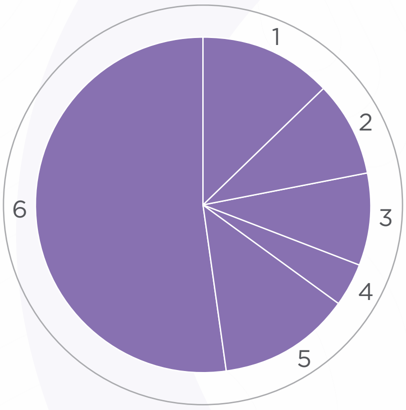
Read more:
On page 102.

Board meeting attendance

Current Directors	Scheduled meetings	Ad hoc meetings
Laurence Hollingworth (Chair)[1]	7/7	4/5
Andi Case[2]	7/7	4/5
Jeff Woyda	7/7	5/5
Martine Bond[3]	7/7	3/5
Sue Harris	7/7	5/5
Dr Tim Miller[2]	7/7	4/5
Birger Nergaard[4]	5/7	3/5
Heike Truol[3]	7/7	3/5
Former Directors		
Peter Backhouse	7/7	5/5
Sir Bill Thomas[5]	0/1	2/3

[1] Recused from one ad hoc meeting at which his own appointment as Chair was discussed.
[2] Unable to attend one meeting called at short notice due to a prior commitment.
[3] Unable to attend two meetings called at short notice due to a prior commitment.
[4] Unable to attend meetings due to illness.
[5] Stepped down from the Board on 2 March 2022. Unable to attend one scheduled meeting due to illness and recused from one ad hoc meeting at which the Chair appointment was discussed.

How the Board spent its time



1. Business performance and operations
Regular updates from the CEO and CFO & COO, as well as operational items such as the annual budget and insurance arrangements.

2. Financial matters
All matters relating to the release of preliminary and interim results and trading statements, including the Annual Report and dividend recommendations.

3. Governance
Various governance matters, including Director appointments and reappointments, review of Director conflicts, the annual review of Board and Committee effectiveness and approval of our Notice of Meeting and ancillaries.

4. Risk management
Regular updates on risks and controls.

5. Stakeholder engagement[1]
Updates on engagement with our stakeholders, including employee engagement updates from our Employee Engagement Director, shareholder engagement regarding areas such as remuneration, succession planning and diversity, and charitable activities.

6. Strategy
The annual review of strategy and regular updates on strategic matters.

[1] Agenda items where the topic was specifically a stakeholder matter. Stakeholders are taken into account in all agenda items, but it is difficult to quantify these considerations and they are not therefore included in this category.

Engagement activities: Shareholders

81
meetings with shareholders and potential investors attended by the CEO and CFO & COO

20
meetings with shareholders attended by the Chair and the Chair of the Remuneration Committee

Engagement activities: Employees

54%
of employees participating in share plans/holding shares

55%
of eligible employees took up an invitation to join ShareSave (or the local equivalent) in 2022

Chair's introduction to Corporate Governance Report

Laurence Hollingworth
Chair

On behalf of the Board, I am pleased to introduce the Corporate Governance Report for 2022.

During the year, the Board continued to focus on maintaining our strong governance framework, which is underpinned by the Group's purpose, values, behaviours and culture. Together, these are critical to the Group successfully capitalising on the opportunities ahead whilst meeting the challenges which will undoubtedly arise, and ultimately delivering sustainable business performance which generates value for shareholders and contributes to wider society.

The Board recognises that the insights gained from engaging with our stakeholders are integral to our success as a Group, helping to shape our strategy and the decisions we take. We engage directly with both shareholders and employees, and oversee the work undertaken by our Executive Directors and their teams in engaging with other stakeholders. Following my appointment as Chair in March 2022, I met with a number of our shareholders, gaining insights into their views on a range of topics including diversity, remuneration, succession planning and environmental matters. We also reviewed our engagement with employees during the year. Heike Truol replaced Dr Tim Miller as our Employee Engagement Director and has expanded our Employee Voice Forum to encompass more two-way communication with our international workforce. With restrictions on overseas travel lifted for the most part, Heike was also able to visit our Singapore office whilst I visited our Oslo office. We were delighted to experience first-hand that Clarksons' culture is lived consistently throughout our global Group. The Board as a whole has also benefited from a greater number of business presentations which have given us even more opportunities to engage with senior management and hear their views directly.

Sustainability has remained high on the Board's agenda. At the start of 2023, the shipping industry moved into a new phase of regulation to tackle the huge challenge of decarbonising shipping. Enabling 'smarter, cleaner global trade' has always been part of our purpose, and the investment in our strategy over many years has positioned us to support our clients in this regard – from the comprehensive data and intelligence provided by our Research division, the market-leading technology developed through the Maritech business, the launch of our Green Transition offering in 2021 and the training and development of our people to ensure that they can deliver the best possible advice and service to our clients as they navigate these changes. The Board has received regular updates from the Executive Directors throughout the year on these areas, and our annual Board strategy session provided us with the opportunity to focus in on both the opportunities and the challenges which are on the horizon for the Group. We are also cognisant of the Group's own carbon footprint and are committed to monitoring and minimising it in the nearer term.

Other areas prioritised by the Board during the year have included executive succession planning, diversity and our triennial external Board evaluation, which confirmed that the Board and its Committees continued to operate effectively (see pages 104 and 105). The Board has been supported by its Committees, which have continued to use the expertise of their members to progress the key challenges falling within their remit. Alongside its focus on maintaining the integrity of our financial reporting, the Audit and Risk Committee has overseen the implementation of new finance and risk systems which are strengthening our internal controls. The Remuneration Committee has reviewed the executive pay structures which have benefited and are aligned with our owners for a number of years, and worked to ensure that these are understood by our shareholders and reflected in our Directors' Remuneration Policy. The Policy will be submitted to shareholders for approval at the upcoming 2023 AGM, and you can read more about it on pages 116 to 119. Consideration of wider workforce remuneration, particularly in light of the cost of living crisis and its impact on our more junior employees, has also been a priority.

The Nomination Committee focused on Board composition during 2022. As Peter Backhouse approached his nine-year tenure during the year, we announced in August 2022 that Sue Harris would replace Peter as Senior Independent Director ('SID') from September 2022. In parallel with this change, the Nomination Committee reviewed the Board Committee memberships and recommended a number of changes which the Board duly approved. Peter remained on the Board for a transitional period until the end of 2022, having served as our SID for the majority of his tenure. The Board has benefited from Peter's significant knowledge and counsel over the last nine years, and I would like to thank him for his many years of service to Clarksons.

Our AGM will be held on 11 May 2023 electronically by video webcast. We look forward to welcoming you to the meeting, hearing your views and answering any questions you may have about the business of the meeting.

I would like to end by thanking all of our stakeholders for their continued support this year.

Laurence Hollingworth
Chair
3 March 2023

Code compliance

Statement of compliance with the UK Corporate Governance Code (the 'Code')

The Company complied with the principles and provisions of the Code during the year ended 31 December 2022 with the exception of the provision to the right where we have provided an explanation.

The Code is available at www.frc.org.uk

Provision 38 (alignment of pension contribution rates for executive directors with those available to the workforce)

The Executive Directors receive a cash supplement in lieu of pension. Whilst not aligned with the contribution rates for the wider workforce for contractual reasons, the Company has undertaken to align this with that available to the majority of the wider workforce in the UK (or any other country in which the executive is based) when any new Executive Director is recruited.

Section of Code	How we comply	Page
Board leadership and company purpose	– Governance at a glance	84
	– Chair's introduction to Corporate Governance Report	85
	– Board of Directors	87
	– Governance framework	92
	– An effective Board	94
	– Purpose, values, behaviours and culture	94
	– Governance arrangements and Board resources	96
	– Conflicts of interest	96
	– Stakeholder engagement	96
Division of responsibilities	– The roles of individual Directors	93
Composition, succession and evaluation	– Nomination Committee Report	100
	– Succession planning and Board appointments	102
	– Election and re-election of Directors	103
	– Board and Committee effectiveness	104
	– Diversity	106
	– Induction	107
	– Development	107
Audit, risk and internal control	– Audit and Risk Committee Report	108
	– Financial reporting, including fair, balanced and understandable assessment	110
	– External audit	112
	– Internal controls and risk management	113
	– Going concern	114
	– Viability statement	115
	– Compliance	115
	– Internal audit	115
Remuneration	– Annual statement – Remuneration Committee Chair	116
	– Remuneration Committee – at a glance	120
	– Annual Report on Remuneration	121
	– Directors' Remuneration Policy	131

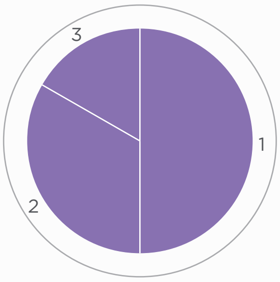
Board of Directors

Board diversity and independence

We recognise that diversity, in its broadest sense, is a key driver of an effective board, leading to effective debate, challenge and decision-making.

Non-Executive Director tenure

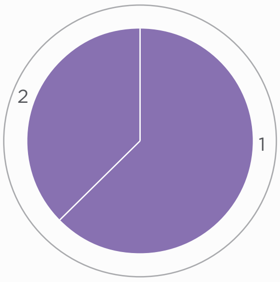
As at 3 March 2023



1. 0–3 years: 3
2. 3-6 years: 2
3. 6–9 years: 1

Gender

As at 3 March 2023[1]

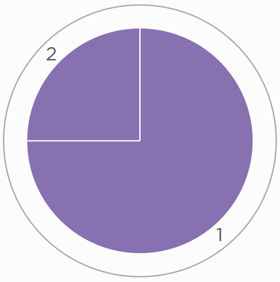


1. Male: 5
2. Female: 3

[1] As at 31 December 2022 – male: 6, female: 3

Female representation in Senior Board roles[1]

As at 3 March 2023

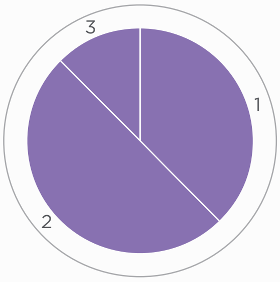


1. Male: 3
2. Female: 1

[1] As defined by Listing Rule 9.8.6(9) and the FTSE Women Leaders Review as being the Chair, Senior Independent Director, CEO or CFO.

Age

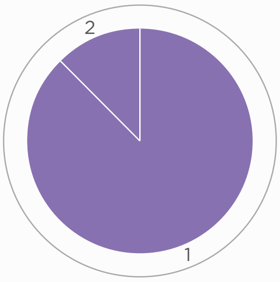
As at 3 March 2023



1. 50–59: 3
2. 60–69: 4
3. 70–79: 1

Ethnicity

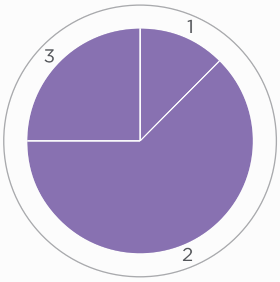
As at 3 March 2023



1. White: 7
2. Mixed/multiple ethnic group: 1

Independence

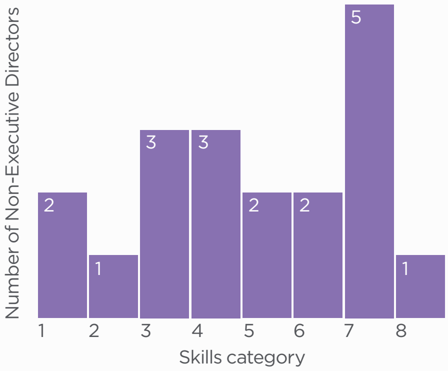
As at 3 March 2023



1. Chair: 1
2. Independent: 5
3. Non-independent: 2

Skills and experience

As at 3 March 2023[1]



1. Listed company experience
Executive experience of operating within a listed company or serving on the Board of a listed company

2. Shipping/sector experience
Generalist experience within shipping, or experience of shipbroking and/or research and publications

3. Investment banking
Executive experience of investment banking

4. People and reward
Experience of people elements, including human resource management, remuneration and cultural change

5. Technology and IT
Technology experience, including cyber security

6. Global business
Experience of operating within a large global business

7. Strategy
Strategy and business planning, M&A and capital markets experience

8. Financial acumen
Senior executive experience in accounting, reporting and/or other financial elements

[1] Number of Non-Executive Directors (including the Chair) who are highly experienced in that area.

Chair

Laurence Hollingworth, Chair

Appointed: July 2020
(and as Chair in March 2022)

Key areas of expertise: capital markets, investor relations, strategy (including M&A)

Executive Directors

Andi Case, Chief Executive Officer

Appointed: June 2008

Key areas of expertise: global business, shipping/sector experience, strategy

Jeff Woyda, Chief Financial Officer & Chief Operating Officer

Appointed: November 2006

Key areas of expertise: financial, strategy, technology

Non-Executive Directors

Martine Bond, Independent Non-Executive Director

Appointed: March 2021

Key areas of expertise: global business, strategy, technology

Sue Harris, Senior Independent Director

Appointed: October 2020
(and as Senior Independent Director in September 2022)

Key areas of expertise: financial, listed company experience, risk management

Dr Tim Miller, Independent Non-Executive Director

Appointed: May 2018

Key areas of expertise: global business, people and reward, listed company experience

Birger Nergaard, Independent Non-Executive Director

Appointed: February 2015

Key areas of expertise: capital markets, strategy (including M&A)

Heike Truol, Independent Non-Executive Director

Appointed: January 2020

Key areas of expertise: global business, shipping/sector experience, strategy

Laurence Hollingworth
N R

Chair

Skills and expertise
Previously a senior leader in investment banking, Laurence brings significant capital markets experience to Clarksons which positions him well to guide the development of the Financial business and wider strategy. Laurence has a strong understanding of broking and the relationship-led environment in which Clarksons operates, having been responsible for client relationship management with some of JP Morgan's most high-profile clients. This experience gave him broad exposure to different leadership styles and board dynamics, developing the ideal skillset to provide oversight and constructive challenge in the boardroom.

Career experience
Laurence's 37-year career in stockbroking with Cazenove and latterly JP Morgan saw him hold several senior leadership roles including Head of UK Investment Banking, Head of EMEA Industry Coverage and finally as Vice Chairman for Equity Capital Markets EMEA.

Principal external appointments
- Non-Executive Chairman of ABM Communications Limited
- Non-Executive Director of Atom Bank plc

Andi Case
Chief Executive Officer

Skills and expertise
Having worked in shipbroking his entire career, Andi brings to the Board extensive knowledge and experience of global integrated shipping services. He is recognised in the market as an industry leader. His detailed knowledge of Clarksons' operations, combined with his commitment to drive the strategy, make him ideally placed to inspire and lead the Group.

Career experience
Andi joined Clarksons in 2006 as Managing Director of the Group's shipbroking services. His shipbroking career began with C W Kellock & Co and later the Eggar Forrester Group. Prior to Clarksons, he was with Braemar Seascope for 17 years.

Principal external appointments
None

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Skills and expertise
Jeff's broad-based experience across a number of disciplines complements his role at Clarksons. In addition to his strong background in finance, Jeff has an impressive track record in managing and delivering across broking, corporate finance, IT implementation and software development, HR and regulatory compliance. His career has spanned both publicly listed and private companies, as well as regulated industries. Jeff's position at Clarksons includes that of the Chief Operating Officer which covers IT, Legal, HR, Company Secretariat, Marketing and Property Services, and he is the Board member responsible for ESG matters. He is also the Chairman of Maritech, the SaaS provider of the **Sea/** platform.

Career experience
Before joining Clarksons, Jeff spent 13 years at the Gerrard Group PLC, where he was a member of the executive committee and Chief Operating Officer of GNI. Jeff began his career with KPMG LLP and is a Fellow of the Institute of Chartered Accountants.

Principal external appointments
- Non-Executive Director of the International Transport Intermediaries Club Limited
- Senior Independent Director and Chair of the Remuneration Committee of Lok'n Store Group plc

Changes in Board membership during the year and to the date of this report:
- Sir Bill Thomas resigned as Chair and Non-Executive Director on 2 March 2022, and was replaced by Laurence Hollingworth as Chair.
- Peter Backhouse stepped down as Senior Independent Director on 11 September 2022 and as a Non-Executive Director on 31 December 2022.
- Sue Harris was appointed as Senior Independent Director on 11 September 2022.

Committee membership

Audit and Risk Committee	A
Nomination Committee	N
Remuneration Committee	R
Chair	●

Martine Bond

A R

Independent Non-Executive Director

Skills and expertise

Martine brings a wealth of knowledge in electronic trading, risk management and technology solutions. This experience, together with her track record of innovation, business growth and client acquisition, make her ideally placed to contribute to Clarksons' strategy to grow its technology business.

Career experience

Martine has in excess of 10 years' experience in the financial services industry at State Street, Morgan Stanley, JP Morgan and Goldman Sachs. She is currently the Head of Global Markets for Europe, Middle East and Africa as well as running the electronic trading solutions within State Street. Martine has significant board experience across legal entities in Europe, North America and Asia. She studied business management at Queensland University of Technology in Brisbane, Australia.

Principal external appointments

- Executive vice president at State Street Global Markets

Sue Harris

A N

Senior Independent Director

Skills and expertise

Sue brings significant financial, risk management and corporate development experience to her role at Clarksons, gained through senior roles across listed companies in financial services and retail. She has extensive leadership and boardroom experience, having held a number of senior executive and non-executive roles across a broad range of sectors. Sue is a seasoned audit committee chair and a qualified chartered management accountant.

Career experience

In addition to Sue's current non-executive roles, she was formerly a Non-Executive Director of Abcam plc. Sue previously chaired the Audit and Assurance Council at the Financial Reporting Council and was a member of the Codes and Standards Committee. She has held a number of senior executive positions at FTSE 100 businesses, including as Divisional Finance Director and Group Audit Director for Lloyds Banking Group. Prior to this, Sue held roles including Managing Director for Finance at Standard Life and Group Treasurer and Head of Corporate Development for Marks & Spencer.

Principal external appointments

- Non-Executive Director and Chair of the Values and Ethics Committee of The Co-operative Bank p.l.c.
- Non-Executive Director of The Co-operative Bank Finance p.l.c.
- Non-Executive Director of The Co-operative Bank Holdings Limited
- Non-Executive Director and Chair of the Audit Committee of Wates Group Limited
- Non-Executive Director and Chair of the Audit Committee of FNZ (UK) Ltd
- Non-Executive Director of Schroder & Co. Limited and Chair of the Audit and Risk Committee of the Wealth Management Division
- Independent Director of Barclays Pension Funds Trustees Limited

Committee membership

Audit and Risk Committee	A
Nomination Committee	N
Remuneration Committee	R
Chair	●

Dr Tim Miller

A R

Independent Non-Executive Director

Skills and expertise

Dr Tim Miller has over 30 years' experience working in large-scale people businesses with significant international operations. Whilst Tim has extensive experience of HR and remuneration matters gained in his executive and non-executive career, his executive roles also gave him exposure across a broad remit including compliance, audit, assurance, financial crime, property and legal. Tim has a proven track record serving as a non-executive director and remuneration committee chair in listed companies. Together with his HR background, this experience is extremely relevant to his role at Clarksons, which includes the role of Chair of the Trustees of the staff pension schemes.

Career experience

The majority of Tim's executive career was within regulated industries, including roles at Glaxo Wellcome and latterly Standard Chartered, with global responsibility for a wide variety of business services. He was previously a Non-Executive Director and Chair of the Remuneration Committee at Michael Page Group plc, Non-Executive Director and Chair of the Remuneration Committee of Scapa Group plc, Non-Executive Director and Chair of the Remuneration Committee at Equiniti Group plc, and a Non-Executive Director at Otis Gold Corp.

Principal external appointments

- Non-Executive Director of Equiniti Financial Services Limited

Birger Nergaard

N R

Independent Non-Executive Director

Skills and expertise

Birger's deep knowledge of capital markets and investment banking brings valuable expertise to Clarksons, particularly in developing and overseeing our banking strategy. He has extensive knowledge of investing in Nordic technology companies, and is experienced in taking an active role on the boards of these companies to help position them for long-term growth. Birger is therefore well positioned to provide unique insight into initiatives to innovate and develop new services for clients.

Career experience

After establishing Four Seasons Venture (today Verdane Capital) in 1985, Birger was the CEO until 2008. Birger joined the board of RS Platou ASA (now Clarksons Norway AS) as Deputy Chairman in 2008. He joined the board of Clarksons Securities AS (formerly Clarksons Platou Securities AS) in 2010. Birger has remained as a Director of these companies since their acquisition by Clarksons.

In 2006, Birger was awarded King Harald's gold medal for pioneering the Norwegian venture capital industry.

Principal external appointments

- Director of Verdane Capital Funds V, VI, VII and VIII
- Director of Nergaard Investment Partners AS
- Advisor to the P/E fund Advent International (Norway)
- Director of Union Real Estate Fund I and II

Heike Truol

A N

Independent Non-Executive Director

Skills and expertise

Heike has an in-depth knowledge of the dry bulk market and as a result she is well positioned to bring valuable client perspectives to her role. With a 20-year track record of both advising large global organisations from the outside as a management consultant as well as driving performance from within, Heike brings significant experience of strategy development and delivery to the Board. Heike serves as Clarksons' Employee Engagement Director.

Career experience

Heike was appointed in November 2021 as the Chief Commercial Officer for MineHub Technologies, a TSX-V listed technology company. Prior to that she gained 11 years' experience at Anglo American where she was Executive Head, Commercial Services until April 2020. On joining Anglo American in 2009 as Group Head of Strategy she helped evolve the strategy function working closely with the CEO and executive committee. Heike later helped establish the Marketing business and had P&L responsibility for Anglo American's global shipping activity. Prior to Anglo American, Heike was a management consultant and held roles at Marakon Associates and Deloitte.

Principal external appointments

- Chief Commercial Officer of MineHub Technologies Inc.

