CLARKSON PLC

ENABLING GLOBAL TRADE, LEADING POSITIVE CHANGE.

2021 ANNUAL REPORT

At a glance

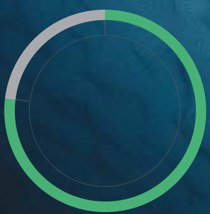
Areas of operation

■ Where we operate

Broking

Our broking services are unrivalled – in terms of the number and calibre of our brokers, our breadth of market coverage, geographical spread and depth of intelligence resources.

Share of revenue



£340.0m

77%

Services

- Dry cargo
- Containers
- Tankers
- Specialised products
- Gas
- LNG
- Sale and purchase
- Offshore
- Renewables
- Futures

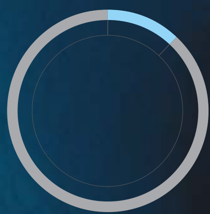
Number of employees

1,197

Financial

From full investment banking services to project finance and the arrangement of dedicated finance solutions for the shipping, offshore and natural resources markets, we help our clients fund transactions and conclude deals that would often be impossible via other more traditional routes.

Share of revenue



£56.0m

12%

Services

- Securities
- Project finance
- Structured asset finance

Number of employees

103

Key facts and figures

1
culture

23
countries

52
offices

1,693
employees

Support
Our teams provide the highest levels of support with 24/7 attendance at a wide range of strategically located ports in the UK and Egypt, offering port services support, agency, freight forwarding, supplies and tools for the marine and offshore industries.

Share of revenue

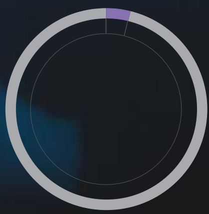
£29.6m
7%

Services
- Gibb Group
- Stevedoring
- Short sea broking
- Agency and freight forwarding/customs clearance
- Egypt agency

Number of employees
270

Research
Clarksons Research is the market leader in providing timely and authoritative intelligence on all aspects of shipping. We provide data on over 160,000 vessels, 30,000 machinery models, 47,000 companies and 900 shipyards, as well as extensive trade and commercial data and over 200,000 time series.

Share of revenue



£17.7m
4%

Services
- Digital
- Services

Number of employees
123

2021 highlights

Revenue*	Underlying profit before taxation*^	Reported profit before taxation	Dividend per share
£443.3m	£69.4m	£69.1m	84p
2020: £358.2m	2020: £44.7m	2020: £16.4m loss	2020: 79p

* Classed as a key performance indicator. Refer to page 28 for more information.
^ Classed as an alternative performance measure. See below for further details.

Contents

Forward-looking statements
Certain statements in this Annual Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Alternative performance measures ('APMs')
Clarksons uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information. Our APMs include underlying profit before taxation and underlying earnings per share. See pages 218 and 219 for further information on APMs.

Employees, offices and countries
Information related to employees, offices and countries where we operate is at 31 December 2021 unless otherwise stated.

The Strategic Report on pages 22 to 95 was approved by the Board and signed on its behalf by:

Jeff Woyda
Chief Financial Officer & Chief Operating Officer
4 March 2022

Enabling global trade, leading positive change.

We enable smarter, cleaner global trade by empowering our clients and our people to make better informed decisions using our market-leading technology and intelligence; and in doing so, meet the demands of the world's rapidly evolving maritime, offshore, trade and energy markets.

Bringing everyone together to drive the green transition

Andi Case,
Chief Executive Officer

"Together with our clients we're leaning into the green transition. Collaboration is at the heart of achieving low carbon solutions in our industry."
Page 4

Christoffer Svärd,
Chief Commercial Officer,
Sea/ by Maritech

"Data insights help our clients identify and evaluate opportunities to drive a low carbon shipping industry."
Page 18

Our roundtable discussion brought together expertise from across the Group.

Kenneth Tveter,
Head of Green Transition

"I really believe we can work with our stakeholders in the industry to deliver more efficient shipping by bringing together our data, people and scale in a strategy that changes the maritime industry."
Page 6

Bringing everyone together to drive the green transition.

Progress is never straightforward/ **Andi Case,** Chief Executive Officer Page 4

We've set off on our green transition journey/ **Kenneth Tveter,** Head of Green Transition Page 6

Carbon broking provides an immediate impact/ **Duncan Lyall,** Head of Carbon Broking Page 8

Strong tailwinds in offshore wind this year/ **Frederik Colban-Andersen,** Managing Director, Renewables Page 14

Near real-time data is here/ **Christoffer Svärd,** CCO at **Sea/** by Maritech Page 18

"Progress is never straightforward...

The drive towards a net zero economy is fundamentally reshaping the way we operate, the way our industry works and the way global trade happens. This green transition is being driven by digital technologies that unlock data for decision-making and by the renewable energy sources that decarbonise our ships. We at Clarksons work closely with our clients to lean into this transition, because I believe there's opportunity for everyone.

Due to constantly changing regulation in this space, I've noticed that it's easy to do nothing and wait for more clarity, especially in the face of the countless options and the global nature of the challenge. Progress is never straightforward. We have charted our course by setting up our Green Transition team in 2021. We are encouraging action, ensuring that our research services and strategic advice help our clients make the most of the opportunities of the green transition, whilst taking seriously our responsibility as a large player in the market.

"We have to consider every opportunity to lead positive change in our industry, and enable global trade. Ensuring our Group-wide expertise and data is readily available to our clients will enable the industry to reach sustainable solutions faster."

Andi Case,
Chief Executive Officer

...but the time for action is now."

As we're entering the decade of delivery, we are encouraging everyone to take a positive step forward, small or large. The time for action is now and waiting for the perfect solution is the enemy of progress. For this, as an industry, we need a stable and fair investment climate, supported by targeted regulation. At Clarksons, we consider every opportunity to enable global trade and lead positive change. Ensuring our Group-wide expertise and data is readily available to our clients will enable the industry to reach sustainable solutions faster.

At the heart of our green transition journey sit innovation and collaboration, both internally and externally. We want to keep moving: try out every potential solution to make global trade safer, cleaner and greener. This is part of our culture, but we cannot do this alone. Bringing everyone together around the table – as we have done here at this roundtable – will enable us, our clients, our partners and our people to accelerate the green transition.

"We've set off on our green transition journey...

We launched Clarksons' Green Transition team in 2021, bringing together all the strands of activity around the Group that contribute to helping our clients and industry become more sustainable. Last year was also a bumper year of regulatory announcements around the green transition. Most importantly, from 2023, the European Union has legislated to include every journey that starts or ends in an EU port in its Emissions Trading System ('ETS'). And the International Maritime Organization launched its mandatory Energy Efficiency Existing Ship Index and Carbon Intensity Indicator ('CII') rating scheme to reach its target of 40% reduction in carbon emissions from shipping by 2030. The CII particularly will have a huge impact.

Despite moving more and more cargo every year, the overall carbon footprint of the industry has actually reduced by 14% since 2008. At Clarksons, we've set off on our green transition journey and we are encouraged to see initiatives being deployed across our peers and industry. We're certain that the regulatory changes announced in 2021 will accelerate this pathway. But more importantly, they create a fair and level playing field which encourages investment in low carbon solutions for the industry through collaboration and innovation.

"Regulation is accelerating the green transition. Importantly, this provides a fair and level investment playing field for all players to step up their environmental performance."

Kenneth Tveter,
Head of Green Transition

…but we have some way to go before we arrive safely in port."

Financing and operating the next generation of low carbon vessels to facilitate global trade sits at the heart of our green transition mission, and we see a growing proportion of vessels using dual fuel propulsion to limit their impact on the environment. There is also lots of testing of newer, greener fuels such as ammonia and methanol that could prove instrumental in the future to fully decarbonise maritime activity.

Beyond the transition to greener fuels, we at Clarksons are also working closely with our clients to use digital technology to deliver a more sustainable industry: for instance, by using emissions data to facilitate more efficient transport logistics or deliver carbon offsets. We're also excited about the growing opportunity to accelerate the energy transition through providing expertise around better and greener ways of building and supporting offshore wind. As part of the shift to renewable energy, we think that there is huge potential in energy storage to create the low carbon economy of the future.

"Carbon broking provides an immediate impact...

Together with my team, I spent 2021 focused on ensuring that 'forewarned is forearmed' for our clients and partners. That's because shipping is shifting from a strictly voluntary approach to a statutory regime on carbon emissions in the EU by 2023. We launched the carbon broking team to support our clients in preparing for its phased introduction. This is happening against the backdrop of similar global developments and the push for a global, voluntary market to tackle climate change. We strongly believe that anyone getting ready now will have a head start in a few years.

At a time of rising prices and complexity in the market, we advise our clients on all the variables around the carbon markets – but the most important is the carbon exposure. With that in hand, we've seen that it is increasingly important in 2021 for our clients to find offsets that have a wider impact, both on climate change and on local communities. Because that's what we're all after: making an immediate contribution to tackling climate change.

"As an industry, forewarned is forearmed when it comes to carbon markets. In the future, carbon broking can help accelerate the green transition."

Duncan Lyall,
Head of Carbon Broking

...and sets the stage for huge environmental transformation."

In 2021, the EU carbon price almost tripled as energy prices soared and the global political focus on climate change action intensified. The voluntary markets mirrored this rise. We think this will have a huge impact on driving further environmental action. We already see clients using the carbon price to evaluate the additional costs of transport options, both by including the costs of emissions compliance but also by reflecting the carbon offsetting costs of individual cargo.

We also think that all of this will lead to a gradual mindset shift inside our industry, with the principle of the 'polluter pays' spurring environmental action across the supply chain. We're excited about the opportunity to advise our clients on both managing their carbon exposure and also the zero carbon solutions available to them. We think there's scope for a huge environmental transformation, where for the first time the polluter truly pays and is spurred on to find ways of avoiding their expensive emissions.

The past decade has seen seven of the warmest years on record and in 2021 levels of atmospheric CO_2 reached an all-time high.

Stephen Gordon
Managing Director, Clarksons Research

The need to transition to a green and sustainable economy is an urgent priority for society and the shipping industry must play its role in drastically reducing greenhouse gas emissions whilst also managing changes in offshore energy production and seaborne energy trade. I believe the data and intelligence that we have, developed over many years at Clarksons, will help frame the critical decisions that stakeholders across maritime will need to make to facilitate the vital green transition.

We are just at the start of a huge fuel transition, with a fleet renewal programme that will require massive investment, technology change and innovation. Just 4% of tonnage on the water is alternative fuelled but already the figure is 36% for the newbuilding programme. The energy transition itself will also impact trends in maritime trade, with nearly 40% of seaborne trade, equivalent to 4.3bn tonnes, energy transportation. Offshore wind has reached 0.3% of global energy supply, compared to 17% for offshore oil and gas, but has begun an exciting growth phase and has the potential to play a vital role in energy transition.

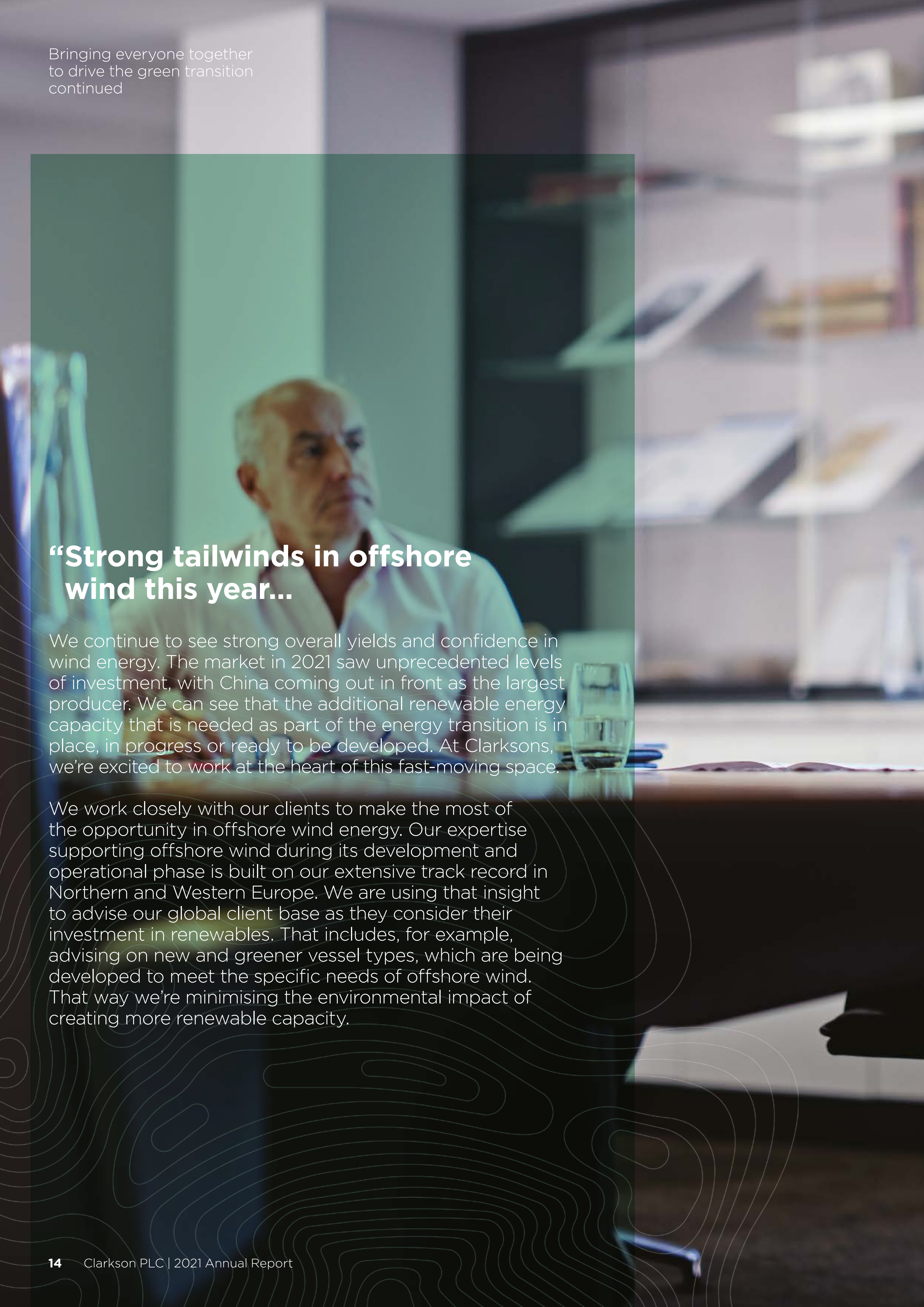
"Our digital platforms, including World Fleet Register and Renewables Intelligence Network, provide millions of data points around the progress and complexities of the green transition for maritime."

Stephen Gordon,
Managing Director, Clarksons Research

Our comprehensive range of port agency services allows us to offer a ‘one stop shop’ for offshore energy industries.

Mobilisation of concrete silo for a grouting operation at an offshore wind farm

The port services team is pleased to have supported N-Sea Group during their campaign on Galloper Offshore Wind Farm. N-Sea needed to stabilise Subsea Cable Protection Systems on 20 live cable locations using a ROV (Remotely Operated Vessel) based solution and rock bags. We provided the necessary vessels, logistics, and port agency requirements to help our client achieve its goals.