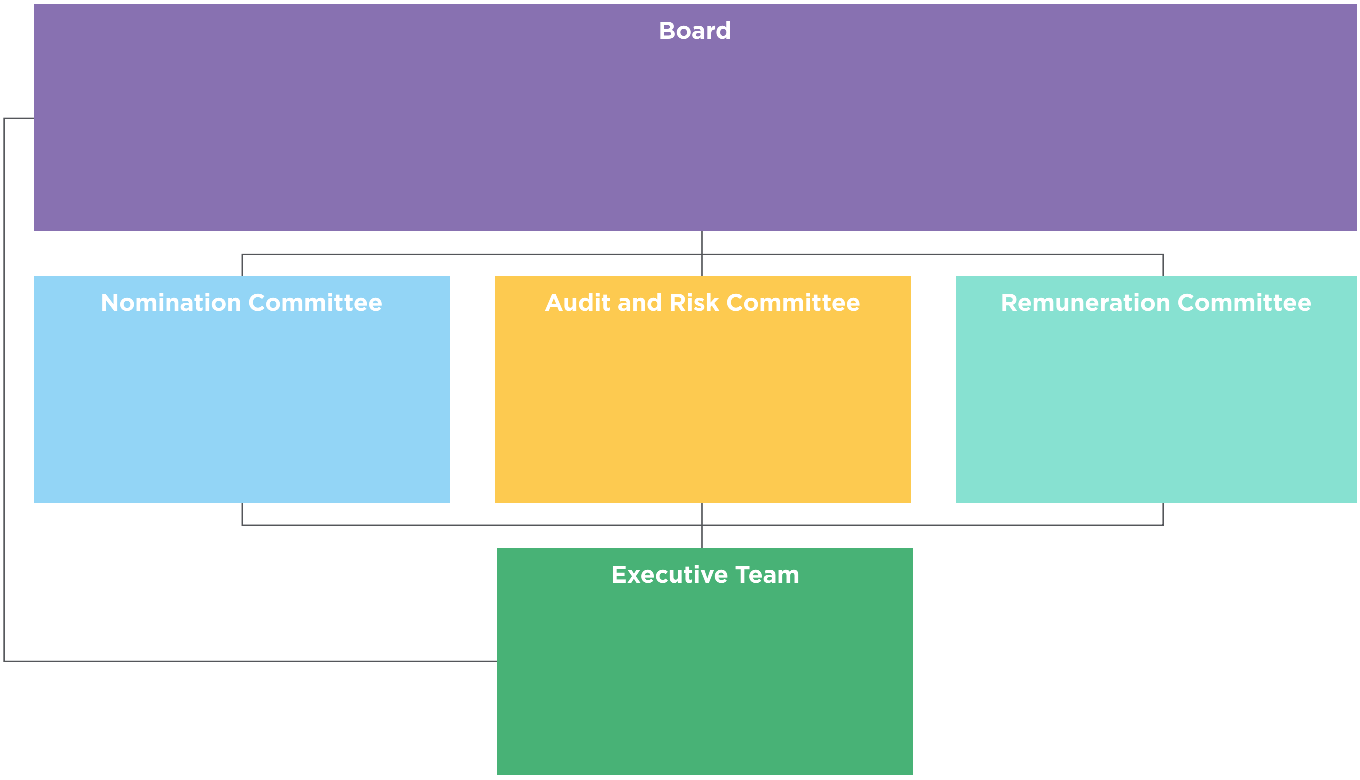
Governance framework

Our governance framework is the key to ensuring that our business is run in the right way for the benefit of all of our stakeholders.

We discharge some of our responsibilities through delegation to Board Committees. The Board Committees bring an increased focus on key areas and explore them more deeply, thereby gaining a greater understanding of the detail. The Chair of each Board Committee reports to the Board on their activities following meetings.

Any delegation of authorities to Board Committees is formally documented in writing through Terms of Reference, while the Board maintains a schedule of key matters which are reserved for our decision. Furthermore, there is a clear division of responsibilities between the Chair and the CEO. The execution of the strategy and the day-to-day management of the Group and operational matters are delegated to the CEO.

The Group's executive governance structure continues to evolve to meet the demands of the business. This structure maximises the opportunity for all parts of the business to have clarity on their goals and successfully execute on divisional and Group strategic plans.



The schedule of Matters Reserved for the Board; the Terms of Reference of the Board Committees; and the roles of the Chair, CEO, Senior Independent Director and Employee Engagement Director are available on our website at www.clarksons.com/home/investors/corporate-governance

Board

Key matters reserved for the Board:

- Purpose
- Strategy
- Setting the Group’s culture, standards and values
- Internal controls and risk management
- Financial reporting and viability
- Capital and liquidity
- Board and Committee appointments
- Corporate governance matters
- ESG and stakeholder matters
- Material contracts

Individual roles and activities:

Chair

- Leads the Board, facilitating the contribution of all Directors and promoting an open and constructive relationship between the Executive and Non-Executive Directors
- Ensures the effectiveness of the Board
- Oversees the development of the Group’s purpose, values and culture
- Promotes high standards of corporate governance
- Available to shareholders and fosters dialogue with other key stakeholders

Senior Independent Director (‘SID’)

- Acts as a sounding board for the Chair and leads the evaluation of his performance
- Serves as a trusted intermediary for other Non-Executive Directors
- Available to shareholders, particularly when their concerns have not been resolved through other channels

Non-Executive Directors

- Contribute to the development of the strategy and scrutinise its execution by management
- Provide both objective and constructive challenge and support to the development of Board proposals and the performance of management
- Monitor management’s progress against agreed performance objectives

Employee Engagement Director

- Facilitates two-way communication between the Board and the workforce through a programme of engagement initiatives
- Enhances the voice of the workforce by feeding their views into the Board’s decision-making process

Chief Executive Officer

- Responsible for the day-to-day management of the Group
- Develops the strategy and commercial objectives for approval by the Board, and leads the management in delivering them within the risk appetite approved by the Board
- Promotes the embedding of the Group’s culture throughout the organisation
- Leads the relationship with institutional investors and other stakeholders

Chief Financial Officer & Chief Operating Officer

- Manages the Group’s financial and operational affairs and supports the CEO in the management of the Group
- Alongside the CEO, represents the Group in meetings with institutional shareholders and other stakeholders
- In conjunction with the CEO, takes responsibility for overseeing all ESG matters

Nomination Committee

- Reviews the effectiveness of the Board, and its structure, size, composition and diversity
- Leads succession planning for the Board and oversees succession plans for senior management

Audit and Risk Committee

- Monitors the integrity of the financial reporting for the Group and manages the relationship with the External Auditor
- Oversees the effectiveness of the risk management and internal control systems

Remuneration Committee

- Sets the remuneration policy and packages for the Executive Directors and other members of the senior management team, whilst having regard to pay across the Group
- Approves the remuneration of the Chair

Executive Team

- Assists the CEO in running the business and delivering the strategy
- Develops and implements strategy and goals, operational plans, procedures and budgets, and monitors business performance (including competitive pressures)
- Oversees the assessment and control of risk

Group Company Secretary

- Acts as point of contact for the Chair and Non-Executive Directors, and facilitates the induction of new Non-Executive Directors
- Facilitates information flows between the Board and its Committees, and between management and the Board
- Advises the Board on all corporate governance matters and ensures good corporate governance practices throughout the Group

Read more:
How we assess the independence of our Non-Executive Directors on page 103.

An effective Board

The Board is collectively responsible for promoting the long-term success of the Group and is accountable to shareholders for the creation of sustainable value, and to other stakeholders for the wider impact that we have.

We have overall responsibility for leading the Group and are the decision-making body for matters which are significant to the Group as a whole, in particular strategic and financial matters, and those which could have a material reputational impact.

Our ability to meet our responsibilities is underpinned by having in place a balanced and effective Board, and our governance framework which enables effective decision-making within a structure of clear accountabilities. You can read more about our governance framework and individual roles and responsibilities on pages 92 and 93.

The Chair promotes an open and honest boardroom culture which ensures that the range of diverse skills, experience and perspectives brought collectively by the Non-Executive Directors can be utilised effectively. The boardroom is both supportive and challenging, and enables the Non-Executive Directors to bring independent oversight to strategic debates and contribute to the continued development of a sustainable strategy.

A Board strategy session is held annually at which the Executive Directors and members of the senior management team present their views of the market and forward view of the opportunities and challenges for each division in the coming year. In 2022, our corporate broker provided an external view of the market backdrop and investor perceptions of the Company. In developing the strategy, the Board takes account of, not only our obligations to shareholders, but also the considerable impact that the Group has on other stakeholders including our people, clients, the wider shipping community and communities which are the 'end-users' of the global trade that we play a key role in supporting. The Board monitors the implementation of the strategy through regular updates at Board meetings on key initiatives as they progress. This also enables us to regularly review whether the strategy remains appropriate. The need to deliver the strategy within the Group's risk appetite, and ensuring that the Group has the appropriate resources, skills and competencies to achieve the strategy responsibly are also key areas of focus.

The effectiveness of the Board is reviewed at least annually. You can read more about this year's externally facilitated Board and Committee effectiveness review on pages 104 and 105.

Purpose, values, behaviours and culture

Our purpose communicates our strategic direction to our people, clients and wider stakeholders, and underpins everything that we do. Our values articulate the qualities that we embody and, to ensure the continued growth of a sustainable business, our values must remain at the core of the way we behave. Our behaviours set out clearly what is expected of all of our people to thrive in our culture and act in line with our values. This is the foundation of our culture.

Our values represent our current and future aspirations for the business: to ensure we remain dedicated to excellence and retain our place as the world-leading strategic advisor to our clients. We believe our behaviours accurately reflect our expectations of our people, and provide clarity regarding the commercial and leadership requirements to deliver our purpose.

We have always championed our people, who are at the heart of our business. Our greatest strength is the spirit of progressive and energetic teamwork and collaboration that underpins our success. Our people processes are designed to retain and empower our employees to drive the business forward, keep our clients at the core of our activities and align our interests with those of our stakeholders.

The Board has responsibility for setting and overseeing our culture. It sets the tone from the top and reinforces this through all of its actions, including its decisions and own conduct.

Read more:
How our purpose, values and behaviours are aligned with how we create value for shareholders on pages 2 and 3.

The key elements of our culture

Element	Overview	Board and Committee oversight
Leading by example	The Board sets the tone from the top.	The Directors, Executive Team and senior management lead by example through all actions.
Performance metrics	The Board reviews a broad range of performance metrics that support our culture, including global turnover by business sector and location, annual promotions to early-, middle- and senior-level management positions, employee engagement outcomes, key remuneration frameworks and employee equity participation.	The performance metrics support the Board in its role in monitoring and assessing our culture.
Employee voice	We promote an open and honest environment in which our people are encouraged to share their views on a variety of priorities and topics. Employees are invited to a number of communication forums throughout the year, including the Employee Voice Forum. Employees may also be invited to present to the Board on relevant matters.	Themes and discussion points from communication forums are reported to the Executive Team and Board, providing key insights. The Board also recognises the benefit of having direct access to our people.
	There are independent whistleblowing processes in place which allow reporting of wrongdoing on an anonymous basis.	Any whistleblowing reports are reviewed by the Board and/or the Audit and Risk Committee.
Policies, pay, diversity and inclusion	We pay for performance and seek to ensure that the financial and non-financial rewards we give our employees are competitive and support attraction, engagement and retention.	The Remuneration Committee oversees remuneration policy across the Group and reviews annually the remuneration trends across the Group.
	We are also committed to equal opportunities, including a commitment to equal pay. Our priority has always been to be inclusive of all diverse groups of people and to strive to achieve an inclusive culture every day. Our policies and procedures are designed to support this, and we endeavour to embed them through expected behaviours and rewarding accordingly.	The Nomination Committee regularly reviews our Group Diversity and Inclusion Policy and receives updates on relevant initiatives to promote a diverse and inclusive workplace. The Remuneration Committee also reviews annually our Gender Pay Gap Report.
Risk management	Our internal controls and risk management systems are integral to the delivery of our strategy in a safe and sustainable way. They translate into our day-to-day risk culture.	The Audit and Risk Committee reviews internal controls and risk management systems, including risk appetite, as well as internal audit reports that include an evaluation of management approach.
The way we do business	Our Compliance Code is reissued to employees annually – it sets out the policies and standards we expect them to uphold to meet our objective of conducting our business in an ethical, honest and professional manner wherever we operate. Employees are also required to complete annual online training modules on a range of areas covered by the Compliance Code.	Key policies are reserved for the Board's approval. The Audit and Risk Committee receives updates on compliance with policies and completion of online training.
Health and safety	Our priority is to provide a safe and secure workplace for all, and we have policies and procedures in place to support this.	Whilst we view the majority of our activities as low risk, the Board monitors the health and safety culture through regular reporting.

Governance arrangements and Board resources

An annual programme of agenda items is drafted for the Board prior to the start of the financial year. Agendas are driven by key strategic priorities, the schedule of Matters Reserved for the Board and the financial calendar. The programme is flexed as necessary to take account of changes in priorities and external developments. The process for agreeing the agendas is managed by the Group Company Secretary in consultation with the Chair. A similar process is followed for each Board Committee.

The Chair and the Group Company Secretary ensure that the Directors receive clear and timely information, with Board and Committee papers being circulated in advance of meetings via a secure electronic portal. Should any urgent matters arise between scheduled meetings, Directors are briefed either individually or through a Board call. Directors can seek additional information from management at any time, whether in relation to papers submitted for discussion at a formal meeting or any other matters. This allows them to explore significant items in more depth and signal areas where more detail will be required when the matters are discussed formally. These sessions also provide the Non-Executive Directors with an opportunity to engage with management in a more informal way.

Attendance at Board meetings is set out on page 84. If a Director is unable to join a meeting, they are encouraged to provide comments to the Chair in advance on the business of the meeting so that their views can be taken into account as part of the debate at the meeting.

The Chair regularly meets with the Non-Executive Directors without the Executive Directors present, both collectively and individually. The SID also meets with the Non-Executive Directors at least once per year to discuss the Chair's performance.

All Directors have access to the advice of the Group Company Secretary and, in appropriate circumstances, may obtain independent advice at the Company's expense.

Conflicts of interest

Directors are required to disclose any interests that could give rise to a conflict of interest either prior to appointment or as and when they arise. Potential conflicts may be approved by the Board if it is satisfied that it is appropriate to do so, but the Director who has the potential conflict cannot be counted in the quorum when the conflict is discussed. The Board may impose conditions on the authorisation of a conflict, for example that the Director should leave the boardroom when certain matters are discussed. Once authorised, a conflict is recorded in the Register of Directors' Conflicts. The Nomination Committee is responsible for providing the Board with guidance on the treatment of Directors' conflicts and for conducting an annual review of the Register of Directors' Conflicts.

Stakeholder engagement

We are committed to effective engagement with our stakeholders and gather feedback and input from them through a variety of approaches. The Board engages directly with our people and our shareholders. In the case of engagement with clients and communities (who we have also identified as key stakeholders), management engagement is used to form proposals at a business level, with the Board being kept updated in various ways.

Where relevant, stakeholder considerations are also set out in Board papers. You can read more about our stakeholders on pages 52 and 53, and how we have taken them into account in meeting our responsibilities under section 172 of the Companies Act 2006 on pages 54 to 57.

Information flow to Board

The Chair takes responsibility for ensuring that the views of shareholders are communicated to the Board as a whole.

The CEO and CFO & COO regularly update the Board on shareholders' views, which reflects both their own direct engagement with investors and feedback from the Company's joint corporate brokers and financial public relations advisor. The Chair and Non-Executive Directors also share the views and feedback from shareholders following any meetings they have attended.

An analysis of movements in the shareholder register and trading volumes, along with any broker feedback, is provided to each Board meeting. Analyst reports on the Company are made available to all Directors through the Board portal in order to enhance their understanding of how the Company is perceived in the market.

Our people

Our Employee Voice Forum encourages two-way communication between employees from various divisions across the business and our Non-Executive Directors. It is chaired by Heike Truol, our Employee Engagement Director. Heike replaced Dr Tim Miller in this role from September 2022, but had already attended Employee Voice Forum meetings with Tim for over a year prior to this. Participating employees are given the opportunity to raise any issues (including regarding remuneration) that they deem relevant or appropriate. In 2022, topics discussed included our ESG strategy, the new joiner experience (including onboarding during the pandemic) and engagement and connection across our global business more broadly. You can read more about the Employee Voice Forum and Heike's thoughts on employee engagement in our interview with Heike on the next page.

We also provide as many opportunities as possible for our Non-Executive Directors to meet a broad cross-section of our people at social and networking events throughout the year which provides a further opportunity for engagement on key topics. This includes attendance at our annual Global MDs Week, at which the Non-Executive Directors are invited to join various sessions and events. This gives them the opportunity to hear first-hand the views of our senior employees and gain an insight into our day-to-day culture.

We maintain a section of our internal communications channel ('Voyage') which is dedicated to inviting engagement with our global workforce via email address. This allows our people to correspond directly with our Non-Executive Directors or arrange to speak to them if they wish to.

The Non-Executive Directors also receive regular updates from the Executive Directors on their own engagement with employees, for example through site visits, talent activities and town hall meetings.

Q&A with Heike Truol

The Board is committed to employees having the opportunity for their views to be heard.

What engagement activities are currently utilised?

Clarksons has a strong in-person culture and operates in a relationship-driven industry. We have found there are lots of opportunities to leverage that when engaging with employees. We have a regular schedule of focus and listening groups that are made up of a mix of employees from across the Group when we are discussing general issues that effect everyone, or bespoke groups when we are addressing a specific topic. The Board conducts its meetings in person, and therefore Non-Executive Directors visit our offices regularly and use that opportunity to meet with a cross-section of employees. There is also a strong culture of social events that provide further opportunities to engage with employees. In addition, along with most businesses, we got used to meeting virtually over the last couple of years and that has meant there have been opportunities to leverage that capability and meet different groups in both virtual and in-person meetings.

What sort of topics are discussed?

The agenda is deliberately broad. We focus on key market and industry themes that may affect employees, Company-specific topics, changes in the industry, opportunities and challenges and macro themes that affect everyone. For obvious reasons, there has been a strong focus on well-being over the last two years.

Importantly, we always provide employees with an opportunity to raise any questions or concerns they may have without limitation on topic.

How does the Board hear about the employee voice?

The Board is committed to employees having the opportunity for their views, suggestions and concerns to be heard. I provide a channel for feedback between the Board and the Employee Voice Forum, and report back to the Board on those engagement activities, but the Non-Executive Directors also take the opportunity to form their own views from conversations and meetings with employees they spend time with.

What plans do you have to develop the employee voice initiative further?

With opportunities to travel largely back to normal we are looking forward to combining business trips with in-person sessions across our global offices that so far have been engaged in the initiative remotely. We are taking feedback from employees and will develop the engagement to address the appetite and suggestions of our people. Key topics continue to include ESG initiatives and focus, the Green Transition and technology transformation in shipping.

Heike Truol
Employee Engagement Director

Our shareholders

The Board is cognisant of its responsibility to manage the Company on behalf of our shareholders, and we understand that maintaining strong relationships and an open dialogue with investors underpins the long-term success of the Company.

Institutional investors

Whilst the Chair is responsible for ensuring effective communication with shareholders, the CEO and CFO & COO act as the primary contacts for institutional investors and engage actively with both current and potential investors. The Chair, SID and all Non-Executive Directors are available to attend meetings if requested by shareholders.

Following his appointment to the Board in March 2022, the Chair met with 20 shareholders ahead of the 2022 AGM in order to understand their views on the Company and its strategy, and to engage with them regarding remuneration outcomes and other governance matters such as environmental matters, succession planning and diversity. The Remuneration Committee Chair and the SID (Peter Backhouse) also joined some of these meetings. In addition, during the year, the CEO and CFO & COO held over 80 meetings with both potential and current investors (holding over 40% of the issued share capital) to gain an understanding of their views and concerns.

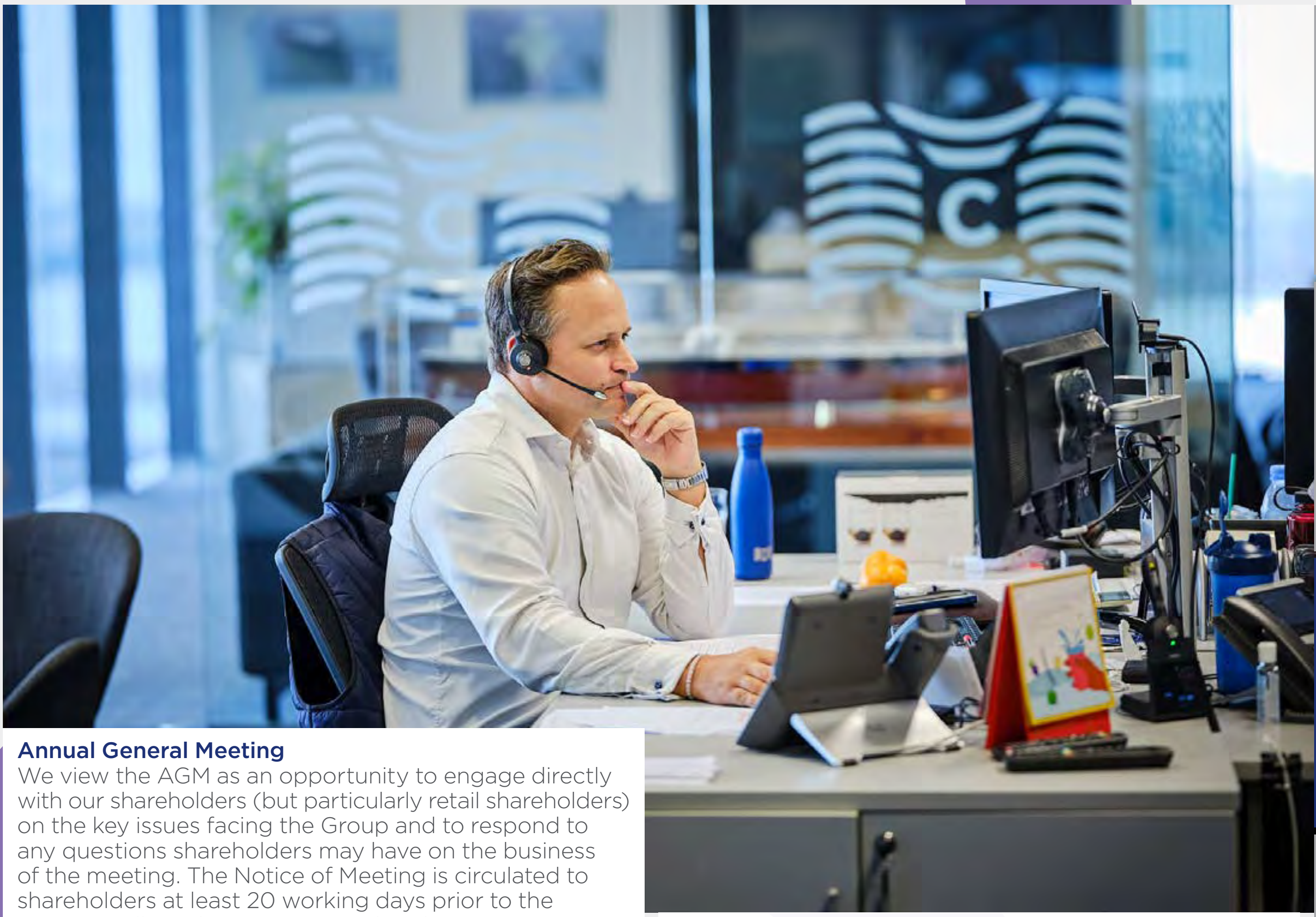
Retail shareholders

Retail shareholders (excluding employee shareholders) hold around 5% of our issued share capital, and the Board recognises the value of maintaining a good level of engagement with these investors. This is achieved principally through our website and the AGM. Full year and half year results announcements, the Annual Report and results presentations are all available on our website, as well as information regarding share price performance and governance matters. Further detail regarding our AGM can be found on the next page. Our Company Secretariat team and our registrar (Computershare) are also available to help retail shareholders with any queries they may have.

Employee shareholders

The Board recognises the benefits of encouraging employee share ownership, and our employees hold around 8% of the Company's issued share capital, either through direct interests or through restricted shares granted under employee share plans. Furthermore, the Company issues an annual invitation to employees in the UK and our largest overseas locations to join a ShareSave plan (or similar local equivalent), which gives employees the opportunity to purchase shares in the Company at a discounted price, subject to certain conditions. As a Board, we are extremely supportive of widening global participation in the plan, which has been offered in six overseas countries to date. Around 70% of our global employees have been invited to join ShareSave or the local equivalent, and over 55% of eligible employees have taken up an invitation to participate.

Employee shareholders (and the workforce as a whole) are kept informed by the Executive Directors and the Group Company Secretary of publicly available financial updates and governance changes such as new Director appointments.



Annual General Meeting

We view the AGM as an opportunity to engage directly with our shareholders (but particularly retail shareholders) on the key issues facing the Group and to respond to any questions shareholders may have on the business of the meeting. The Notice of Meeting is circulated to shareholders at least 20 working days prior to the meeting. All resolutions proposed to the meeting are voted on by way of a poll. The number of proxies received is disclosed to shareholders in attendance at the meeting, and the voting results are announced to the London Stock Exchange and made available on the Company's website as soon as practicable after the meeting.

The 2022 AGM was held on 11 May 2022. In light of the continued uncertainty surrounding the COVID-19 pandemic and to encourage participation, we held the meeting electronically by video webcast, as was permitted under the Company's Articles of Association. Votes were cast in relation to circa 77% of the issued share capital and, although all resolutions were passed by the required majority, the Board noted a significant vote against resolution 2 to approve the Directors' Remuneration Report and resolution 10 to re-elect Dr Tim Miller (Chair of the Remuneration Committee) as a Director. Further detail regarding the actions taken by the Board in response to this outcome can be found in the Directors' Remuneration Report on pages 116 to 119.

We are pleased to confirm our intention to hold this year's AGM electronically by video webcast at 12 noon on Thursday 11 May 2023. Full details of the resolutions to be proposed at the meeting are set out in the Notice of Meeting. The Chair, as well as the Chairs of the Board Committees, will be in attendance at the meeting to answer questions on the business of the meeting.

Nomination Committee Report
At a glance

Committee highlights

Appointment of Sue Harris as Senior Independent Director

Read more:
On pages 101 and 102.

Refreshing of the membership of the Board Committees

Read more:
On page 101.

Key points

- The Nomination Committee's key role is to oversee the Board's composition and its effectiveness, to support planning for its progressive refreshing.
- Comprises a majority of independent Non-Executive Directors.
- The Nomination Committee was chaired by Sir Bill Thomas until 2 March 2022 when he stepped down from the Board. Laurence Hollingworth was appointed Chair of the Committee on his appointment as Chair of the Company on 2 March 2022.
- Regular attendees at meetings include the CEO, CFO & COO, Group Head of HR and Group Company Secretary.
- One ad hoc meeting was convened during the year to recommend the appointment of a new SID and the refreshing of the membership of the Board Committees.

Read more:
Annual review of the Nomination Committee's effectiveness on pages 104 and 105.

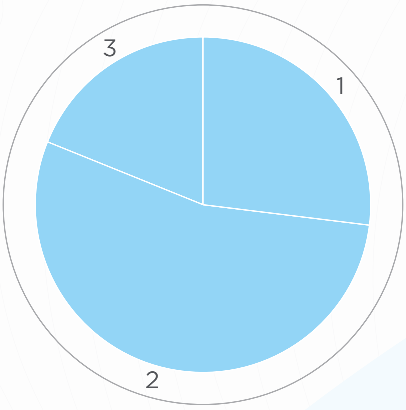
The Nomination Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/home/investors/corporate-governance/

Meeting attendance

Current Directors	Scheduled meetings	Ad hoc meetings
Laurence Hollingworth (Chair)[1]	1/1	1/1
Sue Harris[2]	1/1	–
Dr Tim Miller[3]	1/1	1/1
Birger Nergaard[2]	1/1	–
Heike Truol	2/2	1/1
Former Directors		
Peter Backhouse[4]	1/1	0/1
Sir Bill Thomas[5]	0/1	–

[1] Appointed as Chair and as a member with effect from 2 March 2022.
[2] Appointed as a member with effect from 11 September 2022.
[3] Stepped down from the Committee with effect from 11 September 2022.
[4] Stepped down from the Committee with effect from 11 September 2022. Recused from one ad hoc meeting at which the SID appointment was discussed.
[5] Stepped down from the Committee with effect from 2 March 2022. Recused from one meeting at which the Chair appointment was discussed.

How the Nomination Committee spent its time



1. Annual effectiveness review
Review of actions arising from the 2021 review.

2. Board composition
Matters relating to the appointment of a new Chair and SID, the refreshing of the membership of the Board Committees and the annual re-election of Directors.

3. Governance
Various matters including the annual review of the Nomination Committee's effectiveness and of its Terms of Reference

Laurence Hollingworth
Nomination Committee Chair

I am pleased to present this report on the work of the Nomination Committee over 2022.

The Committee focused on Board composition for a significant part of the year. We reported in the 2021 Annual Report that, on the recommendation of the Committee, I had been appointed as Chair of the Company from 2 March 2022. Peter Backhouse reached his nine-year tenure on the Board in September 2022, having served as the SID for the majority of this time. We considered whether there were any suitable internal candidates for the role and identified that Sue Harris' significant experience of listed companies made her well placed to assume the SID responsibilities. Conscious that Sue's change in role would necessitate some changes to Committee memberships, we took the opportunity to consider again the skills and experience of all Board members and to refresh Committee memberships. Peter stepped down as SID in September 2022, but remained a Director until the end of the year.

We acknowledge the FCA's policy statement on 'diversity and inclusion on company boards and executive management', which will apply to the Company for the year ending 31 December 2023, and which is aligned with the new recommendations in the FTSE Women Leaders Review. We have met the target for at least one of the senior Board positions to be a woman and for at least one member of the Board to be from an ethnic minority background. Three of our eight Directors are women (comprising 37% of the Board). We remain committed to a diverse Board and will continue to regularly review our Board composition to ensure we retain a balance of skills, knowledge and experience. We are in the process of collating the prescribed data to enable us to report on the gender identity and ethnic diversity of the Board, senior Board positions and executive management.

As a Board we are mindful of the benefits of being a diverse and inclusive employer and are committed to fostering a workplace where all of our employees can thrive. However, shipping has traditionally been a male-dominated industry and we therefore acknowledge that there are some limiting factors to the pace of change with regard to gender diversity in particular. Although significant change can take time to effect, the Board is comfortable that the initiatives in place in the Group are the right ones to attract, over time, a more diverse workforce and ultimately deliver change.

In 2022 we undertook our triennial external evaluation of the Board's effectiveness. Whilst the Nomination Committee would ordinarily oversee the process for the annual evaluation, the Board as a whole agreed the approach to be taken in respect of the 2022 review. The Committee has worked with the Board to agree an action plan in response to the matters identified in the review and will oversee progress against this in the year ahead. You can read more about the process and the outcome on pages 104 and 105. I am pleased that the review confirmed that the Committee continues to operate effectively, with no significant areas of concern highlighted.

Executive succession planning has remained an area of focus for the Board as a whole during the year, particularly in light of the increased risk around loss of key personnel to both clients and competitors in the shipping market. The CEO has provided regular updates to the Board on both the risk and the actions being taken to develop talent internally and retain key personnel, and how this might impact on our executive succession plans.

The refresh of the Board's Committees mentioned above resulted in changes to the Committee's own membership, so I would like to thank all the Directors who served on the Committee in 2022 for their contribution to our work during the year.

Laurence Hollingworth
Nomination Committee Chair
3 March 2023

Succession planning

Non-Executive Directors

The Nomination Committee reviews succession planning for the Non-Executive Directors. Whilst the tenure of the Directors is an important factor, the Nomination Committee is cognisant that this cannot be reviewed in isolation. Non-Executive Director succession planning is therefore considered within a wider context which includes the size, structure and composition of the Board; the current balance of skills, knowledge, experience and diversity on the Board and whether it is appropriate to continue to challenge management and support the delivery of the Group's strategy; provisions under the Code regarding Board Committee composition; and the benefits of refreshing the membership of the Board Committees.

Having reviewed the factors listed above, and taking account of feedback from the effectiveness evaluation of the Board undertaken in 2022, the Nomination Committee drew the following conclusions during the year:

- The tenure of the Directors (which is set out on page 87) does not give rise to any immediate concerns as three of the six Non-Executive Directors in office as at the date of this report are in their first three-year term.
- The size of the Board is conducive to an effective debate, being large enough to bring a broad and diverse range of backgrounds, perspectives and experiences, but not so large as to be unwieldy. The structure of the Board remains appropriate.
- The collective skills and experience of the Non-Executive Directors and the Board as a whole are aligned with the Group's operations and strategy, and there were no areas which required strengthening at the current time.
- The Hampton-Alexander Review target of at least 33% female representation on the Board had been met, as had the target for ethnic diversity set out in the Parker Review. In addition, the new recommendation under the FTSE Women Leaders Review to have at least one woman in a senior Board role was met through the appointment of Sue Harris as SID in September 2022. The Nomination Committee remains cognisant of the new target for 40% female representation by the end of 2025.
- The Company complies with all provisions under the Code in relation to Board Committee memberships.
- Board Committee memberships had been refreshed during the year, and remained appropriate.

In addition to this longer-term view, the Nomination Committee has also considered succession planning across a short-term horizon. It was satisfied that, in the event that one of the Board Committee Chairs was unexpectedly unable to fulfil their duties, the current Board composition would allow contingency cover to be identified and the Board Committee to continue to operate effectively whilst still meeting any specific Code requirements.

Chair

To ensure that an effective Chair is in place at all times to lead the Board, and that the Board would be able to act quickly when a search for a new Chair needed to be undertaken in the future, the Nomination Committee previously established a framework for Chair succession. This outlines the process to be followed, as well as confirming any arrangements to be implemented in the event of the Chair being temporarily absent at short notice. Laurence Hollingworth replaced Sir Bill Thomas Chair on 2 March 2022. Further information regarding the appointment process can be found on page 112 of the 2021 Annual Report.

SID

Sue Harris replaced Peter Backhouse as SID during the year, Peter having served nine years on the Board in September 2022. The Nomination Committee led the process for appointing a new SID, and considered firstly whether there were any suitable internal candidates who wished to put themselves forward for the role. We identified that Sue Harris' significant experience of listed companies made her well placed to assume the SID responsibilities and, Sue having indicated that she would be happy to be considered for the role, the Nomination Committee recommended her appointment to the Board.

Executive positions and senior management

The Board has remained focused on executive and senior management succession planning and management and, during the year, received detailed updates on completed and planned succession management actions, as well as ongoing initiatives and plans. This included the annual promotions process in action, which utilises a framework to assess, promote and develop our future leaders on a consistent basis and secure the pipeline of key talent for succession to more senior roles. The opportunity to develop as senior leaders is enhanced by the participation of our people in divisional management forums, management offsites, and attendance at our global strategy setting meetings at the start of each year. Our key objective and focus is to ensure that our people become our future leaders. We create an environment in which our people have broad experience, collaborate across our business and participate in the running of their respective businesses to gain exposure to leadership responsibilities. We augment internal succession with key external strategic hires where appropriate and always monitor the external market for the best talent. Emergency succession plans are in place for the Executive Team and other key senior management positions.

The Nomination Committee remains satisfied that this approach is appropriate to continue to develop the right skills and capabilities in the levels below the Board, retain and develop key talent, and to mitigate risk.

Board appointments

The Nomination Committee is responsible for making recommendations to the Board regarding appointments of new Directors and membership of Board Committees, as well as reviewing the reappointment of Directors at the end of their three-year terms.

During the year, the Nomination Committee made recommendations to the Board to appoint Laurence Hollingworth as Chair with effect from 2 March 2022 and Sue Harris as SID with effect from 11 September 2022. The Nomination Committee also reviewed Board Committee memberships alongside these appointments. In line with the Code, the Nomination Committee recommended that Laurence Hollingworth step down as a member of the Audit and Risk Committee on his appointment as Chair. It was further recommended that Laurence be appointed as Chair of the Nomination Committee. The Nomination Committee reviewed all Board Committee memberships at the time of the appointment of the new SID. Taking account of the skills and expertise of the Non-Executive Directors and the required time commitments, the Nomination Committee recommended a number of changes to Board Committee memberships to the Board. Furthermore, it was recommended that Heike Truol assume the role of Employee Engagement Director from Dr Tim Miller, Heike having attended meetings of the Employee Voice Forum with Tim for over a year prior to her appointment.

Election and re-election of Directors

The Code sets out that all Directors should offer themselves for election by shareholders at the first AGM following their appointment, and for re-election on an annual basis thereafter. The Nomination Committee leads the process for evaluating whether the Board should recommend the election/re-election of Directors to shareholders. In forming a recommendation to the Board, it takes account of the contribution to the Group's strategy, performance, time commitment and independence of each Non-Executive Director. The appraisals of the Executive Directors are also considered by the Board prior to their re-election being recommended.

Contribution to strategy

The contribution that each Director makes to the Group's strategy is set out in their biographies on pages 88 to 91.

Director performance evaluations

The process by which the performance of the Directors is evaluated is set out on page 105. The evaluations concluded that each of the Directors continues to perform effectively and to demonstrate commitment to their role.

Time commitment

Although the letter of appointment of each Non-Executive Director includes an anticipated time commitment, the letter also states that Directors are expected to commit sufficient time to their directorship to discharge their obligations to the Company. The Nomination Committee reviewed the time that each Non-Executive Director commits to the Company and was satisfied that this was sufficient to discharge their duties fully and effectively in each case.

The Nomination Committee also considered the external directorships and other commitments of each Director. The following points were noted:

- Laurence Hollingworth's time commitments had been revisited by the Nomination Committee ahead of recommending his appointment as Chair to the Board, and it was confirmed that there were no concerns that he would not be able to devote sufficient time to the role.
- The time commitment required of Sue Harris in respect of her other directorships had been evaluated closely at the time of her appointment, and the Nomination Committee had satisfied itself that Sue would be able to devote sufficient time to her directorship at the Company. The Nomination Committee revisited this assessment prior to recommending her appointment as SID to the Board, noting that there had not been any changes in Sue's time commitments since her appointment. Moreover, since her appointment to the Board, Sue had demonstrated an appropriate time commitment to her duties to the Company. The Nomination Committee was satisfied that Sue would be able to devote sufficient time to the SID role.

Following this review, the Nomination Committee confirmed that the external directorships and time commitments of the Directors did not give rise to any concerns that each Director was not able to commit sufficient time to their directorship.

Independence

The Nomination Committee assesses the independence of the Non-Executive Directors against the criteria set out in the Code. This highlights that to be classed as independent, non-executive directors should be independent in character and judgement and free from any relationships or circumstances which may affect that judgement. The Nomination Committee assesses independence annually prior to recommending the election/re-election of the Directors. However, the Nomination Committee also revisits its assessment as and when there are any changes in circumstances and prior to recommending any reappointments for a further term to the Board.

During its annual assessment, the Nomination Committee satisfied itself that there had not been any changes in circumstances which would impact on the previous assessment that all Non-Executive Directors were independent.

Conclusion

The Board approved the Nomination Committee's recommendation that each Director should be proposed for re-election at the 2023 AGM. Further information about the Directors, which highlights their skills and areas of expertise, is set out on pages 88 to 91.

Board and Committee effectiveness

The Board is cognisant that changes in strategy, personnel and the external environment may need to drive changes in the way that we operate in order to maximise our effectiveness. We therefore recognise the benefits of regularly evaluating our own effectiveness and that of our Committees (at least annually) so that we can take any actions necessary to ensure that we continue to perform effectively.

2022 review

In line with the recommendation in the Code that an external evaluation is undertaken at least once every three years, the 2022 review was externally facilitated by The Effective Board LLP. The Effective Board LLP does not have any connections with the Company or individual Directors.

Whilst the Nomination Committee would ordinarily oversee the process for the annual evaluation, the Board as a whole agreed the approach to be taken in respect of the 2022 review. The review took the form of one-to-one interviews with the evaluation firm, covering the Board, the Board Committees and the performance of individual Directors. An overview of the process and timetable is provided to the right.

Board

The review focused on the Board's approach to strategic planning and the engagement of the Board with its stakeholders.

The Board's composition and dynamics were highlighted as working effectively. Opportunities to discuss Board matters both formally and informally had proved successful and this would be continued.

Committees

The Board Committees were confirmed to be operating effectively, and fulfilling their Terms of Reference. Nomination Committee members noted the continued progress during the year on executive succession planning, but agreed that this should remain high on the agenda in 2023, along with an ongoing review of the skills and experience required on the Board. The Audit and Risk Committee review highlighted as areas of focus for 2023 changes in the external governance environment and the continued implementation and embedding of new finance and risk management systems. The Remuneration Committee evaluation noted the continued support for the Directors' Remuneration Policy and the ongoing review of performance measures in respect of the long-term incentive awards.

Stages of the Board and Committee effectiveness review

July – September 2022	Approach and areas of focus agreed by the Board
	Providers reviewed and selection made
October 2022	One-to-one interviews held with all Directors
November – December 2022	Reports produced by evaluation firm and outputs discussed with the Chair, SID and Committee Chairs
	One-to-one meetings between the Chair and Directors to discuss the key points arising
February – March 2023	Outputs discussed by the Board as a whole
	Action plans approved by the Board and its Committees (where required)

Director performance evaluations

The performance of the Non-Executive Directors is reviewed annually in tandem with the Board and Committee effectiveness reviews.

In 2022, the Non-Executive Director performance evaluations were led by The Effective Board LLP, focusing on the contribution made by each Director over the year; how that contribution was made; and their commitment to the role. The evaluation firm collated the feedback into reports which were provided to the Chair, who then discussed the output with each Non-Executive Director on a one-to-one basis. Individual development and training needs were agreed as appropriate.

The SID met separately with the Non-Executive Directors to seek feedback on the Chair's performance, and discussed the output with the Chair.

The performances of the CEO and the CFO & COO were also appraised separately, and feedback was presented to the Remuneration Committee as part of the annual remuneration review.

The evaluations concluded that each Director continued to perform effectively and to demonstrate commitment to their role.

2021 review

The principal actions arising from the 2021 review were to ensure more opportunities for the Directors to spend informal time together and to focus on executive succession planning. In the early part of the year when COVID-19 remained a concern, this was achieved by arranging additional online sessions for the Directors, whilst later in the year, a number of Board dinners and informal discussion time were scheduled in. Read more about the focus on executive succession planning in 2022 on page 102.

Diversity

The Board recognises that diversity, in its broadest sense, is a key driver of an effective board. Board diversity improves the quality and objectivity of the decision-making process by creating an environment where a range of voices can engage in a debate. Our Board aims to be comprised of individuals with a broad range of backgrounds, skills, experience, expertise and perspectives, and which utilises these qualities in order to generate effective debate, challenge, problem-solving and decision-making.

We have adopted a Group Diversity and Inclusion Policy, which also incorporates our approach to Board diversity. This confirms that the Board strongly supports the principle of boardroom diversity, which includes a number of aspects including gender, ethnicity, disability religion and political views. It does not include measurable targets for any aspect of diversity and explains that all appointments are subject to formal, rigorous and transparent procedures and should be made on merit against a defined job specification and criteria.

The Board is committed to supporting the work of the Group to look for new and innovative ways to ensure a diverse and inclusive workforce at every level of the organisation.

We have made a commitment to ensure that we use a diversity and inclusion lens at every opportunity. We are honest with ourselves about our current context and some of the challenges we face across our wider industry. However, when we examine our workforce in more detail, we can see that in those disciplines and roles that are not exclusive to shipping and/or maritime (eg legal, accounting, marketing) our diversity statistics improve. Our senior leaders and the wider business understand the value of an inclusive culture, where everyone has an equal chance to do well, and where all people can thrive and develop, helping the business to grow. We can see this represented in our nationality statistics – our workforce is made up of individuals from 57 different countries across the globe, which creates a vibrant and energetic environment that truly celebrates the varied cultures of those who work for us.

To help us on this change journey, in 2022 we partnered with a strategic diversity and inclusion specialist focusing initially on quantitative data as the bedrock of a strategy to understand the requirements for meaningful change. Combined with qualitative data collection, we will continue to analyse the results to support an evidence-based strategy for our short-term, mid-term, and long-term inclusion goals which include fully integrating data across the talent lifecycle, developing a centralised Diversity Equality and Inclusion ('DEI') strategy, further building our understanding of the employee experience at Clarksons and enhancing our DEI resources for employees to ensure they are robust.

We are continually reviewing our approach, including of our global recruitment processes; the terms and conditions we have in place with the recruitment agencies that we use; the way we hire and engage with potential candidates across the various locations and jurisdictions in which we operate; the language we use in our role vacancies and social media posts, and in all our internal policies and materials; and the marketing that we use to interact with potential talent. We are visiting schools and universities and reaching out to potential talent at the earliest stages of their careers. We are seeing the change in practice from the successful implementation of our direct sourcing model as it has meant that we are able to reach a much broader pool of candidates, which improves our brand outside the traditional network in which we are known. In addition, we have formalised plans for summer internship programmes for 2023 in Oslo, Geneva, Singapore and London for students to obtain a flavour of a career in shipping with our aim being to market ourselves to a broad cohort of entry-level candidates. Our pilot leadership development programme, which has a key focus on diversity and inclusion, has been successful and we will now look to expand on it again this year.

Induction

All newly appointed Directors receive a comprehensive induction programme which is tailored to their needs. The Chair and the Group Company Secretary are responsible for designing an effective induction programme, with the objectives of:

- Facilitating the Director's understanding of the Group from both an internal and an external perspective: its culture, stakeholders, key businesses and markets, and operations on the ground;
- Providing them with any key insights into Committee-specific matters, as relevant; and
- Enabling their effective contribution to the Board as early as possible.

Although Laurence Hollingworth received a comprehensive induction on his appointment as a Non-Executive Director, consideration was given to any additional meetings which were beneficial in his role as Chair. Laurence met with 20 shareholders ahead of the 2022 AGM in order to both understand their views on the Company and its strategy, and to engage with them regarding remuneration outcomes and other governance topics such as environmental matters, succession planning and diversity. Laurence also visited our Oslo office to meet with senior management and to gain a better understanding of the opportunities and challenges facing our businesses operating in Norway.

Development

As part of our ongoing development, the Board receives briefings on legal, regulatory and governance matters as they arise. To ensure our ongoing awareness of Group policies and procedures, we also complete the online training modules that are mandatory for employees. During 2022, the Group's External Auditor led a training session on climate change and the Group's corporate lawyer provided the Board with training on their obligations under the Listing Rules regarding the management and disclosure of inside information. The Remuneration Committee has also continued to receive regular market updates from its remuneration consultant.

Senior managers make presentations to the Board on strategic matters and key industry and business developments, which provides us with an opportunity to engage with employees who may be considered as part of succession planning. During the year, presentations were made to the Board on sanctions, the development of the Maritech business and the market outlook.

Audit and Risk Committee Report
At a glance

Committee highlights

Further strengthening of our controls through the implementation of a new risk management system

Read more:
On pages 76, 109 and 114.

Focus on the implementation of the next phase of our new finance system

Read more:
On pages 109 and 114.

Continued review of cyber security in light of increased threats evolving in the external environment

Read more:
On page 114.

Increased oversight of compliance activities in light of the stricter and more complex sanctions regime

Read more:
On page 115.