“Strong tailwinds in offshore wind this year...

We continue to see strong overall yields and confidence in wind energy. The market in 2021 saw unprecedented levels of investment, with China coming out in front as the largest producer. We can see that the additional renewable energy capacity that is needed as part of the energy transition is in place, in progress or ready to be developed. At Clarksons, we’re excited to work at the heart of this fast-moving space.

We work closely with our clients to make the most of the opportunity in offshore wind energy. Our expertise supporting offshore wind during its development and operational phase is built on our extensive track record in Northern and Western Europe. We are using that insight to advise our global client base as they consider their investment in renewables. That includes, for example, advising on new and greener vessel types, which are being developed to meet the specific needs of offshore wind. That way we’re minimising the environmental impact of creating more renewable capacity.

"Supporting the growing offshore wind industry helps us drive the green transition."

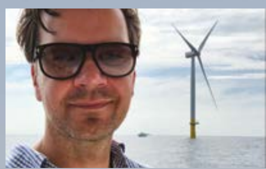
Frederik Colban-Andersen,
Managing Director, Renewables

...create growth opportunities in the green transition for everyone."

All of this points to a larger opportunity in the green transition for us as more renewable capacity becomes available; its main drawback is that it's intermittent (i.e. only when it's windy). On days we have surplus capacity, it's important that we find ways of storing the additional energy we produce, so that we can draw on it later. At the moment, this is predominantly done in battery energy storage.

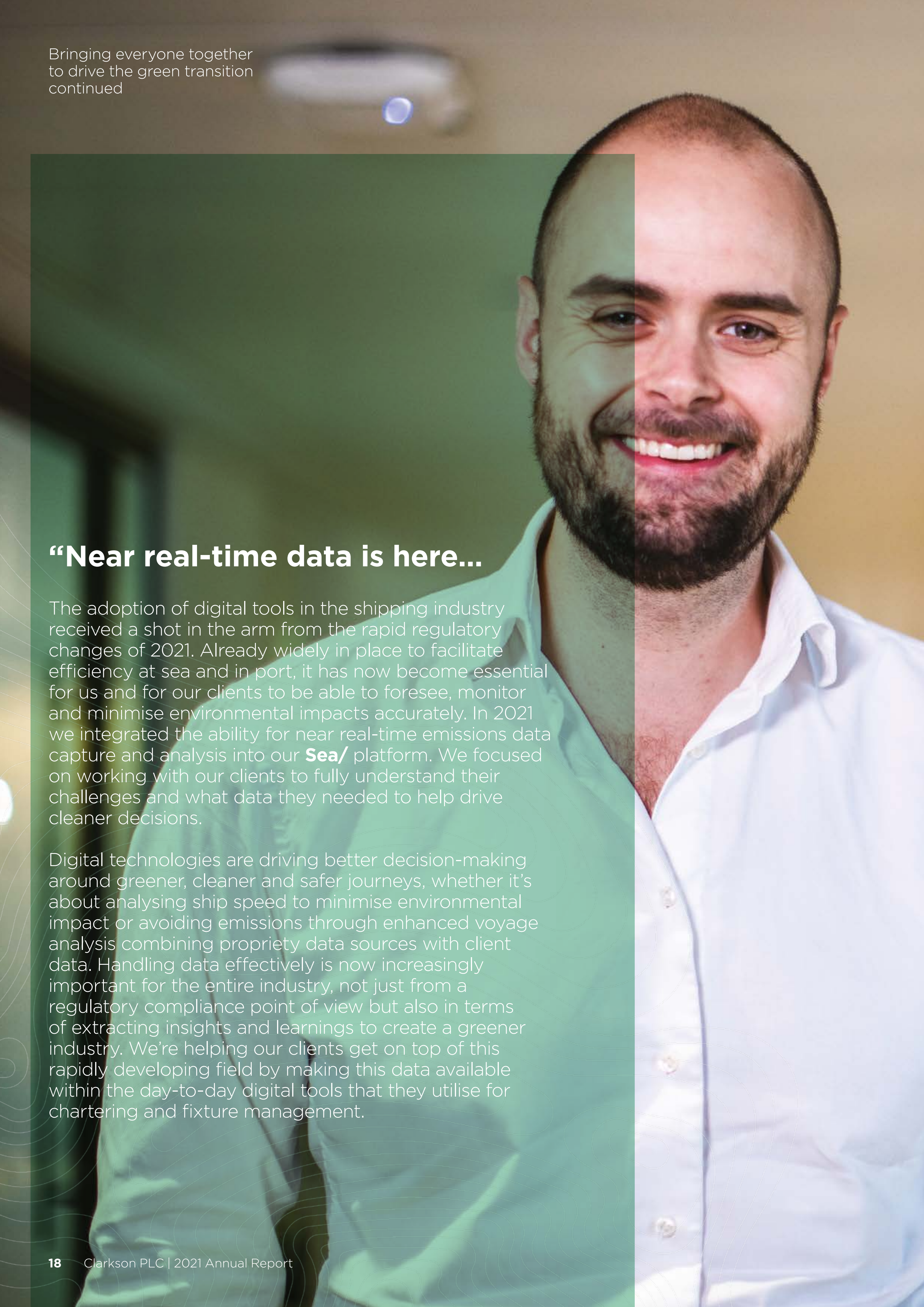
It's at the forefront of renewable energy that we see great opportunities, especially in exploring the 'Power-2-X'. For us, this means supporting the development of new technologies, such as hydrogen, to store excess renewable energy. The main advantage of these is that energy is stored in a way that can be easily transported. This is an example where working together with our clients can make an exciting contribution to the green transition.

The US wind market is poised to reach 20 GW by 2030. That's 150 turbines installed each year for the next nine years, and the renewables team is perfectly placed to support this massive growth market.



Frederik Colban-Andersen,
Managing Director, Renewables

Sometimes the brokers are fortunate enough to be invited to see the finished product of the services they render, as illustrated here when Frederik Colban-Andersen, Managing Director, Renewables, had the opportunity to go offshore to visit the Dominion Test Offshore wind farm, Virginia, USA. Clarksons acted as broker to the EPCI contractor involving resources across our Hamburg, Oslo and Houston teams.



“Near real-time data is here...

The adoption of digital tools in the shipping industry received a shot in the arm from the rapid regulatory changes of 2021. Already widely in place to facilitate efficiency at sea and in port, it has now become essential for us and for our clients to be able to foresee, monitor and minimise environmental impacts accurately. In 2021 we integrated the ability for near real-time emissions data capture and analysis into our **Sea/** platform. We focused on working with our clients to fully understand their challenges and what data they needed to help drive cleaner decisions.

Digital technologies are driving better decision-making around greener, cleaner and safer journeys, whether it’s about analysing ship speed to minimise environmental impact or avoiding emissions through enhanced voyage analysis combining propriety data sources with client data. Handling data effectively is now increasingly important for the entire industry, not just from a regulatory compliance point of view but also in terms of extracting insights and learnings to create a greener industry. We’re helping our clients get on top of this rapidly developing field by making this data available within the day-to-day digital tools that they utilise for chartering and fixture management.

"Data and digital technology are at the heart of the green transition of the shipping industry."

Christoffer Svärd,
Chief Commercial Officer
Sea/ by Maritech

…and it will drive sustainable behavioural change."

Whereas the focus in the short term is on data management, the longer-term focus is on using data and data technologies to drive behavioural change across the industry. Although data can't directly impact emissions, it gives us the necessary tools to influence and change people's decisions and behaviours. This starts with ensuring that real-time mapping drives decisions both on- and off-shore by embedding a data-fluent culture.