Key points

- The Audit and Risk Committee's key roles are to review the integrity of the financial reporting for the Group (including managing the relationship with the External Auditor) and to oversee the effectiveness of the risk management and internal control systems.
- The Committee is composed of independent Non-Executive Directors.
- Sue Harris is a chartered management accountant and has a broad range of experience in senior finance roles. The Board therefore considers her to meet the requirement under the Code that at least one member of the Audit and Risk Committee has recent and relevant financial experience. The Committee as a whole has competence relevant to the sector in which the Company operates.
- Regular attendees at meetings include the Chair of the Company, CFO & COO, Group Financial Controller, Group Company Secretary, the External Auditor (PwC) and the internal auditor (Grant Thornton). Senior managers of the Norwegian businesses are also invited to meetings as relevant to provide insight on matters relating to those businesses.
- At least once per year, the Audit and Risk Committee meets privately with both the External Auditor and the internal auditor (without management present) in order to discuss their remit and any issues they may wish to raise.

Read more:
Annual review of the Audit and Risk Committee's effectiveness on pages 104 and 105.

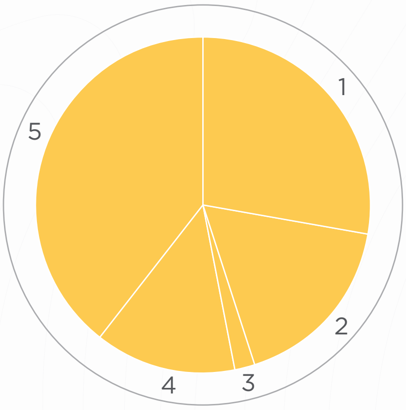
The Audit and Risk Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/home/investors/corporate-governance

Meeting attendance

Current Directors	Scheduled meetings
Sue Harris (Chair)	4/4
Martine Bond	4/4
Laurence Hollingworth[1]	1/1
Dr Tim Miller[2]	1/1
Heike Truol	4/4
Former Director	
Peter Backhouse[3]	3/3

[1] Stepped down as a member on appointment as Chair of the Company on 2 March 2022.
[2] Appointed with effect from 11 September 2022.
[3] Stepped down as a member with effect from 11 September 2022.

How the Audit and Risk Committee spent its time



1. External Audit
Regular updates from the External Auditor on audit and review planning and activities, private sessions with the External Auditor (without management present) and the recommendation to the Board to reappoint the External Auditor.

2. Financial reporting
All matters relating to the release of preliminary and interim results and trading statements, including key judgements and estimates, viability and going concern assessments and the Annual Report.

3. Governance
Various matters including the annual review of the Audit and Risk Committee's effectiveness and of its Terms of Reference.

4. Internal audit
Regular review of plans and reports from internal audit outsourced partners, as well as the annual review of their effectiveness.

5. Risk management and internal controls
Strengthening the internal control framework, implementation of the next phase of a new financial reporting system and TCFD reporting, as well as regular updates on risk management, cyber security, compliance (including sanctions) and litigation.

Sue Harris
Audit and Risk Committee Chair

I am pleased to present our Audit and Risk Committee Report for the year ended 31 December 2022, which provides shareholders with an insight into how the Audit and Risk Committee has fulfilled its responsibilities relating to the financial statements, risk management, compliance, internal controls and the internal and external audit functions.

In line with the Code, the Board is satisfied that the Committee as a whole has competence relevant to the sector in which we operate. During the year, we were pleased to welcome Dr Tim Miller as a Committee member. Tim brings a broad range of experience gained over his executive career in areas including compliance, audit and assurance, and his skills complement those of the other Committee members. It is the collective expertise of the members, supported by input from the External Auditor (PwC), which allows us to perform our key role in challenging management on the estimates and judgements they have made, and ensuring the integrity of financial and narrative reporting.

The backdrop to our work in 2022 has been one of considerable geo-political and macro-economic instability, which has required sharpened focus on our principal and emerging risks, and the controls we have in place to mitigate them. Whilst our principal risks have remained unchanged, we have increased the risk factor regarding cyber risk and data security, loss of key personnel in the normal course of business, adverse movements in foreign exchange and economic factors, and have received regular updates on each of these areas. The Group's Chief Security Officer presented the Committee with a deep-dive into the actions being taken in response to the increasingly sophisticated and evolving cyber threats that all organisations are now facing. We have been mindful of the additional compliance requirements as a result of increased sanction protocols, largely as a result of the Russia-Ukraine conflict.

This is the second year that we have reported against the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD'). We are cognisant of the interest of all of our stakeholders in climate change and its impact on both our wider industry and the Group. Increasing pressure on our industry to decarbonise has resulted in the IMO's targets for 2030 and 2050 and a changing market landscape, which in turn have presented our business with a number of opportunities that we have already factored into our business model, strategy and financial planning.

We are committed to the Green Transition and our most significant opportunity is to enable our clients to reduce their carbon footprint through sector intelligence, technology and vessel replacement strategies. We are also aware of the need to focus on our own carbon footprint, albeit as an intermediary and a largely office-based business the opportunities to reduce our direct carbon emissions are relatively low. During the year, we enhanced our TCFD reporting through the agreement of metrics used by the Board to assess our climate-related opportunities and by widening our focus on our scope 3 emissions. We already disclose limited scope 3 emissions, but are not yet in a position to disclose data on the further scope 3 categories that we have focused on.

This year, the Committee has spent a considerable amount of time reviewing enhancements to the Company's internal controls. I reported last year that we had successfully implemented the first phase of a new finance system which will provide significant improvements, efficiency and transparency in our financial control and reporting processes. The second phase of the implementation, which is focused on our largest location in London, is well progressed. The Committee has received regular updates on the implementation and is satisfied with the plan and the progress made to date. As part of the external audit process next year, PwC will consider and undertake appropriate procedures over the data migration risks they identify after the implementation. Management has also implemented a new risk management system, which is further embedding risk management processes in the business and providing us with further reassurance regarding the processes that are in place.

The Company welcomes all developments which aim to improve transparency in governance and trust in our disclosures. We have therefore been monitoring developments following the BEIS consultation on 'Restoring trust in audit and corporate governance', and will implement any required changes to the Group's practices or reporting arising from this. Any additional responsibilities will be added to the Committee's Terms of Reference.

The annual evaluation of the Committee's effectiveness was externally facilitated during the year, and I am pleased that the review confirmed that the Committee continues to operate effectively, with no areas of concern highlighted.

I would like to thank all members of the Committee for their contribution to the Committee's work this year. During the year, Peter Backhouse stepped down as a Committee member on reaching his nine-year tenure. I would particularly like to thank Peter for his valuable contribution to the Committee during his nine years of membership.

I will be attending our AGM on 11 May 2023 and I look forward to answering any questions about the work of the Audit and Risk Committee.

Sue Harris
Audit and Risk Committee Chair
3 March 2023

Significant issues considered in relation to the financial statements

Issue	Area of focus	Audit and Risk Committee review and conclusion
Risk of impairment of trade receivables	A number of judgements are made in the calculation of the provision, primarily the age of the balance, location and known financial condition of certain clients, existence of any disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty.	The Audit and Risk Committee discussed with management the results of its review, the internal controls and the composition of the related financial information. The Audit and Risk Committee also discussed with the External Auditor their audit procedures in relation to the provision and their findings. The Audit and Risk Committee is satisfied with management's judgements and that the level of provisioning of £19.6m is consistent with the evidence.
Carrying value of goodwill	Determining whether an impairment charge is required for goodwill involves significant judgements about forecast future performance and cash flows of cash-generating units ('CGUs'), including growth in revenues and operating profit margins. It also involves determining an appropriate discount rate and long-term growth rate.	The Audit and Risk Committee discussed with management the results of its testing and evaluated the appropriateness of the assumptions used within its impairment test model. The results of the Audit and Risk Committee's review of management's testing were subsequently discussed with the External Auditor. The Audit and Risk Committee is satisfied with management's assumptions and judgement, and with the conclusion not to record impairment in any of the cash-generating units and that appropriate sensitivity disclosures have been included in the financial statements.
Carrying value of investments (Parent Company)	Determining whether a corresponding impairment charge is required in the balance sheet of the Parent Company in relation to its investments involves significant judgements about forecast future performance and cash flows of the investment, including growth in revenues and operating profit margins. It also involves determining an appropriate discount rate and long-term growth rate.	The Audit and Risk Committee discussed with management the results of its testing and evaluated the appropriateness of the assumptions used within its impairment test model. The results of the Audit and Risk Committee's review of management's testing were subsequently discussed with the External Auditor. The Audit and Risk Committee is satisfied with management's assumptions and judgement, and with the conclusion to impair the investment in Clarksons Platou (Italia) Srl (in liquidation).

Financial reporting

In reviewing the Company's half year and annual financial statements, the Audit and Risk Committee considers the overall requirement that the financial statements present a 'true and fair view' and takes account of the following:

- The significant issues set out in the table on the previous page. These areas were agreed as part of the audit planning process and the Audit and Risk Committee discussed them in detail with management and the External Auditor throughout the year.
- The accounting policies and procedures applied (see note 2 on pages 155 to 164 of the consolidated financial statements).
- The effectiveness and application of internal financial controls.
- Material accounting assumptions and estimates made by management (see page 110).
- The External Auditor's view of management's judgements (as set out on pages 143 to 146).
- Compliance with relevant accounting standards and other regulatory financial reporting requirements including the UK Corporate Governance Code and the European Single Electronic Format ('ESEF') regulation.

The Company has complied with ESEF, which requires the Annual Report to be filed in a 'tagged' format. The Finance team (which undertakes the tagging) has provided the Audit and Risk Committee with assurance as to the process by which this has been completed. The External Auditor is not required to audit the tagging.

Fair, balanced and understandable

Whilst the Board is collectively responsible for determining whether the Annual Report, taken as a whole, is fair, balanced and understandable, the Audit and Risk Committee advises the Board in this regard.

In making its assessment in respect of the 2022 Annual Report, the Audit and Risk Committee took into account the process which management had put in place to provide assurance, as detailed below:

- The CFO & COO and Group Company Secretary oversaw the production of the Annual Report, with overall governance, input and review provided by a cross-functional team of senior management.
- The messaging and tone were agreed at an early stage, and communicated to all contributors to ensure consistency between the narrative and financial reporting.
- The framework for the document was reviewed to ensure that it would drive a clear, balanced and understandable report from a shareholder and stakeholder perspective.
- An extensive verification process was undertaken to ensure factual accuracy.
- The External Auditor undertook comprehensive reviews of drafts of the Annual Report and presented the results of its audit work to the Audit and Risk Committee.
- Board members received drafts of the Annual Report for their review, challenge and input which provided an opportunity to ensure that the key messages in the report were aligned with the Company's position, performance and strategy; to discuss management's views on each of the key judgements and estimates; and to satisfy itself that these were consistently reported in both the Audit and Risk Committee Report and the financial statements.

The Audit and Risk Committee reviewed the final draft of the Annual Report, and paid particular attention to information and disclosures in the report in relation to key risks, financial review, strategy, TCFD and section 172 reporting. The Audit and Risk Committee also considered the Annual Report holistically and satisfied itself on the following points:

Is the Annual Report fair?
- Are we reporting on both our successes and opportunities as well as our difficulties and challenges?
- Are the key messages in the narrative highlighted appropriately and reflected in and consistent with the financial reporting?

Is the Annual Report balanced?
- Is there a good level of consistency between the narrative reporting in the front and the financial reporting in the back of the report?
- Are the statutory and adjusted measures explained clearly with appropriate prominence?

Is the Annual Report understandable?
- Is there a clear and understandable framework to the report?
- Do we explain our business model, strategy and accounting policies simply, using precise and clear language?
- Is the layout clear with good linkage throughout in a manner that reflects the whole story?

On the basis of the process put in place by management and its own review and challenge of whether the information necessary for shareholders to assess the Group's position and performance, business model and strategy was appropriately disclosed, the Audit and Risk Committee concluded that the 2022 Annual Report is fair, balanced and understandable and advised the Board accordingly. The Board concurred with this view and the statement confirming it can be found on page 142.

Financial Reporting Council ('FRC'): presentation of cash flow statement

Following correspondence this year with the Corporate Reporting Review Team of the FRC, we have agreed to restate certain cash flows relating to equity-settled liabilities within the Consolidated Cash Flow Statement both within 'net cash flow from operating activities' and 'financing activities'.

We have restated the Consolidated Cash Flow Statement for the year ended 31 December 2021 to add back £11.3m of equity-settled liabilities as 'operating activities' and deduct £11.3m of shares acquired by our Employee Benefit Trust as 'financing activities'. This has the effect of increasing the 'net cash flow from operating activities' in 2021 from £113.8m to £125.1m with a corresponding increase in the net cash flow from financing activities from £39.9m to £51.2m. This presentation has also been adopted for the year ended 31 December 2022. There is no net impact upon the cash flow statement overall and there is no impact on any balance sheet or income statement figures.

The review conducted by the FRC was based solely on the Group's published 2021 Annual Report and does not provide any assurance that the Annual Report is correct in all material respects.

External audit

The Audit and Risk Committee manages the relationship with the External Auditor on behalf of the Board. This includes recommending the appointment of the External Auditor to the Board and approving their remuneration and terms of engagement.

PwC has been the External Auditor to the Group since 2009 and was reappointed as External Auditor in 2018 following a competitive tender process. PwC will be subject to mandatory rotation in 2029. In accordance with PwC's rotation rules and UK Ethical Standards, Christopher Burns assumed the role of Lead Audit Partner from the 2019 audit cycle.

The Audit and Risk Committee has an open relationship with the External Auditor, and effective and timely communication is key to this. The Audit and Risk Committee Chair meets the External Auditor on a regular basis during the year, whilst the Audit and Risk Committee meets privately with the External Auditor without management present at least twice every year in order to allow both Committee members and the Auditor to raise any issues directly and to discuss the Auditor's remit. The Lead Audit Partner and the Group Audit Director are invited to attend all meetings of the Audit and Risk Committee. At appropriate points in the audit cycle, PwC presents reports to the Committee on the plan and approach for the full year audit and half year review (including how audit quality will be addressed), and the outcome of their audit work. Prior to these meetings, PwC engages extensively with management to ensure that planning is aligned appropriately with the key judgement areas and to challenge management's assumptions, judgements and estimates. The detailed reports that PwC presents to the Audit and Risk Committee at the full year and the half year allow the Audit and Risk Committee to assess the consistency of the work undertaken with the audit plan; and the quality of the audit, taking note of the level of professional scepticism employed and the degree of challenge of management.

The significant issues considered in relation to the 2022 financial statements are set out on page 110. These areas were agreed as part of the audit planning process. The Audit and Risk Committee has not requested that the External Auditor review any further areas falling outside of the scope agreed at the start of the audit.

Independence

Processes have been implemented by both the Group and the External Auditor to safeguard the latter's independence from the Company. This is a key element in creating an environment in which the External Auditor can carry out their responsibilities to shareholders and other stakeholders free of influences which might affect their professional judgement.

The Audit and Risk Committee has developed a Non-Audit Services Policy in order to ensure that appropriate controls are in place around the use of the External Auditor for non-audit services. Details of the Non-Audit Services Policy are set out below.

In assessing the External Auditor's independence, the Audit and Risk Committee also reviews PwC's annual independence letter which provides the Audit and Risk Committee with assurances over the internal control procedures PwC has in place to safeguard its independence and objectivity. These include:

- Confirmation that there are no relationships between PwC and the Group or investments in the Company held by individuals that could impact on PwC's integrity, independence and objectivity;
- Compliance with the Group's Non-Audit Services Policy, the nature and value of any non-audit services provided and the safeguards in place to mitigate any threats to independence; and
- Confirmation of PwC's rotation rules and that these have been adhered to – in accordance with PwC's rotation rules and UK Ethical Standards, the lead audit partner must change every five years and other senior members of the audit team rotate at regular intervals.

No areas of concern were raised in 2022, and the Audit and Risk Committee remains satisfied that the independence and objectivity of PwC have been maintained.

Non-Audit Services Policy

To ensure that the External Auditor maintains its independence and objectivity, the Audit and Risk Committee has agreed that the External Auditor and their associated audit network firms will not be used for any non-audit services, other than certain prescribed exceptions. The exceptions relate to where services are required by statute or regulation; or the local statute law permits the provision of such services, the External Auditor is best placed to preserve the quality of the non-audit service and there are limited feasible alternatives.

Note 3 on page 166 provides further information on the fees paid to the External Auditor for audit services during the year. The External Auditor did not carry out any non-audit services during the year, other than the half year review.

Auditor effectiveness

The Audit and Risk Committee conducts an annual assessment of the effectiveness of the External Auditor and the external audit process and reports its findings to the Board. It does this through:

- Reviewing the approach, plan and scope;
- Evaluating delivery and performance against the audit plan, including feedback from the CFO & COO and senior management in the Finance team;
- Assessing the qualifications, experience and expertise of the audit team assigned to conduct the audit; the availability of the necessary resources to conduct a comprehensive, timely and effective audit; and the audit team's knowledge of the Company and the environment in which the Group operates;
- Considering whether PwC is appropriately focused on the most significant risk areas, and the effectiveness of review processes and partner oversight;

- Seeking feedback on the communication and engagement between management and PwC, and management's responsiveness to requests from PwC for information;
- Assessing the extent to which PwC demonstrates professional scepticism and challenges management;
- Reviewing the content and quality of PwC's written reports and contributions to the Audit and Risk Committee's discussions;
- Considering the confidence of the Audit and Risk Committee in PwC's judgements and its transparency with the Committee;
- Reviewing compliance with the Non-Audit Services Policy and other procedures designed to safeguard PwC's independence and objectivity;
- Considering PwC's quality control procedures and how these support the delivery of a high-quality audit; and
- Discussing the latest FRC Audit Quality Inspection report on PwC and actions being taken by PwC to address the findings raised.

Following its annual review of effectiveness of the External Auditor, the Audit and Risk Committee concluded that PwC remained effective and had delivered a quality audit.

Auditor reappointment

Taking into account the review of independence and effectiveness of the External Auditor, the Audit and Risk Committee has recommended to the Board the reappointment of PwC. Resolutions reappointing PwC as External Auditor and authorising the Directors to set the Auditor's remuneration will be proposed at the 2023 AGM.

Statutory Audit Services Order

The Audit and Risk Committee confirms compliance with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Internal controls and risk management

Together with the Board, the Audit and Risk Committee is responsible for reviewing the adequacy and effectiveness of the Group's system of internal control and the risk management framework. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Key features of our system of internal control are set out below.

Overview of internal controls

Governance framework	A defined schedule of matters reserved for the Board, which is reviewed by the Board annually, supported by a governance framework with defined responsibilities and authorities.
Delegated authorities	An organisational structure with clearly defined levels of authority, which are documented through a matrix of delegated authorities.
Risk identification and monitoring	An embedded risk management process, underpinned by associated controls, which includes monitoring and assessing current and emerging risks and regular review of the risk register. Details of the risk management structures in place are provided within the Risk management section on pages 73 to 76.
Staff awareness	Documented policies and procedures, which have been communicated across the Group. Promotion of awareness of key policies amongst the workforce through both internal online training and an annual requirement for employees to confirm that they have read and will comply with the Compliance Code, in which internal policies are documented.
Financial reporting and procedures	A comprehensive system of financial reporting and business planning. A Minimum Controls Framework which sets out the minimum level of financial controls that should be operated throughout the Group.
Internal audit	An internal audit plan focused on key risk areas, and Audit and Risk Committee oversight of the outcomes, including any actions which have been satisfactorily completed and those which are outstanding.
External audit	Reports from the External Auditor on internal controls (including financial and IT controls) as part of the full year audit and the half year review.

During the year, the Audit and Risk Committee reviewed an update on the Company's internal controls over financial reporting, which were enhanced during the year by:

- The annual review of the delegated authorities matrix following its first year of operation. Minor amendments were approved to ensure that the matrix continued to provide the necessary authorities to allow the business to operate effectively.
- The launch of phase 2 of the implementation of a new global financial system which will provide significant improvements, efficiency and transparency in our financial control and reporting processes.
- The implementation of a new risk management system, which has further embedded the management of risk within the business.

Principal risks

The Audit and Risk Committee regularly reviews the principal risks and actions to mitigate them. The risk factor of the following principal risks was increased:

- Economic factors, in light of the ongoing macro-economic and geo-political uncertainties.
- Cyber risk and data security, reflecting the evolving external environment.
- Loss of key personnel – normal course of business, reflecting the level of activity in the broker market.
- Adverse movements in foreign exchange, reflecting the heightened risk of a weakening of the US dollar.

Risks from climate change continue to be at the forefront of our thinking and our strategy explicitly seeks to work with our clients to reduce the impact on the environment of shipping globally. Risks associated with climate change also remain an area of focus for the Group's stakeholders, and form part of our risk management processes. The Company reported against the TCFD recommendations for the first time in the 2021 Annual Report, and the Audit and Risk Committee has maintained its focus on evolving our reporting against the recommendations throughout 2022. The principal areas of focus have been on the metrics used by the Board to assess our climate-related opportunities and on the widening of our focus on our scope 3 emissions. Good progress was made in this latter area through the identification of the scope 3 categories that are most relevant to the Group (in addition to the limited scope 3 emissions that we already report on) and measuring them in our largest locations. However, in light of the implementation of our new finance system, further work is being undertaken to satisfy the Committee of the robustness of the data before it is disclosed. Aligned with disclosures in previous years, both management and the Audit and Risk Committee remain of the view that climate change, whilst not a principal risk for the Group, does give rise to a number of risks and opportunities, and is a thematic risk which potentially impacts across a number of our principal risks. Our disclosures against the TCFD recommendations can be found on pages 62 and 63.

Further information on all of our principal risks, the controls in place and actions taken during the year to mitigate them can be found in the Risk management section on pages 77 to 81.

The annual review of risk, controls and risk management processes was overseen by the Audit and Risk Committee. The risk management system implemented during the year has helped to further embed risk management in the business, and will continue to do so as it is further exploited.

On the recommendation of the Audit and Risk Committee, the Board concluded that:

- The Group's systems of internal control and risk management were appropriately designed and operated effectively during the year;
- No significant control deficiencies had been identified during the year;
- The residual risks fall within the risk appetite for the Group; and
- Given the comprehensive nature of the annual formal assessment of risks and the regular monitoring throughout the year, it was satisfied that there were no significant known emerging risks which could materially impact on the achievement of the Group's strategic objectives in the near term.

Going concern

The Audit and Risk Committee assesses whether it can recommend to the Board that the going concern basis can continue to be adopted in preparing the financial statements. Management presented an assessment of the Group's prospects and risks, assumptions and sensitivities to support the Audit and Risk Committee in making its recommendation. Sensitivity testing was prepared, which modelled different assumptions with respect to the Group's cash resources. Areas considered included varying levels of downturn in profit and cash generation to reflect a significant impact on world seaborne trade, drawing on that experienced in the global financial crisis in 2008 and following the onset of COVID-19 in 2020 A reverse stress test was also performed to determine what it might take for the Group to encounter financial difficulties. On the basis of the information reviewed, the Audit and Risk Committee concluded that it was satisfied that it could recommend to the Board that the preparation of the financial statements on a going concern basis remained appropriate. Further information about the going concern assessment is set out on page 83.