With continued investment and evolution of our tool set, we can expand data beyond the usual suspects and look into other greenhouse gases like methane. This is the future: purposeful data shared between parties to drive further positive outcomes for our industry, reducing fuel and emissions and avoiding delays and congestion.

Tracking CO_2 across the globe to help reduce emissions

In 2021 we launched **SeaCarbon/**, a complete CO_2 shipping toolkit.

So far we've tracked:*

1,500+

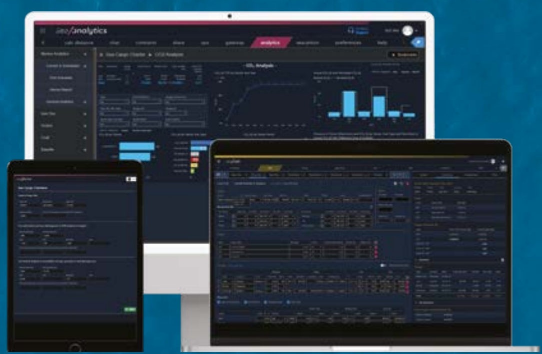
voyages

11 million

nautical miles

5.59 million

tonnes of CO_2



SeaCarbon/

* Data as at 22 February 2022.

Chair's review

Laurence Hollingworth
Chair

Overview

I am delighted and privileged to have been appointed Chair of Clarksons after what has been a record year for the Group. The Group's strategy, combined with vision, quality and determination across the entire business, has enabled us to successfully navigate the global pandemic, maintain our excellent service for our clients, maximise the opportunities of improving markets and once again deliver shareholder value.

2021 saw the start of a recovery in the shipping markets, with improved rates and increasing asset values in many verticals, resulting from a better supply/demand balance, low market order book and congestion arising from COVID-19 and supply chain challenges. Clarksons has emerged from the pandemic in better shape than ever. We enter 2022 from a position of strength and are very well placed to capitalise on favourable market dynamics.

The green transition is a global megatrend which is underpinning change in shipping. As shipowners and charterers drive to meet their net zero commitments, all are looking closely at supply chains for a lower emissions option. Over the past year, Clarksons has made significant progress in scaling up its offering to advise our clients on the changing industry and the importance of becoming a more responsible business.

It is in our ethos to continue to adapt to the market and our clients' demands, and we will continue to do this into 2022 and beyond.

Results

Underlying profit before taxation[1] was £69.4m (2020: £44.7m) with underlying basic earnings per share[1] of 165.6p (2020: 106.0p). Reported profit before taxation was £69.1m (2020: £16.4m loss) with reported basic earnings per share of 164.6p (2020: 95.2p loss).

Free cash resources[1] as at 31 December 2021 were £92.3m (2020: £81.1m).

Dividend

Clarksons is increasing its dividend for the 19th consecutive year, continuing its progressive dividend policy to reflect the cash-generative nature of the business, the strong balance sheet and record forward order book. In addition, the Board has retained resources to enable it to maximise shareholder value by maintaining flexibility to act swiftly, particularly to opportunities arising from the green transition, technology and other areas of our business.

The Board is recommending a final dividend for 2021 of 57p (2020: 54p). Combined with the interim dividend in respect of 2021 of 27p (2020: 25p), the resulting full year dividend in respect of 2021 results is 84p (2020: 79p). The dividend will be payable on 27 May 2022 to shareholders on the register on 13 May 2022, subject to shareholder approval.

People

The people throughout Clarksons are of the highest quality, and through dedication, hard work and expertise they have continued to overcome the challenges thrown at them over this past year from the pandemic and changing economic backdrop. We are hugely grateful to all our colleagues for their contribution and commitment.

At Clarksons we take pride in helping others. There has never been a more important time to give back to the community, and during the past year The Clarkson Foundation has focused on projects covering mental health, homelessness, opportunities for employment and global poverty. The Foundation aims to make meaningful positive change around the world and has exciting initiatives planned for 2022.

1 Classed as an APM. See pages 218 and 219 for further information.

I look forward to continuing to work with the Board to lead the Company into the next successful stage of its journey.

Board

Clarksons was pleased to welcome Martine Bond to the Board and as a member of the Audit and Risk Committee in March 2021. Martine brings extensive technology expertise to the Board, as well as more than 20 years' experience in the financial services industry. She has significant board experience across legal entities in Europe, North America and Asia, further adding to the Board's international expertise.

On behalf of the Clarksons team, I would like to thank Sir Bill Thomas for his valuable contribution during his tenure as Chair and wish him every success in his future endeavours.

Outlook

In 2022, we expect the favourable supply/demand dynamics to continue. The supply of new ships continues to be affected by the structural reduction in shipbuilding capacity compared to 2008 whilst the economic recovery from the COVID-19-induced pandemic has strengthened the demand side. We have a very strong forward order book and the outlook for freight rates remains positive.

We remain conscious of the current geopolitical uncertainty, which could impact sanctions, exchange rates and commodity supply, alongside the global backdrop of inflationary pressures and rising interest rates. The team is therefore extremely focused on intelligence, analysis and relationships to ensure that we are well placed to support our clients as the market continues to evolve.

We will always evaluate opportunities to invest in the business. We will continue to hire the best emerging talent available to further consolidate our position in the industry. The green transition and technology will continue to be at the forefront of change in the maritime industry, and we will continue to invest significantly to help our clients reduce the environmental impact of the shipping industry.

We are positive about the future of the business, and believe we are in a strong position to continue to deliver for our clients across all verticals and thus increase shareholder value over the long term.

Laurence Hollingworth
Chair
4 March 2022

Chief Executive Officer's review

Andi Case
Chief Executive Officer

I am delighted to report that the 2021 results represent a record performance for Clarksons. They are testament to the strategy which we have followed and communicated to stakeholders over recent years.

For some years we have highlighted that tightening of shipping capacity against increased demand and the requirement for decarbonising the trade would be key drivers for our business. But it is important to remember that our performance in 2021 was delivered against the background of COVID-19-induced congestion and supply chain issues which added further complexity to market dynamics. Of course, COVID-19 did not just have an impact on ports and logistics, but impacted everyone in all parts of the world. Indeed, even today, there are still many of our teams who are unable to travel, restricted in their access to meet clients and colleagues in person and suffering from the impact of illness and changed working conditions both for themselves and their families.

It is therefore with great pride that I reflect on the strength of our people in all sectors, roles and geographies, together comprising the best team in the world of shipping, offshore and renewables. I thank every member of staff for their hard work and dedication throughout 2021. It has been a challenging year, but the team has again shown its quality in successfully navigating the business through this period and positioning it to thrive as more favourable market conditions return.

2021 was a year when we saw our cargo clients, driven by consumer demand and regulatory requirements, increasingly focus on the actions needed to reduce harmful emissions. We have therefore created a dedicated Green Transition team to co-ordinate, focus on and deliver Clarksons' expert services to our clients. Analysis, research, data, advice, execution expertise, support services, technology and finance are essential ingredients in all our clients' decisions, and the breadth and depth developed throughout Clarksons in recent years is now proving its worth and providing real added value to the industry.

Broking

The shipping markets performed well in 2021, with the average ClarkSea Index[1] being 93% higher than that of 2020. However, the strategy to be best in class across all verticals within shipping and offshore has never been more important. 2021 saw the most challenging period for the tanker markets, offset by strength in other markets, particularly the dry cargo and container chartering markets and in asset business within sale and purchase and newbuilding where each of these teams performed particularly well. The investment we have made in people, geographic expansion and the tools for trade of our brokers has certainly improved efficiency and increased our footprint globally. This has meant that we are better placed to benefit from improving markets.

The container chartering market performed very strongly driven by a combination of factors, including a strong rebound in global container volumes and major logistical disruption caused by the pandemic. Port congestion significantly reduced available capacity, which is expected to continue throughout 2022.

Dry bulk rates were at their highest levels for over a decade, helped by good growth in minor bulks and grains, and the Baltic Dry Index reached a 12-year high in the fourth quarter.

The LNG market showed strength in 2021, with tonnage demand and LNG trade volumes both increasing. The importance of this market is growing, and the expertise within the Group is developing alongside our LPG, ammonia and petrochemical gas teams.

After many years of recession, the offshore oil and gas market also improved, spurred on by the increased oil price and the longer-term outlook for greater demand. Increasing strategic energy needs and a drive to expand beyond fossil fuels has driven an increase in the offshore renewables market, where our market-leading teams around the world have increased their transaction revenues and volumes. Our expertise, market analysis and insight are helping our clients in their push for expansion in this area.

The tanker market, as already highlighted, was the weakest it has been for some 30 years, with demand for oil remaining low, impacted particularly by reduced travel and consumption. This was accentuated year on year, due to the extremely high rates in the first half of 2020 arising from the contango in the oil price.

Finally, the sale and purchase team has had a very high volume year, as increasing numbers of people want to buy into the upward trend in rates. Our newbuilding team has also been incredibly busy, particularly in LNG and containers tonnage, with berth space, as anticipated due to reduced overall capacity amongst shipyards, now full for the foreseeable future.

1 Whilst this index is a good high-level guide to shipping, it only represents spot freight rates during the year in certain key segments, weighted by the number of vessels in that fleet. It specifically does not include period rates, asset transactions, specialist sectors in shipping and offshore. The weightings of the index also do not reflect the weightings of Clarksons' earnings.

The breadth and depth developed throughout Clarksons in recent years is now proving its worth and providing real added value to the industry.

A key focus for growth in the last few years within Broking has been our projects and period business, comprising both longer-term charters and newbuilding business, which made material profit in 2021 and has enabled us to significantly build the forward order book. Unlike many of our competitors, we disclose only that element of the forward order book we believe to be secure and due to be invoiced in the following year. At the year-end, the forward order book for 2022 was US$165m, 42.2% higher than the US$116m brought forward in 2021.

Overall, segmental profit before taxation from Broking was £73.6m, up £18.2m over the year, with a margin of 21.6%.

Financial

Our Financial division has had an exceptional year, reporting £13.3m of profit (2020: £2.5m). Within Clarksons Platou Securities, a total of 40 large corporate finance deals have been executed in the year, raising in excess of US$3.5bn across metals and minerals, shipping, offshore energy and renewables. In addition, within project finance, our real estate team launched 24 new projects and sold 11 existing projects and our shipping and offshore team placed a total of 27 vessels and sold a further 14.

Green transition

The green transition is becoming increasingly important and we believe it will be one of the key drivers of the demand and supply dynamics in shipping for the foreseeable future, as regulation becomes an ever-increasing priority. Our Green Transition team, launched in 2021, has seen very strong client demand and is playing a hugely important role in assisting clients in reducing emissions and pushing forward the agenda of positive change.

Research

The Research division continued to perform strongly during the period with sales of digital products across both shipping and offshore growing in excess of expectations. The impact of exchange rate movement dampened the results from valuation income year on year as this revenue is charged in US dollars, but we are now seeing a resurgence in this income stream and, together with digital sales, the future is looking strong as clients have an increasing need for data to assess and benchmark decisions.

Support

The Support division performed strongly over the course of the year, with our agency, supplies, customs clearance and freight forwarding businesses contributing to a return to profit levels last seen before the pandemic. We see growth opportunities in the future, from both hiring good people and corporate activity, across all areas of Support including those particularly focused on renewables.

Sea/

The **Sea/** platform continues to make progress and we have made real strides over the year in commercialising the technology that we believe will become so vital to the shipping industry. The launch of **Sea/fix** in January 2021 to the mining community, for negotiation and execution of business, has been a success with a significant number of major players now signed-up users and putting all their business through the platform. In the second half of 2021 we also launched **SeaCarbon/**, a complete CO_2 shipping toolkit for the maritime industry which has now tracked more than 1,400 voyages, equating to 9.9m nautical miles, and resulting in the saving of 4.2m tonnes of CO_2.

Brand update

Since the acquisition of RS Platou ASA in 2015, our Broking and Financial divisions have used the combined brand Clarksons Platou. Now that all teams are fully integrated, we have decided to align the branding of all businesses within the Group by referring to just Clarksons.

Looking forward to 2022

The supply/demand dynamics in the industry continue to be positive as the supply of new ships lags behind the ever-increasing demand for vessels driven by the green transition, increasing demand for commodities and a recovery in the global economy. This means that we start 2022 with a positive backdrop for our markets.

As the impact from COVID-19 reduces, we are anticipating increased business costs as we see a return to business travel and corporate hospitality, which has been virtually non-existent during the pandemic. Nevertheless, our increased forward order book, combined with the strength of spot markets, a positive pipeline in Financial and continued growth across Research, Support and **Sea/**, means that we approach 2022 from a position of strength.

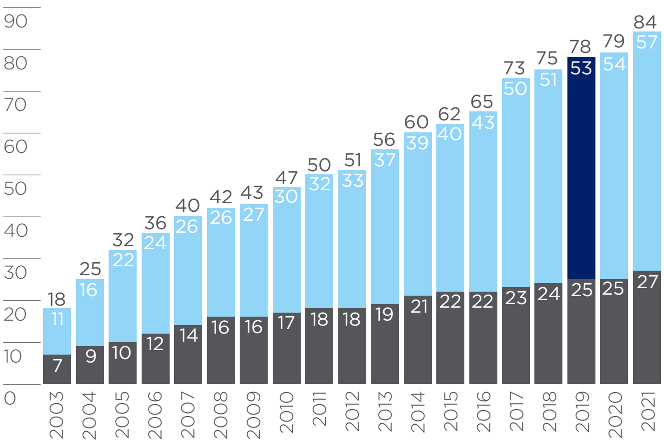
The outlook for Clarksons remains strong and we believe the business will continue to benefit from its market-leading position.

Andi Case
Chief Executive Officer
4 March 2022

A record financial performance with strong cash generation, enabling us to increase the full year dividend and continue our 19-year progressive dividend policy.

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Dividend per share



Financial performance

2021 was a record year for the Group. Revenue increased 23.8% to £443.3m (2020: £358.2m), which included increases in all segments of the business, and underlying profit before taxation[1] increased by 55.3% to £69.4m (2020: £44.7m).

The Broking division benefitted from the longer-term strategy implemented in recent years, to increase our global footprint and be best in class across every segment of shipping and offshore. As we went into 2021, the shortening in supply of ships, highlighted in last year's outlook, created the backdrop for stronger freight rates and asset prices in several but not all verticals. Overall, Broking generated a profit of £73.6m in the year (2020: £55.4m), with an increased margin of 21.6% (2020: 19.6%) driven by strong performances in dry bulk, containers and sale and purchase, offset in part by weakness in tanker markets.

The Financial division performed exceptionally well, generating a profit of £13.3m and margin of 23.8% (2020: £2.5m and 7.4%), reflecting active capital markets across shipping, metals and minerals and renewables, and strong deal flow in shipping, offshore and real estate project finance. The Support and Research divisions also experienced good revenue and profit growth, with our port services business returning to pre-pandemic levels.