Viability statement
The Audit and Risk Committee recommended to the Board the approval of the viability statement (which is set out on pages 82 and 83). Cognisant that changes in both the internal and external operating environment could impact on the Group's viability, the Audit and Risk Committee receives six-monthly updates from management as to the prospects of the Group which includes key financial indicators (including profitability, liquidity and the forward order book), business factors and the principal risks. Ahead of recommending the approval of the statement to the Board, a detailed report was presented by management which considered the impact on viability of scenarios which are linked to the Group's principal risks, as well as the compounding impact of certain scenarios. This report applied the sensitivity analysis used to support the going concern assessment, which was extended to enable assessment over a longer timeframe. The Audit and Risk Committee also revisited the period over which previous assessments of the Group's viability have been made and confirmed that a three-year timeframe remained appropriate.

Compliance
The Audit and Risk Committee receives an annual compliance update which assesses compliance with current and evolving regulatory requirements, best practice and areas of focus by the compliance team. In addition, interim updates on key areas of focus are presented to each meeting. These reports provide assurance to the Audit and Risk Committee in respect of the appropriateness of controls relating to compliance with laws and regulations in all jurisdictions in which the Group operates. Of note this year has been the significant additional compliance oversight in light of stricter and more complex sanctions regimes.

In order to support employees' understanding of the standards of conduct and ethics expected of them, the Board has approved a Compliance Code. This contains a suite of policies that mitigate ethics and compliance risks, which all employees and contractors must comply with. Annual training is provided which all employees must complete. In addition, the Group's regulated businesses are subject to further compliance requirements which are set out in local compliance manuals. Embedding of policies and processes is supported by a global compliance team, which the Audit and Risk Committee is satisfied have the necessary skills and experience to fulfil their duties.

Further details regarding our policies and procedures in relation to anti-bribery and corruption, anti-money laundering and sanctions can be found on pages 70 and 71.

Internal audit
Internal audit is one of the principal elements of the Group's internal control system and provides the Audit and Risk Committee with independent assurance over, and insight into, the effectiveness of risk management systems, governance processes and business controls. Recommendations are made to address any key findings and improve processes.

Group activities
Grant Thornton was appointed by the Audit and Risk Committee as an outsourced partner to support internal audit activities in the wider Group in late 2018 following a competitive tender process. Grant Thornton is considered by the Audit and Risk Committee to be independent. A rolling three-year, risk-based plan is in place to ensure appropriate coverage of key internal controls. The plan is approved annually, and progress against the plan is monitored by the Audit and Risk Committee through regular updates on activities and updates on actions arising from previous audits. The Audit and Risk Committee maintains a view of upcoming audit activity and the plan may be flexed to prioritise new areas of focus arising from changes in the risk profile, strategic priorities, and business and regulatory change. In addition, the Committee Chair meets separately with Grant Thornton to receive updates on planned and completed internal audit activities.

In 2022, audits were carried out on Contracting: Port Services/Research/Maritech, IT Strategy & Governance, UK Payroll, IP Protections and Patents and HR Planning and Delivery. No high-risk issues were identified through the course of the audits and implementation of audit actions is being tracked through regular updates to the Audit and Risk Committee.

In its final meeting of 2022, the Audit and Risk Committee revisited the rolling three-year plan and confirmed its agreement with the audits proposed for the coming year.

The Audit and Risk Committee reviewed the effectiveness of the internal audit services provided by Grant Thornton during the year. This assessment focused on the purpose, processes, performance and relationships with Grant Thornton. The Committee concluded that Grant Thornton remained effective. At the time of Grant Thornton's engagement, the appointment of an outsourced partner had been agreed to be the most effective approach to supporting internal audit activities, and the Committee confirmed that it was satisfied that the current arrangements continued to provide effective assurance over the risk and control environment.

Clarksons Securities AS ('Securities')
Due to its regulated status, a separate internal audit arrangement is in place for our banking and finance operations headquartered in Norway. During 2022, KPMG performed this function on an outsourced basis. The Securities board approves the annual plan and reviews the results of audits. An update on activities was provided regularly to the Audit and Risk Committee. There were no significant issues identified during the year.

Annual statement – Remuneration Committee Chair

Dr Tim Miller
Remuneration Committee Chair

On behalf of the Board, I am very pleased to introduce the Directors' Remuneration Report for the year ended 31 December 2022.

Wider context

2022 was another highly successful year for the Company with an increase in underlying profit before taxation[1] of 45.4%, an increase in earnings per share[1] of 51.1% and an increase in free cash resources[1] of 41.8%.

This improved financial position, strong free cash flow and greater forward visibility provided by an increased forward order book of US$216m, gives the Board continued confidence in our progressive dividend policy, increasing the annual dividend for the 20th consecutive year to 93p. Company outperformance is also evidenced through the continued delivery of superior total shareholder returns ('TSR') with a 10-year TSR of 255% (compared with 97% for the FTSE 250) and 16% over the last three years (broadly the COVID-19 period – compared with a fall of 8% for the FTSE 250).

The performance of the business is the direct result of a clear, innovative, and well executed strategy driven by our Executive Directors and the Board. Our Executive Directors have achieved these results by focusing on all aspects of the business, being thought leaders in the evolution of our industry and ensuring the Company is positioned to benefit from market opportunities whilst at all times maintaining the highest levels of client service. These results reflect decisions taken over many years to invest in people, technology, data and corporate acquisitions to broaden our product, sector and global offer.

Whilst we recognise that our executive pay arrangements do not accord with the norm for FTSE 250 companies, they are proven to work in the context of our business and competitive environment, delivering outstanding shareholder value, and incentivising and retaining our effective and long-serving Executive Directors. The shareholders who have been on a long journey with us understand the market in which we operate and the success of the Directors' Remuneration Policy (the 'Policy') both in our specific context and against the delivery of the strategy. We hope that our performance and the success of the business again justifies their continued support.

Performance and reward for 2022

Our full year performance bonuses were, as in previous years, based on a bonus pool linked to stretching Group underlying profit before taxation[1] targets. At the beginning of 2022, and following a successful year for the Company in 2021, the Remuneration Committee assessed the threshold levels for 2022 and increased them by 5%, reflecting increases at that time in inflation and in the outlook for shipping markets.

The Executive Directors, as in each of the past eight years, with the intention to retain key staff in the highly competitive markets we operate in and to secure the business on a forward-looking basis, determined that a proportion of their bonus entitlement should be waived to enable the Company to reward other senior members of staff throughout the Group. In 2022, they sacrificed 8.5% of the bonuses they were eligible to receive (2021: 8.5%). Over the past eight years the total amount of bonus waived in favour of senior group employees amounted to £5,548,657 and has ranged from 5% to 30% of the annual award. This waiver has contributed to the ability to deliver the strategy.

The awards granted to Executive Directors under the Long Term Incentive Plan ('LTIP') on 7 May 2020 were subject to challenging absolute EPS and relative TSR performance targets. The 2022 EPS exceeded the upper vesting target and thus achieved a 100% vesting on that component of the LTIP, and the Company's relative TSR was above the upper quartile company and thus achieved a 99% vesting of that component of the LTIP. The vesting outcome overall was therefore 99%.

Our Executive Directors have both served the Company since 2006, and this is therefore the 14th year whereby long-term incentives were capable of vesting. During this tenure, shares dependent on EPS targets have fully vested in two years, partially vested in three years and lapsed completely in nine years and shares dependent on TSR targets have fully vested in four years, partially vested in nine years and lapsed completely in one year. Consequently, on only one occasion during the tenure of our current Executive Directors, has the LTIP vested in full, confirming that the targets set for the LTIP are stretching and challenging.

The Remuneration Committee applied the rules of the LTIP without any exercise of discretion, leaving the challenging targets unchanged at the levels set at grant. The Committee also noted that various institutional shareholder guidelines refer to committees considering whether awards granted following the onset of COVID-19 in 2020 have led to inadvertent windfall gains. In this regard, the Committee noted:

- The share price used to determine the number of shares over which the 2020 grant was made was £24.02, being higher than the £23.90 used for the 2019 grant, so the grant was over a smaller number of shares demonstrating that the grant was not made over an artificially increased number of shares;
- The performance conditions have always related to financial years and not to the date of grant so the base TSR used for the TSR performance calculations used pre-COVID-19 figures;
- The EPS conditions were aligned with the three-year business plans set before the first lockdown; and
- The Company was not directly adversely impacted by COVID-19 and consequently did not take any government loans nor accept any furlough support. Furthermore, over this period the Company paid all suppliers in good time and paid dividends throughout continuing our 20-year unbroken progressive dividend policy.

On assessing the outturn, the Remuneration Committee was satisfied that this was appropriate.

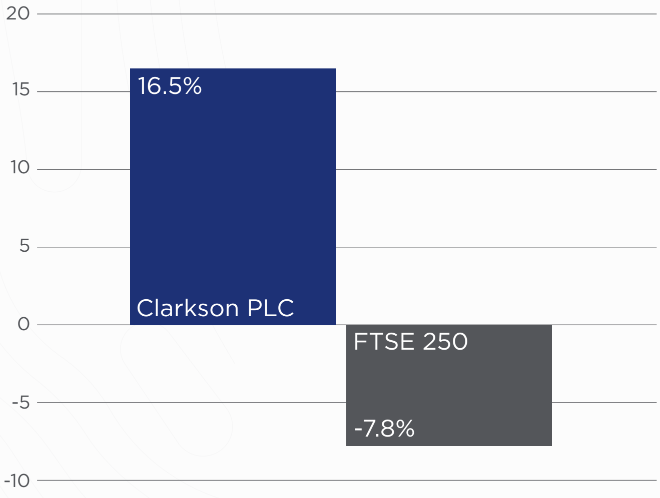
Policy renewal

UK law requires the Policy to be renewed at least every three years. As the last renewal was at the 2020 AGM, it is due for renewal at the 2023 AGM. We recognise that our Policy is unusual but, as evidenced above, continue to believe it serves shareholders well and should be renewed without any material changes.

In preparing for the 2023 Policy renewal, the Remuneration Committee and the Board again carefully considered whether changes to the Policy to bring it more in line with other UK-listed companies were both in the interests of shareholders and, indeed, contractually achievable. Any change would go to the core of our business model and this was therefore not simply a normal triennial renewal. Over the last three years, we have continued to consult extensively with shareholders, other stakeholders and external legal, market and remuneration advisors.

The conclusion that both the Board and the Remuneration Committee continue to reach is to maintain the current pay model for incumbent Executive Directors but, importantly, to change it for new appointments.

The current model has served the Company and its shareholders well for many years and is necessary to retain our current highly performing executives who fulfil dual roles as both conventional Executive Directors but also key operational executives in the business. However, we do recognise that our arrangements appear increasingly unusual against UK-listed company practice and that any new arrangements should be more consistent with market norms. The fact that it has operated successfully is evidenced by the Company's TSR relative to the FTSE 250 (the main broad index of which the Company is a member) over the life of the Policy as shown below:



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1 Classed as an APM. See pages 214 and 215 for further information.

While we hope that our current Executive Directors will continue to add value to the Company for a number of years, changes to remuneration for successors to their roles thereafter will be implemented and the current arrangements are, therefore, legacy.

Commitments for new Executive Director appointments

In consultation with shareholders we, as a Board, have committed that when new Executive Directors are appointed, whether in addition to the current Executive Directors or, in due course, through succession, we shall apply a policy which is more consistent with other listed companies, incorporating the commitment to key changes set out below.

Key changes for new Executive Directors as committed to since 2020:

- Capping the annual bonus opportunity.
- Deferring a greater proportion of the annual bonus.
- Compensation for fixed pay only on severance.
- No enhancement on a change of control.
- The rate of any employer pension contributions will be aligned with that available to the majority of the wider workforce in the UK (or any other country in which the executive is based).

The clear intent is to move towards market norms but it is difficult to be overly prescriptive where no candidates for appointment are being currently contemplated. We do, however, fully recognise the need to change our Policy with regard to such appointments and commit to so do. Over time, the legacy position will therefore disappear.

Rationale for retaining the current arrangements for our incumbent Executive Directors

It is helpful to summarise our reasons for honouring the current arrangements for our incumbent Executive Directors.

Reasons for honouring current arrangements:

- The current model has served the Company and its shareholders well for many years.
- The Board believes that it is in the interests of all stakeholders to retain the services of the Executive Directors.
- The current executives perform dual roles as both (i) the typical role of a listed company executive director; and (ii) leading operational executives in the core business. They have done this for over 10 years.
- The current executives each have binding contracts of employment, and unilaterally changing the terms of the Policy would be a breach of contract.
- The ramifications of breaching the executives' employment contracts would create a number of significant risks to the business.
- Honouring contractual commitments is at the core of Clarksons' culture.
- The Board has therefore determined that, recognising the principle of comply or explain, the correct approach is to explain to shareholders the issues and why, with respect to the existing executives, the current Policy should remain in place.

Both Andi Case and Jeff Woyda have proven to be exceptional leaders for our Company, and can be credited with developing and executing the strategy which has seen Clarksons develop into the industry leader that it is today, operating from over 50 offices across 24 countries, creating a team which has grown from 600 to over 1,800 people and securing a leading position in all market sectors.

The way in which remuneration and contractual commitments have been handled has been central to the Company's success and has served shareholders well since Andi became CEO in 2008 and Jeff became CFO in late 2006 (and also became COO in 2015). During their tenure at the helm:

- Clarksons' share price has increased from a low point in December 2008, following the credit crunch and collapse of freight rates, of £3.20 to £32.35 (as at 31 December 2022), a 910% increase in absolute terms, and an outperformance of the FTSE 250 by 205% over the same time.
- Ordinary dividends have increased by 100%, through one of the worst ever shipping markets since the financial crisis in 2008, in line with our commitment to a progressive dividend policy which has been unbroken for 20 years.
- £247.8m has been paid in dividends to shareholders.

As is evident here, and is recognised by the Board, Andi and Jeff are each performing two roles (the more typical role of a listed company executive director but also that of being leading operational executives in the core business, which they have done for over 10 years) and they are rewarded accordingly in line with their Board-approved contracts of employment. The Board believes that it is neither feasible nor commercially appropriate to make immediate changes to the current arrangements for the incumbent Executive Directors for the following reasons:

- Andi and Jeff have binding long-term contractual terms. Attempting to break these would not only breach long-standing contractual arrangements but go against the principles and values on which Clarksons has been built, and therefore would send a very negative message to multiple stakeholders, particularly our employees and clients but also to our shareholders, if such changes negated covenants.
- The Board cannot oblige Andi and Jeff to agree to changes to their contractual terms and does not believe that they should be penalised for dual roles which make a significant contribution to the Company.
- Our pay arrangements across the Group as a whole are in line with commission-based businesses, including other leading shipbroking businesses. Moreover, Andi and Jeff have, during their employment at Clarksons, conducted themselves in a manner to ensure their remuneration is appropriate in the context of the rest of the senior management team and shareholders' interests.

Accordingly, both the Remuneration Committee and the Board consider that it is in the interests of shareholders to maintain the successful pay arrangements for our current Executive Directors which meet our contractual obligations, and to secure their continued commitment through this pay structure for as long as they continue to perform at their current exceptionally high levels.

The proposed new Policy being submitted to our shareholders at the 2023 AGM is therefore largely unchanged from prior policies and remains subject to the commitments regarding the appointment of new Executive Directors, as set out in the first box in this section of my report. This approach is consistent with commitments included in our 2020 Policy.

In addition, our LTIP and Company Share Option Plan are due for renewal as they are reaching the end of their 10-year life. Shareholders will be asked to approve new rules for both at the forthcoming AGM. No material changes are proposed for either scheme.

Implementation of the Directors' Remuneration Policy in 2023

The Policy will be implemented in 2023 as follows:

- **Salary:** There will be no change to Executive Directors' salaries. This means that the CEO's salary is unchanged since his appointment as CEO in 2008, and the CFO & COO's remains unchanged since 2015.
- **Annual bonus:** Performance bonuses continue to be linked to the Group's underlying adjusted pre-tax profits for the year. No bonuses are payable to Executive Directors below a threshold level of profit.
- **LTIP:** The Executive Directors will receive LTIP awards equivalent to 150% of base salary in 2022. The performance targets will be, as in prior years, 50% based on EPS in the year of vesting and 50% based on relative TSR measured independently over a three-year period. The EPS performance target has been set at a threshold of 272p to a stretch target of 316p in 2025. The relative TSR targets will continue to be measured relative to the performance of the constituents of the FTSE 250 Index (excluding investment trusts). Any vested shares from the 2023 performance-related LTIP grant will be subject to a two-year post-vesting holding period.
- **Share ownership guidelines:** A guideline of two times salary will continue to apply for Executive Directors.

Applying a consistent approach to our pay arrangements over many years has both provided a clear incentive for the executives to deliver for our shareholders over time and has led to the build-up of significant shareholdings (approximately 32 times and nine times salary for the CEO and CFO & COO respectively) which is significantly higher than typical FTSE 250 levels and which, in turn, reaffirms alignment with shareholders. This alignment is further reinforced by the existence of clawback provisions, four-year bullet vesting of deferred shares and a two-year post-vesting holding period on LTIP awards, as well as contributing to an appropriate level of risk mitigation.

This report includes the Annual Report on Remuneration (pages 121 to 130) which describes how the shareholder-approved Policy was implemented for the year ended 31 December 2022 and how we intend for the Policy to apply for the year ending 31 December 2023. The proposed new Policy is included on pages 131 to 137.

All-employee remuneration matters

The Board remains committed to giving as many employees as possible the opportunity to share in the Group's success through all-employee share plans, and I am delighted that, over the last few years, we have been able to extend invitations to participate in our ShareSave plans (or plans which operate in a similar way) to around 70% of our global employees. We continue to strive to give as many colleagues as possible the opportunity to become shareholders in the Company.

While the Executive Directors themselves have not received salary increases since appointment to their current roles, the Company continues to recognise the need to pay other colleagues appropriately and 82% of the workforce received bonuses for 2022 with 65% receiving salary increases. As in prior years, where the two Executive Directors felt that the available bonus pools were insufficient to fully finance the levels of bonuses necessary to incentivise and retain all colleagues, they voluntarily waived a proportion of their own entitlement in favour of other colleagues (8.5% for 2022).

The Company further supported colleagues through a one-off cost of living payment to colleagues with salaries below a certain level dependent on country of employment, which cost the Group approximately £1m.

Conclusion

The remuneration outcomes detailed in this Report rightly reflect the outstanding and record year of performance for the business, led by our Executive Directors. The results are proof of the successful execution of the strategy which benefits all stakeholders and is the driver of the Policy. We trust that you will vote in favour of the Policy and the Directors' Remuneration Report at the 2023 AGM and we look forward to your support.

I, together with several of my colleagues, will be engaging with major shareholders in the coming weeks. Should you wish for a meeting, or have any questions or comments, please contact me through the Group Company Secretary at company.secretary@clarksons.com.

Dr Tim Miller
Remuneration Committee Chair
3 March 2023

Remuneration Committee – at a glance

Committee highlights

Consideration of workforce remuneration

Read more:
On page 119.

Review of the Directors' Remuneration Policy ahead of renewal at the 2023 AGM

Read more:
On pages 116 to 119.

Engagement with shareholders regarding remuneration outcomes ahead of the vote at the 2022 AGM

Read more:
On pages 98 and 99.

Key points

- The Remuneration Committee's key role is to set the remuneration arrangements for the Chair, Executive Directors and other members of the senior management team. Remuneration for the Non-Executive Directors is determined by the Board.
- Dr Tim Miller has extensive HR and remuneration knowledge from his executive career. He has recently served on (and chaired) the remuneration committee of other organisations and therefore has recent and relevant experience of remuneration matters.
- Regular attendees at meetings include the CEO, CFO & COO, Group Company Secretary, Group Head of HR and the Remuneration Committee's independent remuneration advisor (FIT Remuneration Consultants LLP).
- In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of all Executive Directors is set and approved by the Committee; and none of the Executive Directors are involved in the determination of their own remuneration arrangements. The Committee also receives support from external advisors and evaluates the support provided by those advisors annually to ensure that advice is independent, appropriate and cost effective. The Committee exercises its own judgement in considering such advice.

Read more:
Annual review of the Remuneration Committee's effectiveness on pages 104 and 105.

The Remuneration Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/home/investors/corporate-governance/

Meeting attendance

Current Directors	Scheduled meetings
Dr Tim Miller (Chair)	4/4
Martine Bond[1]	1/1
Sue Harris[2]	3/3
Laurence Hollingworth	4/4
Birger Nergaard[3]	1/4
Former Director	
Sir Bill Thomas[4]	2/2

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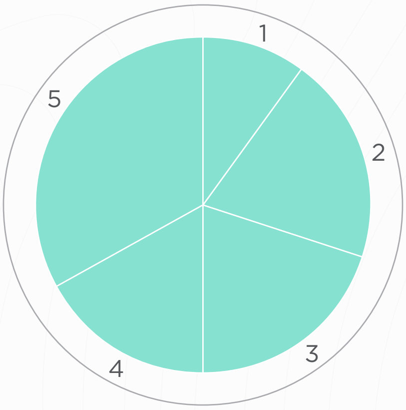
[1] Appointed as a member with effect from 11 September 2022.
[2] Stepped down as a member with effect from 11 September 2022.
[3] Unable to attend three meetings due to illness.
[4] Stepped down from the Board on 2 March 2022.

How the Remuneration Committee spent its time



1. Individual remuneration arrangements
Confirmation of remuneration outcomes in respect of 2021 for the Executive Directors, including the non-discretionary bonus outturn and the assessment of non-financial objectives for the CFO & COO.

2. Performance-related incentive schemes
Including 2021 bonus outturn, performance measures and targets for the 2022 performance year, and parameters and quantum of awards to be made under the LTIP in 2022.

3. Remuneration in wider Group
Annual review of workforce remuneration and gender pay gap reporting.

4. Governance
Various matters including the annual review of the Remuneration Committee's effectiveness, its Terms of Reference and the annual review of the effectiveness of the Remuneration Committee's advisor.

5. Strategy (including shareholder engagement)
Review of the Company's remuneration arrangements in the context of the wider market, shareholder engagement strategy ahead of and following the 2022 AGM, and renewal of the Directors' Remuneration Policy.

Annual Report on Remuneration

Implementation of the Directors’ Remuneration Policy for 2023

Base salary

No changes have been made to the base salaries of the Executive Directors for 2023, and salaries therefore remain as set out below:

	1 January 2023 £000	1 January 2022 £000	% change
Andi Case	**550**	550	0%
Jeff Woyda	**350**	350	0%

Taxable benefits

The taxable benefits received by the Executive Directors in 2022 included a car allowance, private medical insurance and club memberships. No material changes to taxable benefits are proposed for 2023.

Annual bonus for 2023

The annual bonus opportunity for 2023 will be calculated on the same basis as in previous years and will continue to be based on a bonus pool derived from Group profit before tax as follows:
- Below a ‘profit floor’ set by the Remuneration Committee: no bonus is triggered; and
- Above the profit floor: an escalating percentage of profits is payable into a bonus pool for progressively higher profit before tax performance.

As in 2022, the share of the executive bonus pool allocated to the CFO & COO will, in part, be determined by performance against a series of non-financial, strategic and operational objectives.

The profit floor and thresholds for 2023 have not been disclosed on a prospective basis as these are considered to be commercially sensitive, although disclosure will be provided retrospectively.

Consistent with the policy applied to the majority of senior employees, 90% of the bonus payable will be paid in cash with 10% deferred into restricted shares which vest four years after grant. The Executive Directors have agreed to this deferral, although they have no contractual obligation to defer bonuses. Clawback provisions will continue to apply in circumstances of misstatement or error.

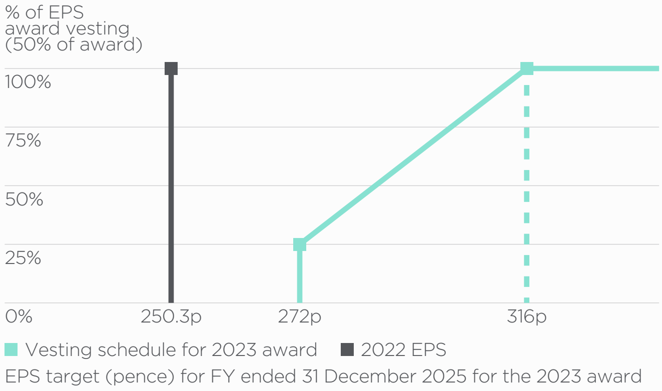
Long-term incentive awards to be granted in 2023

Consistent with past practice, it is envisaged that:
- Executive Directors will receive LTIP awards over shares worth up to 150% of salary in 2023;
- The vesting of 50% of the awards will be determined by the Company’s Earnings Per Share (‘EPS’) for 31 December 2025, as shown in chart (i) below. The EPS for 2022 is shown (grey line) for reference; and
- The vesting of the remaining 50% will be determined by the Company’s Total Shareholder Return (‘TSR’) performance from 1 January 2023 to 31 December 2025 against the constituents of the FTSE 250 Index (excluding investment trusts), as shown in chart (ii) below. The level of TSR achieved against the FTSE 250 Index over the last three-year cycle is shown (grey line) for reference.

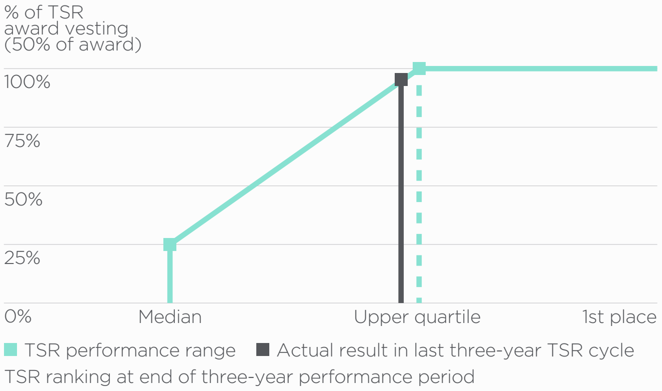
EPS and relative TSR are considered to be the most appropriate measures of long-term performance for the Group, in that they ensure executives are incentivised and rewarded for the earnings performance of the Group as well as returning value to shareholders.

The awards will be subject to clawback provisions and a two-year post-vesting holding period.

(i) EPS target range for 2023 award (50% of award)



(ii) TSR target range for 2023 award (50% of award)



The Remuneration Committee has carefully considered the EPS range for the 2023 award and believes the 272p to 316p range is stretching against market consensus and the actual 2022 EPS delivered.

Fees for the Non-Executive Directors

Fees for the Non-Executive Directors (including the Chair) for 2023 are as set out below. Supplementary fees are paid in respect of certain additional duties. It is proposed to review the fees for the Chair and the Non-Executive Directors later in 2023.

	2023 £000	2022 £000	% change
Chair	**185**	185	0%
Non-Executive Director	**58**	58	0%
Chair of Committee[1]	**19**	19	0%
Senior Independent Director[1]	**19**	19	0%
Employee Engagement Director[1]	**15**	15	0%
Chair of the Trustees of staff pension schemes[1]	**15**	15	0%

[1] Supplementary fee payable to the Chairs of the Audit and Risk Committee and the Remuneration Committee, the Senior Independent Director, the Employee Engagement Director and the Chair of the Trustees of staff pension schemes. This latter fee was introduced in September 2022, reflecting the time commitment that the role requires.

Single total figure tables (audited)

The following tables set out the total remuneration paid to the Directors for the years ended 31 December 2022 and 31 December 2021. We consider Clarkson PLC Directors to be the only key management personnel.

Executive Directors

2022	**Base salary £000**	**Taxable benefits[1] £000**	**Pension[2] £000**	**Total fixed remuneration £000**	**Performance-related bonus[3] £000**	**Long-term incentives[4] £000**	**Total variable remuneration £000**	**Total remuneration[5] £000**
Andi Case	**550**	**16**	**72**	**638**	**8,396**	**1,078**	**9,474**	**10,112**
Jeff Woyda	**350**	**12**	**46**	**408**	**2,172**	**686**	**2,858**	**3,266**
Total	**900**	**28**	**118**	**1,046**	**10,568**	**1,764**	**12,332**	**13,378**

2021	Base salary £000	Taxable benefits[1] £000	Pension[2] £000	Total fixed remuneration £000	Performance-related bonus[3] £000	Long-term incentives[6] £000	Total variable remuneration £000	Total remuneration £000
Andi Case	550	16	74	640	4,726	1,282	6,008	6,648
Jeff Woyda	350	12	46	408	1,222	817	2,039	2,447
Total	900	28	120	1,048	5,948	2,099	8,047	9,095

[1] Taxable benefits comprises the gross value of any benefits paid to the Director, whether in cash or in kind, prior to UK income tax being charged. Further details are provided on page 121.
[2] Pension paid as a cash supplement. Further details are included on page 128.
[3] Performance-related bonus represents the value of the total bonus, prior to any sums being deferred into shares. See pages 123 and 124 for further detail on the 2022 bonus outcome. The bonus reflects the 45.4% increase in underlying profit before taxation and is after a waiver of 8.5% of their entitlement. Underlying profit before taxation is classed as an APM (see pages 214 and 215 for further information).
[4] Further details regarding the vesting outcome are included on page 125.
[5] In the year ended 31 December 2022, the aggregate remuneration paid to all Directors who served during the year in respect of qualifying services (comprising salary/fees, taxable benefits, cash contributions to pension arrangements and performance-related bonus) was £12.2m.
[6] The vesting outcome has been restated based on the actual share price on the date of vesting (19 April 2022, £34.45), having been estimated in the 2021 Annual Report based on the average share price over the period 1 October 2021 to 31 December 2021.

Non-Executive Directors

	Appointment date (if later than 1 January 2021)	Resignation date (if earlier than 31 December 2022)	Fees[1] £000 2022	Fees[1] £000 2021
Current Directors				
Martine Bond	26 Mar 21		**58**	44
Sue Harris			**82**	76
Laurence Hollingworth			**164**	58
Dr Tim Miller			**91**	91
Birger Nergaard			**58**	58
Heike Truol			**62**	58
Former Directors				
Peter Backhouse			**70**	76
Marie-Louise Clayton		31 Jan 21	**–**	6
Sir Bill Thomas		2 Mar 22	**32**	185
Total			**617**	652

[1] The fees paid to the Non-Executive Directors relate to the period for which they held office.

Annual bonus targets (audited)

Consistent with the way in which it operated in prior years, the annual bonus for 2022 was based on the allocation of the following pool:

Executive Directors: bonus pool

Underlying profit before taxation and bonus	% of pre-bonus profit
If profit < £31.72m	0%
If profit > £31.72m then £0m – £63.45m	8%
If profit > £63.45m then £63.45m – £73.97m	12%
If profit > £73.97m then on profits > £73.97m	13%

This formula generates a pool, with the CEO entitled to 79.5% of the pool and the CFO & COO entitled to 17.1% to 20.5% of the pool (dependent on delivery of his personal objectives). The pool operated in exactly the same way as in prior years. The above percentages reflect the proportion of the pool payable to the Executive Directors only.

The discretionary element of the CFO & COO's bonus for 2022 was dependent on personal performance against non-financial objectives set by the CEO and approved by the Remuneration Committee. The objectives set and a summary of achievements against those objectives are set out below.

Objective	Key achievements
ESG	– Completion of the CDP global disclosure of environmental impact for the first time. – Extension of the CSR Committee structure to other global offices. Activities in the year included the annual Charity Giving Day, which raised over £250,000, and projects in line with fundraising priorities through The Clarkson Foundation. – Growth in apprentice hires across the Group.
Technology	– As executive chair of the Maritech business, supporting the continued evolution of its strategy and capabilities. – Enhanced focus on 'tools for trade' for the Broking division. – Transformation of technology for Group functions, including the continued roll-out of finance and HR systems.
Group development	– Oversight of key commercial acquisitions during the year within the Maritech and port services businesses. – Refresh of the Group's branding and the launch of a significantly improved new corporate website.
Management evolution and capability	– Launch of a new leadership development programme. – Focus on succession management, including key hires in the Maritech business.
Risk, compliance and cyber security	– Evolution of the compliance framework and usage in light of unprecedented levels of sanctions and KYC enquiries during the year. – Establishment of a sanctions working group to embed a consistent and sustainable approach.

Following consideration of the recommendation from the CEO with regard to the CFO & COO's performance against his personal objectives, the Remuneration Committee decided to award the CFO & COO 20.5% of the bonus pool.

Bonus waiver

As in each of the last 13 years, the Executive Directors have proposed not to receive their full bonus entitlement and, rather, waive a proportion of their bonuses to the benefit of the wider staff bonus plans. In 2022, each of the Executive Directors agreed to waive 8.5% of their entitlement (£0.98m (2021: £0.55m)). This is shown as follows:

Actual underlying profit before taxation[1]	£100.9m
Actual underlying profit before taxation for bonus calculation after deducting the minority interest of pre-tax profit, adding back the cost of bonus	£113.7m
Formulaic executive bonus pool (pre-waiver)	£11.5m
Executive bonus pool (post-waiver)	£10.6m
% of executive bonus pool allocated to Executive Directors (after 8.5% voluntary sacrifice by Directors)	91.5%

[1] Classed as an APM. See pages 214 and 215 for further information.

The bonus is paid 90% in cash and, although they have no contractual obligation, the Directors have agreed that 10% of the bonus will be deferred into shares which vest after four years. Both the cash and share element of the bonus are subject to clawback where overpayments may be reclaimed in the event of misstatement or error.

Long-term incentive awards (audited)

Long-term incentives relate to awards granted on 7 May 2020 which vest in May 2023 based on performance over the three-year period to 31 December 2022. The performance conditions attached to these awards and actual performance against these conditions are as follows:

Long-term incentive awards: performance outturn

Performance measure	Performance condition	Threshold target	Stretch target	Actual	% vesting
EPS (out of 50%)	25% of award vesting at threshold up to 100% of award vesting at stretch on straight-line basis	138p	169p	250.3p	50
TSR relative to the constituents of the FTSE 250 Index (excluding investment trusts) (out of 50%)	25% of award vesting at threshold up to 100% of award vesting at stretch on straight-line basis	Median	Upper quartile	Between median and upper quartile	49.53
Total vesting (out of 100%)					99.53

The award details for the Executive Directors are as follows:

Long-term incentive awards: vesting outcome

Executive Directors	Number of options granted	Number of options to vest	Number of options to lapse	Estimated value of vested shares[1,2] £000
Andi Case	34,351	34,190	161	1,078
Jeff Woyda	21,859	21,757	102	686

1 The estimated value of the vested shares is based on the average share price over the three-month period from 1 October 2022 to 31 December 2022 (£29.08). Cash accrued in respect of dividend equivalents payable on vested shares is also included in the estimated value. The awards will vest on 7 May 2023. The value of the vested shares will be restated based on the actual share price on the date of vesting and disclosed in the single figure table in the 2023 Annual Report.

2 The awards were granted on 7 May 2020 based on the average share price over the period 4-6 May 2020 (£24.02) although the award measures performance over the 2020-2022 financial period. Using the same basis period as the TSR calculation, the starting share price was £27.72 and the final share price was £29.16 creating a gain of 5% over the period (with a further 9% reflecting dividends to create a total return of 14%). The proportion of the award reflecting share price growth was circa £49,234 and £31,330 for Andi Case and Jeff Woyda respectively.

Scheme interests (audited)

The table below sets out the scheme interests held by the Executive Directors.

Further details of share-based payments during the year are included in note 21 to the consolidated financial statements.

Executive share plan participation

Type of award[1]	Date of grant	No. of shares under award (01/01/22)	Granted during 2022	Vested during 2022[2]	Lapsed during 2022	Exercised during 2022[2]	No. of shares under award (31/12/22)	Face value[3]	% vesting at threshold[4]	Performance period ends	Vesting date	Holding period ends
Andi Case												
Deferred Award	14 May 18	9,928	–	9,928	–	–	–	£303,598	N/A	N/A	14 May 22	N/A
Performance Award	18 Apr 19	34,854	–	–	–	34,854	–	£824,994	25%	31 Dec 21	18 Apr 22	18 Apr 24
Deferred Award	18 Apr 19	8,951	–	–	–	–	8,951	£211,870	N/A	N/A	18 Apr 23	N/A
Performance Award	7 May 20	34,351	–	34,190	161	–	34,190[5]	£825,111	25%	31 Dec 22	7 May 23	7 May 25
Deferred Award	7 May 20	9,952	–	–	–	–	9,952	£239,047	N/A	N/A	7 May 24	N/A
Performance Award	13 Apr 21	28,576	–	–	–	–	28,576	£824,989	25%	31 Dec 23	13 Apr 24	13 Apr 26
Deferred Award	13 Apr 21	8,253	–	–	–	–	8,253	£238,264	N/A	N/A	13 Apr 25	N/A
Performance Award	19 Apr 22	–	23,557	–	–	–	23,557	£824,966	25%	31 Dec 24	19 Apr 25	19 Apr 27
Deferred Award	19 Apr 22	–	13,495	–	–	–	13,495	£472,595	N/A	N/A	19 Apr 26	N/A
Jeff Woyda												
Deferred Award	14 May 18	2,503	–	2,503	–	–	–	£76,542	N/A	N/A	14 May 22	N/A
Performance Award	18 Apr 19	22,179	–	–	–	22,179	–	£524,977	25%	31 Dec 21	18 Apr 22	18 Apr 24
Deferred Award	18 Apr 19	2,314	–	–	–	–	2,314	£54,772	N/A	N/A	18 Apr 23	N/A
Performance Award	7 May 20	21,859	–	21,757	102	–	21,757[5]	£525,053	25%	31 Dec 22	7 May 23	7 May 25
Deferred Award	7 May 20	2,573	–	–	–	–	2,573	£61,803	N/A	N/A	7 May 24	N/A
Performance Award	13 Apr 21	18,184	–	–	–	–	18,184	£524,972	25%	31 Dec 23	13 Apr 24	13 Apr 26
Deferred Award	13 Apr 21	2,134	–	–	–	–	2,134	£61,609	N/A	N/A	13 Apr 25	N/A
Performance Award	19 Apr 22	–	14,991	–	–	–	14,991	£524,985	25%	31 Dec 24	19 Apr 25	19 Apr 27
Deferred Award	19 Apr 22	–	3,490	–	–	–	3,490	£122,220	N/A	N/A	19 Apr 26	N/A

1 Performance Awards are granted as nil-cost options, which lapse 10 years after the date of grant to the extent not previously exercised.
All Performance Awards are subject to performance measures (50% based on relative TSR measured over a three-year performance period and 50% based on EPS at the end of the performance period).
Deferred Awards represent deferred bonus and are granted as restricted share awards. Further restricted share awards will be made to Andi Case and Jeff Woyda in 2023 in respect of the deferral of 10% of their 2022 bonus.

2 Deferred Awards which vested during the year were valued at £404,008 (based on the closing share price on the date of vesting).
The aggregate of the amount of gains made by Directors on the exercise of share options was £1,977,372 (based on the closing share price on the date of exercise).

3 Face value is calculated using the share price used to determine the number of shares under the award as set out below. This share price was calculated using the average middle market quotation over the three-day period on the dates specified:
- Awards made on 14 May 2018: £30.58 (13-17 April 2018)
- Awards made on 18 April 2019: £23.67 (15-17 April 2019)
- Awards made on 7 May 2020: £24.02 (4-6 May 2020)
- Awards made on 13 April 2021: £28.87 (8-12 April 2021)
- Awards made on 19 April 2022: £35.02 (12-14 April 2022)

4 Assumes that threshold is met in respect of both the TSR and EPS performance measures.

5 Although the performance period for these awards ended on 31 December 2022, the awards will formally vest on 7 May 2023.

Executive Directors' interests in share options over ordinary shares under the Company's all-employee share plans are as follows:

ShareSave participation

Type of award	Date of grant	Options held at 1 January 2022	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options held at 31 December 2022	Option price	Normal exercise period	Face value[1]
Jeff Woyda									
ShareSave (option)	1 Oct 18	813	–	813	–	–	£22.12	1 Nov 21–30 Apr 22	£17,984
ShareSave (option)	1 Oct 21	572	–	–	–	572	£31.44	1 Nov 24–30 Apr 25	£17,984

[1] Face value calculated using the share price used to determine the number of shares under the award (ie the option price). The option prices shown above were calculated using the average middle market quotation over 5-7 September 2018 and 2-6 September 2021 respectively, after the application of a 20% discount.

Directors' interests in shares

In order to further align the interests of the Executive Directors with those of shareholders, the Company has implemented share ownership guidelines which require Executive Directors to build a shareholding equivalent to 200% of salary. Until this is met they are required to retain 50% of any share award that vests (on a net of tax basis). The Executive Directors have both met the guideline levels.

The beneficial interests of the Executive Directors (and their connected persons) in the Company's shares are set out below:

Executive Directors' shareholdings (audited)

	No. of ordinary shares		% of salary required to be held in shares		Unvested LTIPs (subject to performance conditions)		Vested and unexercised LTIPs (no longer subject to performance conditions)		Deferred bonus awards[1] (subject to service conditions)		ShareSave options (not subject to performance conditions)	
	31 Dec 22	31 Dec 21	**31 Dec 22**	31 Dec 21	**31 Dec 22**	31 Dec 21	**31 Dec 22**	31 Dec 21	**31 Dec 22**	31 Dec 21	**31 Dec 22**	31 Dec 21
Andi Case	**556,473**	533,312	**200**	200	**52,133**[2]	62,927	**34,190**[2]	34,854	**40,651**	37,084	**–**	–
Jeff Woyda	**102,733**	89,151	**200**	200	**33,175**[2]	40,043	**21,757**[2]	22,179	**10,511**	9,524	**572**	1,385

[1] Deferred bonus awards are granted as restricted share awards.

[2] The award granted on 7 May 2020 was based on performance over a three-year period to 31 December 2022, and will formally vest on 7 May 2023. The extent to which performance conditions have been met has already been determined, and this vesting outcome has been reflected in the figures disclosed. Page 125 provides further detail on the vesting outcome.

The beneficial interests of the Non-Executive Directors (and their connected persons) in the Company's shares are set out below:

Non-Executive Directors' shareholdings (audited)

	Appointment date (if later than 1 January 2021)	Resignation date (if earlier than 31 December 2022)	**31 December 2022**[1]	31 December 2021
Current Directors				
Martine Bond	26 Mar 21		**–**	–
Sue Harris			**1,724**	1,724
Laurence Hollingworth			**9,000**	5,000
Dr Tim Miller			**2,640**	2,640
Birger Nergaard[2]			**30,869**	30,869
Heike Truol			**1,607**	1,607
Former Directors				
Peter Backhouse			**10,912**	10,912
Sir Bill Thomas		2 Mar 22	**5,714**	5,714

[1] Shareholdings disclosed as at 31 December 2022, or date of resignation if earlier.

[2] Ordinary shares held by Acane AS on behalf of Birger Nergaard and his connected persons.

There have not been any further changes in the beneficial interests of the Directors in the share capital of the Company between 31 December 2022 and the date of this report.

Pensions (audited)

Andi Case and Jeff Woyda receive a cash supplement (up to 15% of base salary) in lieu of pension (net of employer's national insurance contributions), which is included in the single figure table on page 122 as pension. No contributions were paid into Group pension schemes on their behalf.

Payments to past Directors (audited)

No payments were made during the year ended 31 December 2022 to any person who was not a Director of the Company at the time payment was made, but who had previously been a Director.

Payments for loss of office (audited)

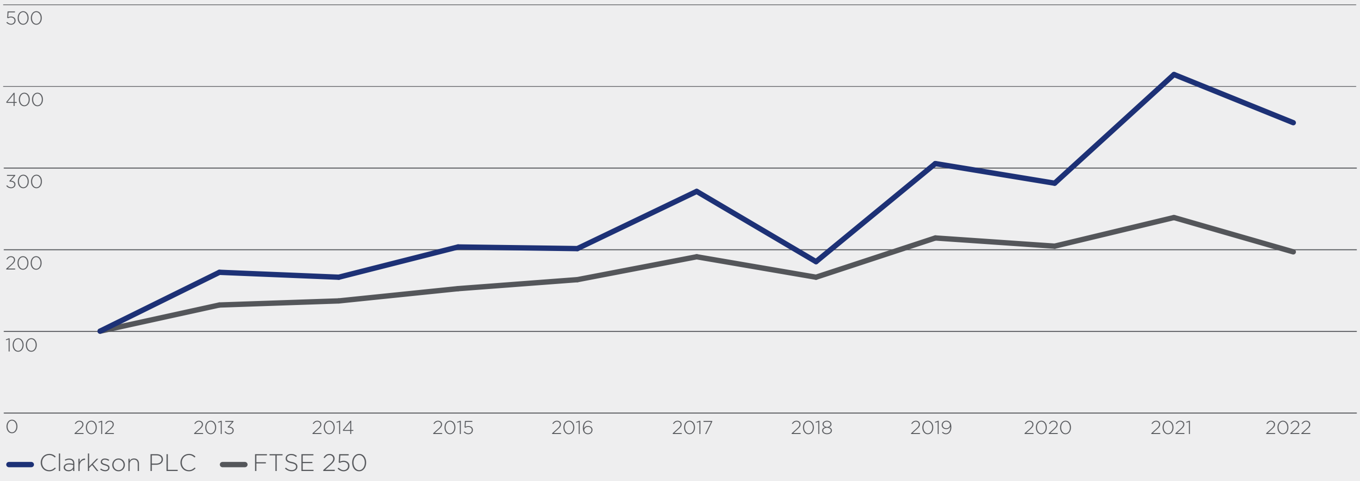
No payments were made in respect of loss of office during the year ended 31 December 2022.

Details of service contracts and letters of appointment

Details of the current Executive Directors' service contracts and Non-Executive Directors' letters of appointment are set out on page 137 of the Directors' Remuneration Policy.

Performance graph

This graph compares the total shareholder return (that is, share price growth assuming reinvestment of any dividends) of £100 invested in the Company's shares and £100 invested in the FTSE 250 Index, which the Remuneration Committee considers appropriate for comparison purposes given the Company has been a member of this index over the period.