The Group incurred underlying administrative expenses[1] of £355.7m (2020: £298.5m) in the year, an increase of 19.2%, largely from an increase in variable compensation due to the improved business performance. Within these expenses, central costs unallocated to business segments increased to £25.2m (2020: £18.8m), again reflecting an increase in variable remuneration due to increased profits, as well as higher PLC costs, investment into central IT systems and people, and increased **Sea/** technology costs. **Sea/** costs on a cash basis were similar to 2020, but less were capitalised in 2021 than in previous years and there was an increase to amortisation reflecting the successful roll-out to a broad base of clients.

Exceptional items

The Board reviewed the need for a non-cash impairment relating to goodwill on the balance sheet and determined that, following improved trading conditions in the Offshore and Securities cash-generating units ('CGUs') compared to those seen in 2020, no impairment charge was required in 2021 (2020: £60.6m).

Acquisition-related costs

Acquisition-related costs include £0.2m (2020: £0.3m) relating to amortisation of intangibles and £0.1m (2020: £0.2m) of cash and share-based payments spread over employee service periods. We estimate acquisition-related costs for 2022 to be £0.2m, assuming no further acquisitions are made.

Taxation

The Group's underlying effective tax rate[1] was 21.2% (2020: 21.3%), reflecting the broad international operations of the Group, which remain consistent with the prior year.

Earnings per share

Underlying basic earnings per share[1] increased by 56.2% to 165.6p (2020: 106.0p) and is calculated as underlying profit after taxation[1] attributable to equity holders of the Parent Company divided by the weighted average number of ordinary shares in issue during the year. The reported basic earnings per share was 164.6p (2020: 95.2p loss).

Revenue	Underlying profit before taxation[1]	Reported profit/(loss) before taxation	Dividend per share
£443.3m	£69.4m	£69.1m	84p
2020: £358.2m	2020: £44.7m	2020: £(16.4)m	2020: 79p

Forward order book ('FOB')
The Group earns some of its commissions on contracts where the duration extends beyond the current year. Where this is the case, amounts that are able to be invoiced during the current financial year are recognised as revenue accordingly. Those amounts which are not yet invoiced, and therefore not recognised as revenue, are held in the FOB. In challenging markets, such amounts may be cancelled or deferred into later periods.

The Directors review the FOB at the year-end and only publish the FOB items which will, in their view, be invoiced in the following 12 months. At 31 December 2021, this estimate was 42.2% higher than the prior year at US$165m (31 December 2020: US$116m).

Dividend
The Board is recommending a final dividend in respect of 2021 of 57p (2020: 54p) which, subject to shareholder approval, will be paid on 27 May 2022 to shareholders on the register at the close of business on 13 May 2022.

Together with the interim dividend in respect of 2021 of 27p (2020: 25p), this would give a total dividend of 84p for 2021, an increase of 6% on 2020 (2020: 79p). In taking its decision, the Board took into consideration the Group's 2021 performance, balance sheet strength, ability to generate cash and FOB.

This increased dividend represents the 19th consecutive year that the Board has raised the dividend.

Foreign exchange
The average sterling exchange rate during 2021 was US$1.38 (2020: US$1.29). At 31 December 2021, the spot rate was US$1.35 (2020: US$1.37).

Cash and borrowings
The Group ended the year with cash balances of £261.6m (2020: £173.4m) and a further £9.6m (2020: £22.8m) held in short-term deposit accounts and government bonds, classified as current investments on the balance sheet.

Net cash and available funds[1], being cash balances after the deduction of accrued bonuses, at 31 December 2021 were £122.3m (2020: £95.4m). The Board uses this figure as a better representation of the net cash available to the business, since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

A further measure used by the Board in taking decisions over capital allocation is free cash resources[1], which deducts monies held by regulated entities from the net cash and available funds[1] figure. Free cash resources at 31 December 2021 were £92.3m (2020: £81.1m).

In addition to these free cash resources, the Group has a strong balance sheet and has consistently generated an underlying operating profit and good cash inflow. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources, and as a result continues to adopt the going concern basis in preparing the financial statements. See pages 94 and 95 for further details.

Balance sheet
Net assets at 31 December 2021 were £361.6m (2020: £328.4m). The balance sheet remains strong, with net current assets and investments exceeding non-current liabilities (excluding pension provisions and lease liabilities as accounted for under IFRS 16) by £120.2m (2020: £95.0m).

The overall loss allowance for trade receivables was £12.9m (2020: £12.3m).

The Group's pension schemes had a combined surplus before deferred tax of £22.0m (2020: £12.0m).

Jeff Woyda
Chief Financial Officer & Chief Operating Officer
4 March 2022

1 Classed as an APM. See pages 218 and 219 for further information.

We use financial indicators to monitor our progress in delivering against our strategy to create long-term sustainable value for all stakeholders.

Revenue

£443.3m

2021	£443.3m
2020	£358.2m
2019	£363.0m

Definition
Revenue in sterling equivalent, translated at the rate of exchange prevailing on the date of the transaction. We have four revenue segments: Broking, Financial, Support and Research.

Why it is important for Clarksons
Revenue drives the business, resulting in cash generation and rewards to stakeholders.

Performance in 2021
Revenue increased by 23.8% from the prior year with growth in all business segments, but with a strong performance in both the Broking and Financial segments in particular.

Note 3 of the consolidated financial statements on pages 169 to 170.

Underlying profit before taxation[1]

£69.4m

2021	£69.4m
2020	£44.7m
2019	£49.3m

Definition
Profit before taxation, exceptional items and acquisition-related costs as shown in the consolidated income statement.

Why it is important for Clarksons
The Board considers that this measurement of profitability provides stakeholders with information on trends and performance, before the effect of exceptional items, acquisition-related costs and different tax regimes around the world.

Performance in 2021
This increased by 55.3% from the prior year driven by the cross-segment revenue growth and effective cost management across the Group in the year.

Financial review on pages 26 and 27.

Whilst we use non-financial metrics within the business, such as in relation to employment matters (see Our impact on pages 76 to 79), we do not use non-financial KPIs to measure the strategic performance of the Group.

Underlying earnings per share[1]

165.6p

2021	165.6p
2020	106.0p
2019	118.8p

Definition
Profit after taxation and before exceptional items and acquisition-related costs attributable to equity holders of the Parent Company divided by the weighted average number of ordinary shares in issue during the year.

Why it is important for Clarksons
This measure shows how much money the Group is generating for its shareholders. It takes into consideration changes in profit and the effects of issuance of new shares but excludes the impact of exceptional items and acquisition-related costs. It is an important variable in determining our share price.

Performance in 2021
This increased by 56.2% in line with the growth in underlying profit before taxation[1] and with the effective tax rate remaining in line with the prior year.

Note 8 of the consolidated financial statements on page 175.

Broking forward order book ('FOB') at 31 December for following year

US$165m

2021	US$165m
2020	US$116m
2019	US$113m

Definition
Directors' best estimate of commissions to be invoiced over the following 12 months as principal payments fall due.

Why it is important for Clarksons
The FOB gives a degree of forward visibility of income.

Performance in 2021
The FOB for the next 12 months increased by 42.2% compared to the prior year with strong freight rates across key chartering markets, along with buoyant asset trading, leading to more long-term fixtures executed.