Total remuneration table

The table below shows the total remuneration figure for the CEO for each of the last 10 financial years:

CEO remuneration

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Single total figure of remuneration (£000)	**10,112**	6,648	3,170	3,265	2,758	4,043	3,706	4,958	4,970	3,944
Vested LTIP (as a % of maximum)	**99.53%**	100%	18%	30%	0%	30%	15%	70%	69%	50%

Annual change in remuneration of Directors and employees

The table below shows the percentage change in the remuneration of each Director (salary/fees, taxable benefits and annual bonus) between the 2020, 2021 and 2022 financial years, compared to the average of those components of pay for all employees. The Company has chosen to voluntarily disclose this information as Clarkson PLC is not an employing company.

Relative pay

	Salary/fee and taxable benefits increase/decrease % change			Annual bonus increase/decrease % change		
	2021/22	2020/21	2019/20	**2021/22**	2020/21	2019/20
Executive Directors						
Andi Case	**-0.35%**	-0.15%	+0.61%	**77.66%**	+98.34%	-0.31%
Jeff Woyda	**-0.002%**	+0.04%	-0.06%	**77.66%**	+98.34%	-0.31%
Current Non-Executive Directors[1]						
Martine Bond[2]	**0%**	N/A	N/A	**N/A**	N/A	N/A
Sue Harris[3]	**8%**	0%	N/A	**N/A**	N/A	N/A
Laurence Hollingworth[4]	**184%**	0%	N/A	**N/A**	N/A	N/A
Dr Tim Miller	**0%**	0%	0%	**N/A**	N/A	N/A
Birger Nergaard	**0%**	0%	0%	**N/A**	N/A	N/A
Heike Truol[5]	**8%**	0%	N/A	**N/A**	N/A	N/A
Former Non-Executive Directors						
Peter Backhouse[6]	**-7%**	0%	0%	**N/A**	N/A	N/A
Sir Bill Thomas	**0%**	0%	0%	**N/A**	N/A	N/A
Employees						
Average employee	**2.4%**	+4.17%	+3.83%	**22.4%**	+14.10%	+1.97%

1 Where a Non-Executive Director has been appointed part-way through a financial year, for the purpose of this calculation their fee has been annualised to enable a meaningful year-on-year comparison.
2 Appointed as a Director with effect from 26 March 2021.
3 Appointed as a Director with effect from 7 October 2020. Sue was appointed as SID with effect from 11 September 2022 and the increase in her fee in 2022 reflects the supplemental fee paid in respect of this role.
4 Appointed as a Director with effect from 23 July 2020. Laurence was appointed as Chair with effect from 2 March 2022 and the increase in his fee in 2022 reflects the supplemental fee paid in respect of this role.
5 Appointed as a Director with effect from 31 January 2020. Heike was appointed as Employee Engagement Director with effect from 11 September 2022 and the increase in her fee reflects the supplemental fee paid in respect of this role.
6 Peter stepped down as SID with effect from 11 September 2022.

CEO pay ratio

The table below shows the pay ratio information in relation to the total remuneration of the CEO compared to the pay of the Company's UK employees for 2022. Over time, disclosure over a rolling 10-year period will be built up.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	**Option A**	**210:1**	**121:1**	**70:1**
2021	Option A	131:1	76:1	46:1
2020	Option A	72:1	42:1	25:1
2019	Option A	84:1	49:1	27:1

The Remuneration Committee has selected Option A as the method for calculating the CEO pay ratio. Option A calculates a single figure for every employee in the year to 31 December 2022 and identifies the employees that fall at the 25th, 50th and 75th percentiles. This method was chosen as it is considered the most accurate way of identifying the relevant employees and aligns to how the single figure table is calculated.

The Company has included the following elements of pay in its calculation: annual basic salary, allowances, bonuses (cash and shares), commission payments, employer's pension contributions and P11D benefits. These pay elements were separated into recurring, bonus and benefit components. The recurring components were scaled relative to the proportion of 2022 worked by each individual employee. This year, bonus pay elements have been scaled relative to the full-time equivalent of part-time employees. The scaled recurring pay elements and bonuses were then added to the benefits value.

This resulted in a single figure for each employee, from which the individuals at the 25th, 50th and 75th percentiles could be identified. The Remuneration Committee believes the median pay ratio for 2022 to be consistent with the reward policies for the Company's UK employees taken as a whole. UK-based employees have been selected as the most appropriate comparator as the CEO is a full-time UK-based employee.

The table below sets out the total pay and benefits for individuals at the 25th, 50th and 75th percentiles, and the salary element within this.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Total pay and benefits	£43,000	£75,000	£129,000
	Salary element of total pay and benefits	£39,000	£52,000	£80,000

Relative importance of spend on pay

The following table compares the total remuneration paid in respect of all employees of the Group in 2021 and 2022, underlying profit and distributions made to shareholders in the same years:

	2022 £m	2021 £m	% change
Dividends	**25.9**	24.4	6%
Employee remuneration costs, of which:	**390.0**	292.5	33%
Executive Directors' total pay excluding LTIP	**11.6**	7.0	66%
Executive Directors' annual bonus	**10.6**	5.9	80%

Underlying profit for the year has also previously been included in the table above, although it is not required to be included. As this is not one of the Company's KPIs, the measure has been removed from the disclosure.

External advisor

Following an external selection process, the Remuneration Committee appointed FIT Remuneration Consultants LLP ('FIT') as its advisor in October 2018. FIT provides no other services to the Group, has no further connection with the Company or individual Directors and is a signatory to the Remuneration Consultants Group's Code of Conduct. The Remuneration Committee reviews the effectiveness of its advisor on an annual basis. It is satisfied that the quality of advice received during the year was sufficient and that the advice provided by FIT is objective and independent.

The fees paid by the Company to FIT during the financial year for advice to the Remuneration Committee and in relation to share plans were £31,472 (2021: £29,991). Fees were charged on normal terms.

Statement of shareholder voting at AGM

The following votes were received from shareholders at the last AGM at which the relevant resolutions were proposed:

	Date of meeting	In favour	% cast	Against	% cast	Withheld
Remuneration Policy	6 May 2020	14,637,062	67.61	7,011,582	32.39	1,982,594
Remuneration Report	11 May 2022	13,600,372	62.77	8,068,207	37.23	1,818,341

Details of the actions taken by the Board in response to the votes against the resolution in respect of the Remuneration Report registered at the 2022 AGM are included in the Remuneration Committee Chair's statement on pages 116 to 119.

Directors’ Remuneration Policy

The Directors’ Remuneration Policy (the ‘Policy’) will be put to a binding shareholder vote at the AGM on 11 May 2023 and, subject to approval, the new Policy will take formal effect from that date (replacing the previous Policy approved by shareholders at the 2020 AGM). It is intended that the Policy will be in force for a period of three years from the date of approval. No changes are being proposed to the current executive remuneration structure and, therefore, the renewal of the Policy without any material amendments is proposed.

As indicated in previous reports, the Remuneration Committee (the ‘Committee’) recognises that listed company practice as regards their executive directors has changed over the years and that, for any new appointments to the Board, the Policy will be broadly consistent with current market practice. While there are no current plans to appoint a new Executive Director, the Committee confirms that any new appointments under the proposed Policy will also be subject to the following:

- Capping the annual bonus opportunity;
- Deferring a greater proportion of the annual bonus;
- Compensation for fixed pay only on severance;
- No enhancement on a change of control;
- The rate of any employer pension contributions will be aligned with that available to the majority of the wider workforce in the UK (or any other country in which the executive is based).

For any new Executive Director appointments, the proposed Policy should be read as incorporating such additional requirements. In addition, the Committee will consider at the time other developments in market practice when constructing such an offer.

How the Committee operates to set the Remuneration Policy

The Committee is responsible, on behalf of the Board, for:

- Setting the senior executives’ remuneration policy and actual remuneration;
- Reviewing the design of all share incentive plans for approval by the Board and shareholders; and
- Approving the design of, and recommending targets for, any performance-related pay schemes the Company operates for senior executives.

Summary of overall Remuneration Policy

The objectives of the Policy are to:

- Ensure that executive rewards are linked to performance;
- Provide an incentive to achieve the key business aims;
- Deliver an appropriate link between reward and performance; and
- Maintain a reasonable relationship of rewards to those offered in other competitor companies in order to attract, retain and motivate executives within a framework of what is acceptable to shareholders.

We maintain a strong focus on ensuring that executives are incentivised to drive economic profit as well as being rewarded for creating sustainable value.

There are few comparable UK public companies involved solely in the business of providing shipping and related wholesale financial services. Comparisons are therefore made with City-based companies and private companies in the shipping sector, many of which are headquartered overseas. In the highly competitive global labour market which operates within the shipping services sector, where business is based around personal client relationships, the retention of key talent is critical to continued business success. Remuneration levels are set to attract and retain the best talent, and to ensure that market competitive rewards are available for the delivery of strong business and personal performance within an appropriate risk framework.

It is recognised by the Committee that the current management team is highly regarded and would be attractive to Clarksons’ competitors in the shipping industry and, increasingly, wholesale brokerage and agency businesses. Retention of key talent in this context is critical, whilst recognising the need for appropriate succession planning.

The proportionate breakdown of the total remuneration is such that, in line with most other wholesale brokerage and agency companies, a very high proportion of the package is performance-related. Where an Executive Director’s role includes revenue-generating broking responsibilities, the bonus may recognise this, in addition to the duties and responsibilities incumbent with the role of an Executive Director.

Consideration of shareholder views

The Company is committed to maintaining good communication with investors. The Committee takes on board investors’ views and maintains open dialogue, giving shareholders the opportunity to raise any issues or concerns they may have. In addition, the Committee would engage directly with major shareholders should any material changes be made to the Policy or the way in which it is being implemented.

Details of the votes cast in respect of the resolutions to approve last year’s remuneration report and any matters discussed with shareholders during 2022 are set out in the Annual Report on Remuneration on pages 130 and 116 to 119 respectively.

Key elements of the proposed 2023 Directors’ Remuneration Policy are set out below:

	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework

Base salary	– To attract and retain high performing Executive Directors who are critical for the business
	– Set at a level to provide a core reward for the role and cover essential living costs
		– Normally reviewed annually
		– Paid monthly
		– Salaries are determined taking into account:
		  – the experience, responsibility, effectiveness and market value of the executive
		  – the pay and conditions in the workforce
			– There is no prescribed maximum annual increase. The Committee is guided by the general increase for the broader workforce but on occasion may recognise an increase in certain circumstances, such as assumed additional responsibility or an increase in the scale or scope of the role or, in the case of a new executive, a move towards the desired rate over a period of time where salary was initially set below the intended positioning	n/a

Benefits	– To provide a market standard suite of basic benefits in kind to ensure the Executive Directors’ well-being	– Taxable benefits may include:
		  – car allowance
		  – healthcare insurance
		  – club membership
		– Participation in HMRC-approved (or equivalent) schemes
		– Other benefits may be payable where appropriate
		– Any reasonable business-related expenses (including tax thereon) may be reimbursed if determined to be a taxable benefit
			– A car allowance in line with market norm. The value of other benefits is based on the cost to the Company and is not predetermined
			– HMRC (or equivalent) scheme participation up to prevailing scheme limits
				n/a

	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Annual bonus (including deferred shares)	– To reward significant annual profit performance – To ensure that the bonus plan is competitive with our peers. As a result, bonus forms a significant proportion of the remuneration package – To ensure that if there is a reduction in profitability, the level of bonus payable falls away sharply	– 90% of the bonus is paid in cash and, although they have no contractual obligation, the Executive Directors have agreed that 10% of annual bonus payable is deferred in shares, vesting after four years – Executive Directors have voting rights and receive dividends on deferred shares – Performance criteria are reviewed and recalibrated carefully each year to ensure they are linked to strategic business goals, take full account of economic conditions, and are sufficiently demanding to control the total bonus pool and individual allocations – Clawback provision operates for overpayments due to misstatement or error	– In line with Clarksons' peers, the annual bonus is not subject to a formal individual cap. This policy, which is contractual for the current Chief Executive Officer and Chief Financial Officer & Chief Operating Officer, encourages the maximisation of profit, and ensures that Executive Directors are aligned with all stakeholders in the business	– Bonus is determined by Group performance measured over one year on the following basis: – below a 'profit floor' set by the Committee each year, no bonus is triggered – above the floor, an escalating percentage of profits is payable into a bonus pool for progressively higher profit before tax performance – profit for bonus calculations may be adjusted by the Committee where appropriate and does not include business that has not been invoiced – for Executive Directors with revenue-generating broking responsibilities, a further key determinant of the annual bonus is the significance of personally-generated broking revenues – a proportion of an individual's share of the bonus pool may be based on the achievement of personal objectives set by the Committee at the start of the year

	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Long-term incentives	– To incentivise and reward significant long-term financial performance and share price performance relative to the stock market – To encourage share ownership and provide further alignment with shareholders	– Awards are performance-related and are normally structured as nil cost options – Awards are granted each year following the publication of annual results – Clawback provision operates for overpayments due to misstatement or error	– Annual maximum limit of 150% of base salary for awards subject to long-term performance targets (200% of base salary in exceptional circumstances) – Dividend equivalents (in cash or shares) may accrue between grant and vesting/expiry of any holding period, to the extent that shares under award ultimately vest	– Currently, the awards are subject to performance conditions measured on a combination of three-year EPS growth and relative TSR – The Committee may introduce new measures or reweight the current EPS and TSR performance measures so that they are directly aligned with the Company's strategic objectives for each performance period – Normally measured over a three-year performance period – 25% of an award will vest for achieving threshold performance, increasing pro-rata to full vesting for the achievement of stretch performance targets
Pension	– To provide a market-competitive pension arrangement	– Executive Directors participate in a Company defined contribution pension scheme and/or receive a cash allowance in lieu of pension contributions	– Employer contributions are up to 15% of basic salary or an equivalent cash allowance net of employer's national insurance contributions	n/a

Non-Executive Directors' fees	– To attract and retain high calibre Non-Executive Directors through the provision of market competitive fees	– Reviewed annually
		– Paid monthly
		– Fees are determined taking into account:
		  – the experience, responsibility, effectiveness and time commitments of the Non-Executive Directors
		  – the pay and conditions in the workforce
		– Additional fees may be payable in relation to extra responsibilities undertaken such as chairing a Board Committee and/or a Senior Independent Director role or being a member of a Committee
		– Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit
			– As for the Executive Directors, there is no prescribed maximum annual increase
			– Fee increases are guided by the general increase for the broader workforce but on occasion may recognise an increase in certain circumstances, such as assumed additional responsibility or an increase in the scale or scope of the role
				n/a

	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Share ownership guidelines	– To provide alignment between the longer-term interests of Directors and shareholders	– Executive Directors are expected to build up and maintain shareholdings in the Company – Executives are required to retain at least half of the net of tax vested number of shares awarded and received until the guideline has been achieved	– Chief Executive Officer: 200% of salary – Other Executive Directors: 200% of salary	n/a

Notes to the Policy table:

1 A description of how the Company intends to implement the above Policy for 2023 is set out in the Annual Report on Remuneration on pages 121 to 130.

2 The 2023 annual bonus is focused on profit before taxation (‘PBT’) performance. PBT is a key financial metric and is used to reflect how successful the Company has been in managing its operations.
The Long-Term Incentive Plan (‘LTIP’) performance measures, earnings per share (‘EPS’) and total shareholder return (‘TSR’), reward significant long-term returns to shareholders and long-term financial growth. EPS growth is derived from the audited financial statements while TSR performance is monitored on the Committee’s behalf by its remuneration advisor, currently FIT Remuneration Consultants LLP. Targets are set on a sliding scale that takes account of internal strategic planning and external market expectations for the Company. Only modest rewards are available for achieving threshold performance with maximum rewards requiring substantial out-performance of challenging strategic plans approved at the start of each year.

3 The Committee operates the annual bonus and LTIP according to their respective rules, and in accordance with the Listing Rules and HMRC rules where relevant. Consistent with market practice, the Committee retains flexibility and discretions in a number of key areas.

4 The Policy for the Executive Directors is designed with regard to the policy for employees across the Group as a whole and is consistent between the Executive Directors and the remainder of the workforce. The annual bonus plan operates on a similar profit-driven basis across the Group and there is a relatively high level of employee share ownership. The key differences in policy for Executive Directors relate to participating in the LTIP awards, which have strict vesting conditions. This is considered appropriate to provide a link for a proportion of performance pay with the longer-term strategy thereby creating stronger alignment of interest with shareholders. The Committee reviews the pay and incentives structures for the wider workforce and does not formally consult with employees in respect of the design of the Company’s Executive Director Remuneration Policy, although the Committee will keep this under review.

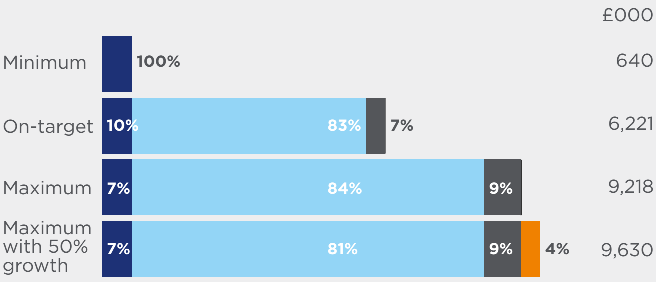
5 For the avoidance of doubt, in approving this Policy, authority is given to the Company to honour any commitments entered into in the previous remuneration policy or with current or former Directors (such as the payment of a pension or the vesting or exercise of past share awards) that have been disclosed in previous remuneration reports. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Directors’ remuneration scenarios

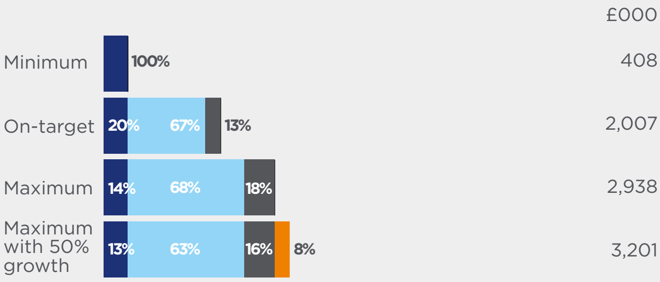
The Company’s Policy results in a proportionate breakdown of total remuneration such that, in line with most other wholesale brokerage and agency companies, a very high proportion of the package is performance-related.

The charts below show an estimate of the potential remuneration payable for the Executive Directors in office on 1 January 2023 at different levels of performance. The charts highlight that the performance-related elements of the package comprise a highly significant portion of the Executive Directors’ total remuneration at target and maximum performance.

Chief Executive Officer



Chief Financial Officer & Chief Operating Officer



■ Fixed pay ■ Long-term incentive ■ Annual bonus ■ Share price growth

1 Basic salary levels applying on 1 January 2023.

2 The value of taxable benefits is estimated at 2022 values.

3 The value of the pension receivable is up to 15% of basic salary.

4 – Minimum performance assumes no award is earned under the annual bonus plan and no vesting is achieved under the LTIP;
  – On-target performance assumes an annual bonus calculated by reference to the average of the previous three years’ bonus and 50% being achieved under the LTIP; and
  – Maximum performance assumes a 50% uplift on the average of the previous three years’ bonus and full vesting under the LTIP. It should, however, be noted that there is in fact no upper limit as explained on page 133 and the above charts are purely for illustrative purposes.

5 The final column shows share price appreciation on the LTIP of 50%.

Directors’ recruitment and promotions

The Committee has the objective to attract and retain the best talent in our markets, while at the same time ensuring executive pay is aligned to the corporate plan and business goals as well as supporting the interests of shareholders.

If a new Executive Director were appointed, the Company would seek to align the remuneration package with the Policy approved by shareholders. An LTIP award could be made shortly following an appointment (assuming the Company is not in a closed period).

Flexibility is retained to offer remuneration on appointment in respect of remuneration arrangements forfeited on leaving a previous employer. The Committee will look to replicate the arrangements being forfeited as closely as possible and, in doing so, will take account of relevant factors including the nature of the deferred remuneration, performance conditions and the time over which they would have vested or been paid. Such buy-out awards may not be subject to the caps in this Policy.

For an internal appointment, any ongoing remuneration obligations existing prior to appointment may continue.

The Committee may also agree that the Company will meet certain relocation and incidental expenses as appropriate.

Directors’ service contracts and payments for loss of office

The Committee reviews the contractual terms for Executive Directors in light of developments in best practice and trends in our sector. The remuneration-related elements of the current contracts for Executive Directors are shown in the table below:

Provision	Detailed terms
Notice period	One year by the Company or the Director.
Termination payment	Chief Executive Officer: The Company may elect to pay in lieu of notice: – an amount equivalent to 12 months’ base salary plus the cost of contractual benefits; plus – an amount equivalent to 50% of the last bonus received. In addition: – if not already paid, any bonus in respect of the prior year is payable (if not agreed, an amount equal to the last bonus received); and – a pro-rated bonus for the period of the year worked is payable. Chief Financial Officer & Chief Operating Officer: The Company may elect to pay in lieu of notice: – an amount equivalent to base salary, benefits and bonus for the relevant period of notice.
	The Committee recognises that it is unusual in the context of listed PLCs to pay an amount in lieu of annual bonus for the notice period for the Chief Executive Officer and the Chief Financial Officer & Chief Operating Officer but considers that the policy is appropriate for the following reasons: – salary forms a lower proportion of remuneration than in most other UK companies; – typically, in the shipbroking industry, income from business conducted is received over a number of years in arrears; – bonuses are only payable if profit thresholds and targets are achieved, ie there is no automatic entitlement to a bonus; and – unvested awards under the LTIP are capable of vesting subject to performance. For unvested entitlements to share awards under the 2014 Clarkson PLC LTIP and 2023 Clarkson PLC LTIP, the rules contain discretionary provisions setting out the treatment of awards where a participant ceases to be employed by the Group for designated reasons. In the case of the participant’s ill health, injury, disability, redundancy, retirement, a sale of their employing company or business in which they were employed or for any other reason at the discretion of the Committee (good leaver circumstances) then they will be entitled to keep their award as described below: – performance-related awards will normally vest at the normal vesting dates (unless the Committee determines that they should vest upon cessation) subject to the satisfaction of the relevant performance conditions and time pro-rating (unless the Committee decides to disapply time pro-rating). In the case of death or ill health, awards will vest at cessation subject to the relevant performance conditions and will not be subject to a time pro-rated reduction; and – deferred bonus awards will vest in full ordinarily on the normal vesting date. In the case of death, vesting will be accelerated. Accelerated vesting may also apply at the discretion of the Committee in relation to cessation for ill health, injury or disability, or in response to other events for awards granted post cessation.

Provision	Detailed terms
Change of control	Chief Executive Officer: If, within 18 months of a change of control, the Company gives the Chief Executive Officer notice (except for reasons of gross misconduct or material breach of contract) or the Chief Executive Officer gives notice as a result of a material breach of his contract or the Company limits his ability to earn future bonuses, the Chief Executive Officer will, within 30 days of termination, receive an amount equivalent to one year's basic salary, 150% of the last annual bonus received and the gross annual value of contractual benefits (pro-rated). In these circumstances, the Chief Executive Officer's notice period is reduced to four weeks. Chief Financial Officer & Chief Operating Officer: Within one year of a change of control, the executive or the Company may give notice (of not less than four weeks in the case of the former) whereupon the executive will receive immediately an amount equivalent to one year's basic salary, contractual benefits, employer pension contributions and annual bonus.
	All unvested awards under the LTIP (whether the legacy 2014 plan or the proposed 2024 one) would vest. In respect of performance-related awards, the extent of vesting would be subject to any performance conditions attaching to the relevant award having been achieved and any time pro-rating applied at the discretion of the Committee. In August 2008 it was contractually agreed with the current Chief Financial Officer & Chief Operating Officer, Jeff Woyda, that no time pro-rating will be applied to his LTIP awards. The Committee recognises that it is now unusual, in the context of listed PLCs, for service contracts to contain change of control provisions and will therefore avoid such provisions for future executive appointments to the Board.