1 Classed as an APM. See pages 218 and 219 for further information on APMs.

Broking

Shipping markets performed well, with long-term charters and newbuilding business allowing us to significantly build the forward order book

Share of revenue

Services

- Dry cargo
- Containers
- Tankers
- Specialised products
- Gas
- LNG
- Sale and purchase
- Offshore
- Renewables
- Futures

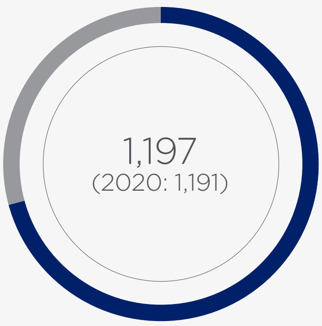
Segmental split of underlying profit before taxation

Forward order book for 2022

US$165m

2020: US$116m

Employees



More information: www.clarksons.com/services/broking

Dry cargo

It was a year of recovery for dry bulk markets with returning confidence, a rebound in trade volumes, moderate fleet growth and more logistical inefficiencies. This led to soaring rates, with the Clarksons average bulker earnings index reaching a 13-year high in the fourth quarter.

The year started with a rare first quarter rise in freight rates, led by an increase in trade within the Asia-Pacific region. China's early economic rebound gave strength to the market at a time when many charterers traditionally wait for a seasonal lull to the market before taking freight cover. As overall trade improved, a record number of ships were waiting at Chinese ports and delays intensified with strict quarantine rules and restrictions on crew changes.

During the second quarter rates were firmer with a robust start to China's construction and East Coast South America's soybean seasons. Iron ore shipments improved while coal trade continued to rise sending seaborne dry bulk trade in excess of 1.2bn tonnes for the first time in a single quarter.

Building on the sound seaborne trade foundation and with Europe and the US's exit from lockdown, pent-up demand and optimism resulted in rates reaching 12-year highs in October, as did many commodity prices.

In Asia, however, a second wave of COVID-19 sent many Southeast Asian nations into renewed temporary lockdowns and heightened quarantine requirements in ports in the third quarter. Adding to the already high waiting times in ports, a super typhoon in the Pacific and a hurricane in the US Gulf caused further disruptions. Fleet inefficiencies increased to levels similar to those seen at the start of the year, with significant additional capacity tied up at ports in China.

China's intervention to cool commodity prices from record levels led to severe steel production cuts and lower output in other industrials. Additionally, the fall-out from a high-profile real estate debt default added to the weaker sentiment and led to a steep decline in iron ore prices which resulted in a downward correction in Cape rates followed by the smaller ship sizes in the fourth quarter. Freight rates founded a temporary floor with additional coal demand and seasonal year-end iron ore supply growth before heading for the seasonal slowdown.

Container freight rates and containership charter earnings reached all-time highs in 2021 and ended the year at, or close to, record levels.

The annual average year-on-year seaborne trade growth is estimated at 3.8% in 2021, the highest in four years, following a 1.6% contraction in 2020. The fleet expanded by 3.6% although additional capacity was added with ships re-entering the fleet following lengthy waiting times at Chinese ports during 2020 when Australian coal cargoes were banned from discharging. This resulted in a net fleet growth nearer to 5% over the year. Nevertheless, the rebound in trade was enough to absorb that fleet growth and send average freight rates to 12-year highs.

Looking forward, on an average basis we expect rates to match the average annual levels we have seen in 2021 given limited fleet growth, solid base-case demand expectation and continued COVID-19-related fleet inefficiencies. However heightened geopolitical tensions and a broader economic slowdown in China are expected to lead to reduced seaborne demand in 2022.

Decarbonisation efforts in the shipping industry ahead of the forthcoming IMO and EU carbon mandates of 2023 will gain more traction during 2022 as owners, operators and charterers prepare for the changing regulatory environment ahead. Net fleet growth might be lower than anticipated with high carbon emitting vessels forced into early retirement.

We remain well represented around the globe in the three main dry cargo markets: capesize, panamax and supra/handymax.

Containers

The container shipping sector experienced extraordinary market conditions throughout 2021. These were driven by the combination of a strong rebound in global container trade volumes and major COVID-19-related logistical disruption, including port congestion, which significantly reduced available capacity.

Container freight rates and containership charter earnings reached all-time highs in 2021 and ended the year at, or close to, record levels. The SCFI spot box freight rate index exceeded 5,000 for the first time at the end of 2021, having repeatedly set new all-time highs throughout the year, and the index averaged 3,773 during 2021 (2020: 1,234). The Clarksons Containership Timecharter Rate Index rose to 402 in October 2021, more than double the previous 2005 high, although some segments saw a slight easing towards the year-end. Multi-year period charters have become the norm, and near-term available vessel capacity in most size segments remains extremely limited.

The containership sale and purchase market saw a new record volume of activity in 2021, with 1.6m TEU of capacity sold across the year. Secondhand asset prices saw major gains and the Clarksons Containership Secondhand Price Index stood at 110 at the end of 2021 (end of 2020: 41). The price for a 10-year old 6,600 TEU containership, for example, surged from US$34m at the end of 2020 to reach US$115m at the end of 2021.

2021 saw an impressive rebound in global container trade volumes, with box trade estimated to have grown by 6.1% in TEU following the decline of 1.3% in 2020. Surging trade volumes have been driven by a range of factors including pent-up demand, major stimulus, consumer spending patterns focusing more heavily on goods than services and in the main an improving macro-economic backdrop. Port congestion and other logistical disruption (including the blockage at the Suez Canal in March and an acute shortage of box equipment) has proved pivotal. The level of containership capacity 'at port' across 2021 averaged 35% of total fleet capacity (37% in late October 2021), materially higher than the average between 2016 and 2019 of 31%.

Containership fleet capacity grew by 4.5% in 2021 (2020: 2.9%). However, with sentiment buoyed by market conditions, containership newbuild contracting set a new annual record in 2021 at 4.3m TEU across 569 units, taking the order book to 23% of total fleet capacity (end of 2020: 11%); this may generate supply pressures when new vessels are delivered over 2023-24.

The containership fleet's GHG footprint remains firmly in focus, particularly against the backdrop of a continued ramp-up in decarbonisation regulation. Over the last decade, slower operating speeds and an increased share of 'eco' vessels (33% of fleet capacity was 'eco modern' at the end of 2021) have helped reduce boxship emissions but there remains much to do. Uptake of alternative fuels (24% of order book capacity alternative fuel 'capable' at end 2021) has continued and approximately 700 units in the fleet had at least one energy saving technology ('EST') fitted at the end of 2021.

Container shipping market conditions appear likely to remain extremely firm in 2022, even if vessel charter earnings and box freight rates see some easing at some point, with industry expectations of prolonged disruption and continued firm demand. Global seaborne box trade is projected to grow by approximately 4% in 2022, with fleet capacity growth next year at a moderate 3.6%.

Buoyed by a rising market, our Containers business continued to grow. Despite not having regular face-to-face contact, our international team assisted clients to arrange multi-year chartering deals, secondhand sales and newbuild contracting.

Tankers
2021 was characterised by generally weak earnings for tankers as oil demand, refinery runs and oil supply declined to below pre-pandemic levels on average.

Global oil supply in the first quarter was 8% lower than in the equivalent period in 2020, largely due to the steep oil production cuts implemented by the 'OPEC+' countries and reduced production levels in the US. Oil demand, oil supply and refinery runs recovered very strongly throughout the year. Both global oil demand and supply are estimated to have risen by as much as 6% in the fourth quarter relative to the first quarter of the year, albeit still 2% below the average level for 2019. Overall, the global oil trade in 2021 remained broadly unchanged year on year and 8% lower than in 2019.

Growth in the deep sea tanker fleet was well below average levels at 1.8%, with deliveries below long-run average levels and an increase in removals from the fleet. However, the low levels of demand kept earnings suppressed.