Details of the current Executive Directors' service contracts are as follows:

	Date of contract	Unexpired term	Notice period
Andi Case	23 June 2008[1]	12 months	12 months
Jeff Woyda	3 October 2006	12 months	12 months

[1] The effective date of the contract is 17 June 2008.

The service contracts are available for inspection at the Company's registered office.

The relevant legislation does not require the inclusion of a cap or limit in relation to payments for loss of office. The Committee will take all relevant factors into account in deciding whether any discretion should be exercised in an individual's favour in these circumstances, and the Committee will aim to ensure that any payments made are, in its view, appropriate. The Committee may also, after taking appropriate legal advice, sanction the payment of additional sums in the settlement of potential legal claims, including legal, outplacement and other fees.

Details of the Non-Executive Directors appointment terms are as follows:

	Date of initial appointment	Date current term commenced	Unexpired term at 31 December 2022	Notice period
Laurence Hollingworth[1]	23 July 2020	2 March 2022	26 months	3 months
Peter Backhouse[2]	12 September 2013	12 September 2019	N/A	N/A
Martine Bond	26 March 2021	26 March 2021	15 months	3 months
Sue Harris	7 October 2020	7 October 2020	9 months	3 months
Dr Tim Miller	22 May 2018	22 May 2021	17 months	3 months
Birger Nergaard	2 February 2015	2 February 2021	13 months	3 months
Heike Truol[3]	31 January 2020	31 January 2023	1 month	3 months

[1] Laurence Hollingworth was initially appointed as a Non-Executive Director on 23 July 2020. He entered into a new letter of appointment on his appointment as Chair with effect from 2 March 2022.
[2] Peter Backhouse's third term was extended to end on 31 December 2022.
[3] Heike Truol's reappointment for a further three-year term was approved by the Board in January 2023.

Non-Executive Directors are appointed by letter of appointment for a fixed term not exceeding three years, renewable on the agreement of both the Company and the Director, and are subject to re-election at each AGM. Each appointment can be terminated before the end of the three-year period with three months' notice due. Fees payable for a new Non-Executive Director appointment will take into account the experience of the individual and the current fee structure.

This report was approved by the Board and signed on its behalf by:

Dr Tim Miller
Remuneration Committee Chair
3 March 2023

Directors’ Report

The Directors present their Report and the audited consolidated financial statements for the year ended 31 December 2022. The Directors’ Report and the Strategic Report (pages 4 to 83) together constitute the Management Report for the purpose of Rule 4.1.8R of the Disclosure Guidance and Transparency Rules. Other information relevant to the Report, including information required pursuant to the Companies Act 2006 and UK Listing Rule 9.8.4R, is incorporated below by reference.

	Detail	Section	Location
Information incorporated by reference			
As permitted by the Companies Act 2006, the disclosures to the right, which are included in the Strategic Report, are incorporated into the Directors’ Report by reference:	An indication of likely future developments in the business of the Company and its subsidiary undertakings.	Strategic Report	Pages 6 to 9 and 18 to 51
	An indication of the activities of the Company and its subsidiary undertakings in the field of research and development.	Strategic Report	Pages 6 to 9 and 18 to 45
	Employment of disabled persons.	Strategic Report	Pages 65 to 66
	Employee engagement (including participation in share plans).	Strategic Report	Pages 64 and 96 to 98
	Engagement with suppliers, customers and others.	Strategic Report	Pages 52 to 57
The Company is required to disclose certain information under Listing Rule 9.8.4R in the Directors’ Report or advise where such information is set out. The information can be found in the sections of the 2022 Annual Report set out to the right:	Details of long-term incentive schemes.	Directors’ Remuneration Report	Pages 121 to 137
	Any waiver of emoluments by a Director of the Company or any subsidiary undertaking.	Directors’ Remuneration Report	Page 124
Directors	The names and biographical details of the Directors who served on the Board and Board Committees during the year, including changes that have occurred during the year and up to the date of this report, are shown in the Corporate Governance Report and incorporated into the Directors’ Report by reference.	Corporate Governance Report	Pages 88 to 91
Appointment and retirement of Directors	The Company’s Articles of Association, the Code, the Companies Act 2006 and related legislation govern the appointment and retirement of Directors.		
	In accordance with the Code and the Company’s Articles of Association, all Directors are subject to election by shareholders at the first AGM following their appointment, and subject to annual re-election thereafter. The 2023 Notice of AGM sets out the reasons why the Board believes each Director should be re-elected.	Corporate Governance Report	Page 103
Directors’ powers	Subject to relevant company law and the Company’s Articles of Association, the Directors may exercise all powers of the Company. Further details regarding authorities in relation to the allotment of shares and the repurchase of shares are set out on the next page.		
Directors’ insurance and indemnities	Directors’ and officers’ liability insurance was maintained by the Company throughout 2022 and to the date of this report. Qualifying indemnity provisions are in place for the benefit of the Non-Executive Directors.		
Directors’ interests	The interests of the Directors and their connected persons in the Company’s shares are set out in the Directors’ Remuneration Report.	Directors’ Remuneration Report	Page 127
Share capital	At 31 December 2022, the Company’s issued share capital consisted of 30,622,110 ordinary shares of £0.25 each. Further details on the issued share capital, including any changes during the year, can be found in the notes to the financial statements.	Note 23 to the consolidated financial statements	Page 185

	Detail	Section	Location
Rights attaching to shares	All ordinary shares have equal voting rights, including the right to one vote at a general meeting, to receive an equal proportion of any dividends declared and paid, and to an equal amount of any surplus assets distributed in the event of a winding-up. There are no restrictions on the transfer of the Company's ordinary shares or on the exercise of voting rights attached to them, other than: – where the Company has exercised its right to suspend their voting rights or prohibit their transfer following the omission by their holders or any person interested in them to provide the Company with information requested by it in accordance with Part 22 of the Companies Act 2006; – where the holder is precluded from exercising voting rights by the Financial Conduct Authority's Listing Rules or the City Code on Takeovers and Mergers; and – pursuant to the Company's share dealing rules where the Directors and designated employees require approval to deal in the Company's shares. The Company is not aware of any further agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.		
Authority to allot shares	The Company requests authority from shareholders for the Directors to allot shares on an annual basis, and a similar resolution will be proposed at the 2023 AGM. At the 2022 AGM, the Directors were authorised to allot shares up to an aggregate nominal amount of £2,540,682 or up to £5,081,365 in connection with a rights issue, and were empowered to allot equity securities for cash on a non pre-emptive basis up to an aggregate nominal amount of £381,102. In line with the Pre-Emption Group's updated Statement of Principles, the Company will request authority from shareholders at the 2023 AGM to allot equity securities for cash on a non pre-emptive basis up to 10% of the issued ordinary share capital (to be determined at the latest practicable date before publication of the Notice of Meeting).		
Purchase of own shares	At the 2022 AGM, the Company obtained shareholder approval to purchase up to 3,048,819 of its own ordinary shares of £0.25 each (representing 10% of its issued share capital). No shares were purchased under this authority during the year. At the 2023 AGM, the Directors will again seek authority to purchase the Company's own shares.		
Employee share scheme rights	The Company has established an Employee Benefit Trust ('EBT') for the purpose of facilitating the operation of the Company's share plans. The EBT waives any voting rights and dividends that may be declared in respect of such shares which have not been allocated for the settlement of awards made under the Company's share plans. Employees may direct the EBT as to how to exercise voting rights over shares in which they have a beneficial interest.		

	Detail	Section	Location
Substantial shareholders	As of 31 December 2022, the Company had been notified under the Disclosure Guidance and Transparency Rules of the following holdings of voting rights in its issued share capital: (see table below) Between 31 December 2022 and the date of this report, the Company received two notifications from BlackRock, Inc., the most recent of which was on 1 March 2023, disclosing an interest of below 5% in the Company's total voting rights.		
Significant agreements	The service contracts of the CEO and CFO & COO include provisions regarding a change of control of the Company. Further details are included in the Directors' Remuneration Policy. There are no further agreements between any Group company and any of its employees or any Director of any Group company which provide for compensation to be paid to an employee or a Director for termination of employment or for loss of office as a consequence of a takeover of the Company. There are no significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control following a takeover bid for the Company.	Directors' Remuneration Report	Page 137
Dividend	The Directors recommend a final dividend of 64p per ordinary share for the year ended 31 December 2022. Subject to shareholder approval at the AGM, the final dividend will be paid on 26 May 2023 to shareholders on the register at the close of business on 12 May 2023. The interim dividend paid during the year was 29p which, together with the final dividend, will provide a total dividend of 93p per ordinary share for the year (2021: 84p).		
External Auditor	The Board recommends that PricewaterhouseCoopers LLP ('PwC') be reappointed as the Company's External Auditor with effect from the 2023 AGM, at which resolutions regarding PwC's reappointment and to authorise the Board to set their remuneration will be proposed.	Audit and Risk Committee Report	Page 113
Articles of Association	The Company's Articles of Association were adopted at the 2019 AGM. Any amendments to the Articles of Association can only be made by a special resolution at a general meeting of shareholders.		
Political donations	The Group did not make any political donations or incur any political expenditure in the UK or the EU during 2022.		
Financial instruments	Our risk management objectives and policies in relation to the use of financial instruments can be found in the notes to the consolidated financial statements.	Note 27 to the consolidated financial statements	Pages 188 to 191
Emissions reporting	Details relating to required emissions reporting are set out within the Our impact section.	Our impact	Pages 60 to 61

Shareholder	% of total voting rights disclosed
RS Platou Holding AS	6.63
BlackRock, Inc.	5.09
Aegon Asset Management UK	3.57
Montanaro Asset Management Limited	3.19
Invesco Ltd.	3.18

	Detail	Section	Location
Corporate Governance statement	The Corporate Governance Report is incorporated by reference into this Directors' Report and includes details of our compliance with the Code and how the Company has applied the main Principles. The Corporate Governance Report also includes a description of the Group Diversity and Inclusion Policy, which incorporates Board diversity.	Corporate Governance Report	Pages 84 to 137
Internal control and risk management systems	A description of the main features of the Group's internal control and risk management systems in relation to the financial reporting process can be found in the Strategic Report.	Strategic Report	Pages 73 to 83
Annual General Meeting	The 2023 AGM will be held electronically by video webcast on 11 May 2023. Details of the resolutions to be proposed are set out in a separate Notice of Meeting, which will be posted to those shareholders who receive hard copy documents and which will be available on the Group's website for those who have elected to receive documents electronically.	Corporate Governance Report	Page 99
Events since the balance sheet date	The Company's wholly owned subsidiary, Clarkson Port Services B.V., acquired the entire share capital of DHSS Aviation B.V., DHSS Logistics B.V., DHSS Projects B.V. and DHSS Services B.V. on 6 February 2023. There are no other material items to report.	Note 26 to the consolidated financial statements	Page 187
Disclosure of information to the Auditor	Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all steps that ought to have been taken to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.		
Statutory details for Clarkson PLC	The Company is a public company limited by shares, incorporated in the United Kingdom and registered in England and Wales with registered number 01190238. Its registered office is at Commodity Quay, St Katharine Docks, London E1W 1BF. The Company's shares are listed on the London Stock Exchange under the ticker CKN, and the Company is a constituent of the FTSE 250. It has no ultimate parent company, and details of the Company's substantial shareholders (as notified to the Company under the Disclosure Guidance and Transparency Rules) are set out on page 140.	Directors' Report	Page 140
Branches	A number of the Company's subsidiary undertakings maintain branches outside of the UK.	Note W to the Parent Company financial statements	Pages 208 to 213

By order of the Board:

Deborah Abrehart
Group Company Secretary
3 March 2023

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Parent Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Parent Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Report in this Annual Report, confirm that, to the best of their knowledge:

- the Group and Parent Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company, and of the profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Parent Company's Auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's Auditor is aware of that information.

Laurence Hollingworth
Chair
3 March 2023

Independent auditors' report to the members of Clarkson PLC

Report on the audit of the financial statements

Opinion

In our opinion, Clarkson PLC's Group financial statements and Parent Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit and the Group's and Parent Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Parent Company balance sheets as at 31 December 2022; the Consolidated income statement and the Consolidated statement of comprehensive income, the Consolidated and Parent Company cash flow statements and the Consolidated and Parent Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Our audit included full scope audits of eighteen components (two of which are individually financially significant). This gave us coverage of 87% (2021: 82%) of the Group's underlying absolute profit before taxation and 72% (2021: 76%) of the Group's revenue. There were no significant changes to the Group's operations during the year.

Key audit matters

- Risk of impairment of trade receivables (Group)
- Carrying value of goodwill (Group)
- Carrying value of investments in subsidiaries (Parent Company)

Materiality

- Overall Group materiality: £5,000,000 (2021: £3,400,000) based on 5% of profit before taxation, adjusted for exceptional items and acquisition related costs ('underlying profit before taxation').
- Overall Parent Company materiality: £3,161,000 (2021: £2,869,000) based on 1% of total assets.
- Performance materiality: £3,750,000 (2021: £2,550,000) (Group) and £2,370,750 (2021: £2,152,000) (Parent Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Risk of impairment of trade receivables (Group) Refer to note 14 of the financial statements and note 2 for the Directors’ disclosures of the related accounting policies, critical accounting judgements and estimates for further information. The Group had trade receivables of £146.8m (2021: £110.5m) before a loss allowance for expected credit losses of £19.6m (2021: £12.9m). The macroeconomic environment means the Group has experienced uncertainty over the collectability of trade receivables from specific customers. Management applies the requirements of IFRS 9 ‘Financial Instruments’ to determine the loss allowance for expected credit losses. The determination as to whether a trade receivable is recoverable and the measurement of any expected credit loss involves judgement. Specific factors which management considers include the age of the balance, location and known financial condition of certain customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty. Management uses this information to determine whether a loss allowance for impairment is required, either for expected credit losses on a specific transaction or for a customer’s balance overall. For certain customers there is no net recognition of revenue where doubt exists as to the ability to collect any consideration at the time of invoicing. We focused on the risk of impairment in trade receivables because it requires a high level of management judgement and the materiality of the amounts involved.	Our audit procedures included: – For specific allowances for expected credit losses, we selected a sample of items and understood management’s rationale for why an impairment was required. The impairments relate to customers in default, administration or legal disputes or those where no net revenue is recognised from the outset due to doubt regarding collectability of consideration at the time of invoicing; – Verifying whether payments had been received since the year end, reviewing historical payment patterns and inspecting any correspondence with customers on expected settlement dates; – The remaining trade receivables which were not specifically impaired were subject to management’s calculation of an expected credit loss. We examined and tested source data and the mathematical accuracy of management’s supporting calculations; this included consideration of the amount of prior years’ loss allowance that had been utilised for bad debt write-offs during the year and also the history of current receivables reaching default or extended overdue positions; and – We tested adjustments made by management to reflect certain market conditions, in terms of both the Group’s markets and the territories where the receivables are due. From the work we performed, we consider the expected credit losses to be consistent with the evidence obtained.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (Group) Refer to note 13 of the financial statements and note 2 for the Directors' disclosures of the related accounting policies, critical accounting judgements and estimates for further information. The goodwill balance is allocated across several cash generating units (CGUs) and is subject to an annual impairment test. Management prepared a value-in-use model ('discounted cash flow') to estimate the present value of forecast future cash flows for each CGU. This was then compared with the carrying value of the net assets of each CGU (including goodwill) to determine if there was an impairment. Determining if an impairment charge is required for goodwill involves significant judgements about forecast future performance and cash flows of the CGUs. It also involves determining an appropriate discount rate and long-term growth rate. The risk that we focused on during the audit was whether the goodwill in the Offshore broking and Securities CGUs is recoverable. The Offshore broking and Securities CGUs have carrying values of £53.3m and £18.1m respectively, including goodwill. Management's impairment test determined that the recoverable amount of the CGUs was higher than the carrying value including the goodwill and no other impairment indicators were identified. As a result, no charge for impairment of goodwill has been recognised in the current financial year. We focused on this matter due to the size of the balance and the significant judgements and estimation involved to determine whether the carrying value of goodwill is supportable.	Our audit procedures included: – For the Offshore broking and Securities CGUs, we obtained management's annual impairment assessment and verified the mathematical accuracy of the calculations and that the methodology used was in line with the requirements of IAS 36 'Impairment of Assets'; – We compared the forecasts used in the impairment model to the latest Board approved budget and management forecasts and obtained and evaluated corroborative evidence supporting the future cash flow forecasts of the Offshore broking and Securities CGUs. We compared the prior year budget to actual results in order to assess the historical forecasting accuracy of the business. We also considered available market data to challenge the significant assumptions used by management to determine the future cashflow forecasts; – We challenged the reasonableness of the discount rates by comparing the cost of capital for the Offshore broking and Securities CGUs with comparable organisations and consulting with our own valuation experts; – We considered the long-term cyclical performance of the Offshore broking and Securities CGUs and verified that this had been appropriately factored into the long-term forecasts; and – We challenged the extent to which climate change considerations had been reflected, as appropriate, in management's impairment modelling process. We found the Directors' assumptions to be supportable. We also performed sensitivity analyses on the key drivers of the cash flow projections including assumed profits and long-term growth rates. We assessed the disclosures made in note 13 regarding the related assumptions and sensitivities and concluded these appropriately draw attention to the significant areas of estimation uncertainty.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments in subsidiaries (Parent Company) Refer to notes A and F of the Parent Company financial statements for the Directors' disclosure of the related accounting policies, critical accounting judgements and estimates for further information. In assessing for impairment triggers, management considers if the underlying net assets of an investment support the carrying amount. Where the carrying amount exceeds the net asset value of the subsidiary, an estimation of the value-in-use of the subsidiary is required. The value-in-use calculation requires estimation of future cash flows expected to arise for the subsidiary, the selection of suitable discount rates and the estimation of future growth rates. As determining such assumptions is inherently judgemental and subject to future factors, there is the potential these may differ in subsequent periods and materially change the conclusions reached. An impairment charge has been recognised in the balance sheet of the Parent Company in relation to the investment in Clarksons Platou Italia Srl. After the impairment charge of £0.8m (2021: £nil), the carrying amount of investments in UK and overseas subsidiaries in the Parent Company balance sheet as at 31 December 2022 is £167.2m (2021: £168.0m). We focused on this matter due to the size of the balance and the significant judgement and estimation involved to determine whether the carrying value of investments in subsidiaries is appropriate in the Parent Company balance sheet.	We obtained management's impairment of investments in subsidiaries assessment with supporting computations and: – We verified that the assessment model and its inputs were mathematically accurate and, where appropriate, consistent with the goodwill impairment test set out in the key audit matter above; – We compared the investment values against the net assets of the investments to identify whether the carrying amounts were supported by the net asset positions of the subsidiaries. Where the carrying amounts exceeded the net asset values of the subsidiaries, our procedures were focused on management's value in use calculations including evaluation of the key assumptions used; and – We compared the carrying value of the investment in Clarksons Platou Italia Srl to the value-in-use and confirmed that the shortfall agrees to the impairment charge recognised. Based on the work performed, we concur with the amount of impairment recognised. We evaluated the disclosures made in note F and found that sensitivity disclosures appropriately draw attention to the significant areas of estimation uncertainty.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The financial statements are a consolidation of components, comprising the Group's operating businesses and centralised functions. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the components by us, as the Group engagement team, or by component auditors of other PwC network firms and other firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. Our audit included full scope audits of eighteen components (two of which are individually financially significant). This gave us coverage of 87% (2021: 82%) of the Group's underlying absolute profit before taxation and 72% (2021: 76%) of the Group's revenue. The individually financially significant components were based in the UK and Norway. Our work included directly auditing the largest UK component and receiving reporting from our component audit teams. This, together with the additional procedures performed centrally at the Group level, including testing the consolidation process, gave us the evidence we needed for our opinion on the financial statements as a whole.

The impact of climate risk on our audit

As part of the audit, we have considered the Group's risk assessment process in identifying climate-related risks and their impact on the Group's business, which was supported by an external sustainability consultant engaged by management. The procedures we undertook included obtaining an understanding of how management has considered the impact of their identified climate-related risks in the underlying assumptions and estimates used within the Group's and Parent Company's financial statements. We challenged the completeness of management's climate risk assessment and specifically considered how climate-related risks might impact the significant assumptions made by management in determining the future cashflow forecasts used in their assessment of the carrying value of goodwill. We assessed the estimates and assumptions made by management in preparing the financial statements and did not identify any material impact as a result of climate risk on the Group's and Parent Company's financial statements. We also considered the consistency of the disclosures in relation to climate risk in the other information within the Annual Report (including the disclosures in the Task Force on

Climate-Related Financial Disclosures ('TCFD') section) with the financial statements and our knowledge obtained from the audit. Our responsibility over other information is further described in the Reporting on other information section of our report.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Parent Company
Overall materiality	£5,000,000 (2021: £3,400,000).	£3,161,000 (2021: £2,869,000).
How we determined it	5% of profit before taxation, adjusted for exceptional items and acquisition related costs ('underlying profit before taxation')	1% of total assets
Rationale for benchmark applied	In our view, underlying profit before taxation represents the primary measure used by the shareholders in assessing the performance of the Group.	The Parent Company does not have trading activities. Therefore, total assets has been used as it represents a generally accepted auditing benchmark used to determine materiality in a holding company.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £26,400 and £3,255,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £3,750,000 (2021: £2,550,000) for the Group financial statements and £2,370,750 (2021: £2,152,000) for the Parent Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £250,000 (Group audit) (2021: £110,000) and £158,050 (Parent Company audit) (2021: £99,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's base case and downside scenarios, challenging and corroborating key assumptions;
- testing the accuracy of cash flow models used to assess available liquidity during the going concern period;
- ensuring consistency with the key assumptions used in other areas of our audit such as the assessment of goodwill impairment; and
- reading management's disclosures in the financial statements and relevant "other information" in the Annual Report and checking consistency with the financial statements and our knowledge based on our audit.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- The Directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Parent Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to international trade regulations and regulatory licence requirements for the Group's Securities business, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the artificial inflation of reported results through the posting of inappropriate journal entries and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Inspecting correspondence with regulators and tax authorities.
- Reviewing minutes of meetings of those charged with governance including the Board, Audit and Risk Committee and Remuneration Committee.
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Evaluating management's controls designed to prevent and detect irregularities.
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions.
- Challenging assumptions and judgements made by management in their critical accounting estimates including the key audit matters described above.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the Directors on 9 July 2009 to audit the financial statements for the year ended 31 December 2009 and subsequent financial periods. The period of total uninterrupted engagement is 14 years, covering the years ended 31 December 2009 to 31 December 2022.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 March 2023