Clarksons' published average earnings for non-eco and non-scrubber fitted VLCCs fell by 94% when compared with the strong levels seen in 2020. Clarksons' published average earnings for non-eco and non-scrubber fitted Suezmaxes and Aframaxes in 2021 fell by 76% and 63% respectively when compared to 2020. For the same period, in the products tanker sector Clarksons' published earnings for non-eco and non-scrubber fitted LR2 and LR1 products tankers trading on the key Middle East to Far East route fell by 73% and 64% respectively and by 58% for non-eco and non-scrubber fitted MR products tankers.

Tanker freight markets in 2021 were less volatile than in 2020. Vessel earnings remained at generally low levels throughout the year although there were some spikes which were generally caused by various delays to vessels. In all of the major sectors of the deep sea tanker market, the fourth quarter showed the strongest vessel earnings, reflecting both the normal seasonal uplift and the sharp rise in global oil demand and supply.

Global oil demand and supply are expected to continue recovering strongly throughout 2022. Newbuilding deliveries are expected to remain below average levels whilst removals from the fleet are expected to remain elevated above long-run average levels.

Our global deep sea team performed well, assisted by our continued investment in IT, despite the challenging market conditions and an inability to travel. The projects desk, which we have strengthened in recent years, was extremely active and concluded longer-term charters, which is important when freight rates are depressed.

Specialised products
The specialised products market continues to be driven by the underlying demand from China and the wider Asian markets. The reliance on 'Made in China' plastic goods continues to support the bulk chemical shipping markets. Elsewhere, we continue to see rapid development in the biofuels sector. Regulation, particularly from the EU, is the key factor in this regard with the growing global environmental movement helping to contribute to the transition away from traditional crude oil and natural gas derived vehicle fuel feedstocks. Biofuels will continue to be crucial to the growth of seaborne trade in future years and to the specialised products business. We estimate that seaborne trade grew by 1.3% in 2021 to 371m tonnes following a 1.2% contraction in 2020.

In 2021 the Clarksons' Specialised Products Spot Chemical and Edibles Oils Index performed below the long-run average of the previous 12 years. During the second and third quarters, freight rates showed gradual increases, driven by higher bunker pricing, trade flow disruption caused by severe weather disruption in Houston, and to a lesser extent the blockage of the Suez Canal. As we approached the end of the third quarter and the start of the fourth, a combination of port lockdowns in China caused by COVID-19, and the resulting lack of pilots, as well as a brief uptick in Asia CPP activity, saw the market in the Far East become very tight. Benchmark freight rates rose to the highest point in

The breadth and depth of the specialised products business is unparalleled and we remain in a unique position to advise and support all our stakeholders on their green agendas, in conjunction with our dedicated in-house Green Transition team.

the last six years and recorded a 22% rise over the year, whilst edible oil freight rates recorded a similar increase of 23%. The direct impact of this was a greatly improved earnings environment for owners, especially those operating in the Far East, which remains the primary driver for these increases in freight rates.

In 2022, we expect seaborne trade to grow by 4.5%, supported by a continued increase in exports from the Middle East and US where chemical project investment is beginning to pick up. Future fleet growth prospects look minimal with appetite for newbuildings remaining muted due to high prices, lack of yard space and investment interest focused elsewhere. After less than 1% net fleet growth in 2021 and around the same level expected in 2022, the fleet is due to contract year on year from 2023 onward based on the current picture.

The chemical tanker fleet was 60m DWT at the start of 2021. 2m DWT was added to the fleet through the year and 1.7m removed. The order book stands at just over 6% of the fleet at the start of 2022. The weak tanker markets led to tonnage oversupply throughout the year; the ability for owners to triangulate their voyages around CPP legs was made more challenging due to the lack of products tonnage demand which weighed heavily on earnings, particularly in the West.

The green transition is one of the drivers for the fleet replacement. The looming EU ETS and EEXI/CII regulations in 2023 will no doubt raise questions over operating costs, tonnage efficiency and alternative fuel choice. The specialised fleet could see further contraction because of these regulations, with scrapping a more cost-viable alternative. Conversely, the diverse nature of the sector from a cargo perspective is complex yet positive. Alternative fuel developments in the methanol space and growth in the demand for biofuel have led to greater interest in the sector. The breadth and depth of the specialised products business is unparalleled and we remain in a unique position to advise and support all our stakeholders on their green agendas, in conjunction with our dedicated in-house Green Transition team.

As we enter 2022, sentiment is subdued after the emergence of the Omicron variant, but the market is in a much improved position compared to January 2021. Although uncertainty remains, the future for our market is optimistic. This, combined with a petroleum products sector that is showing some early signs of recovery, as well as a very low order book, will continue to provide a floor for freight rates and earnings over the coming year.

Gas

The LPG carrier market fared well in 2021.

VLGC freights averaged US$34,019 per day compared with US$34,923 in 2020.

LPG seaborne trade levels continued to rise, growing by approximately 5% year on year. Tonne-miles also continued to increase, supported by strong import demand in Asia which pulled a growing North American export slate East in order to cover the shortfall in Middle Eastern exports as OPEC cuts continued to take their toll. North American exports were up by 17%, with over 69% of those volumes going to Asia.

Despite the growth in voyage duration and volumes, the impact of the addition of 18 newbuildings in 2021 resulted in only a marginal decrease in freight rates. The LGC market continued to gain support from increased waiting times for the VLGCs transiting the new Panama Canal; consequently assessed 12-month time charter rates rose from US$29,059 per day to US$29,202. Midsize sector freight rates rose from an average of US$26,479 per day to US$27,170 in 2021, underpinned by flat fleet supply combined with increased LPG trade volumes.

Trade volumes are expected to continue to increase in 2022, supported by a recovery in Middle Eastern LPG exports and continued growth in North American supply. The forthcoming influx of newbuilding deliveries in both the VLGC and Midsize segments remains a challenge, but the ageing profile of the fleet may see the removal of some older units thereby mitigating some of the impact.

Our shipping and product teams continue to grow and provide multifaceted solutions (including newbuildings, secondhand sales and longer-term charters) to our clients, against a backdrop of volatility in the market.

PCG

The market for the smaller LPG carriers in 2021 started to show marked improvement as the year progressed, most notably in the fourth quarter, despite a disappointing start to the year.

The Handysizes continued to benefit from healthy US Ethylene and Ethane exports. Freight rates for benchmark 22,500 cbm Semi Ref carriers rose from US$18,639 to US$19,500 per day. The larger ship market supported recovery in the smaller sizes, underpinned by relatively flat fleet supply. Freight rates were supported by unplanned outages at refineries and crackers. In the smallest size categories, freights for 3,500 cbm pressure carriers in the west rose from US$220,000 pcm to US$225,000 pcm whilst those for the 3,200 semi-refrigerated vessels rose from US$227,000 pcm to US$280,000 pcm. The recovery in freight rates for the smaller sizes is expected to continue as the age profile of the fleet deteriorates and there are limited newbuildings.

LNG

The LNG shipping market began 2021 on a strong note for spot LNG freight rates and term LNG supply contracts agreed. LNG freight rates surged on the back of strong heating and restocking demand in Asia and Europe; several LNG export plants outages in the Pacific and Middle East replaced by US LNG export cargoes; severe delays for LNG carriers through the Panama Canal; and limited available tonnage.

In 2021 the spot headline rates for conventional 160,000 m^3 Tri-Fuel Diesel Electric ('TFDE') tonnage climbed 50.5% year on year and averaged US$89,179 per day. LNG freight rates were volatile in 2021. Starting at US$195,000 per day at the start of the year, rates declined to US$28,500 per day in early March as a result of changing weather conditions in Asia and a reduction in US exports. Throughout the summer rates were in the US$50,000-US$70,000 range before surging to a peak of US$210,000 per day at the start of December. By the end of the year, rates were back at US$80,750 per day.

The wider spreads between Asia and the US and between Asia and Europe led to a significant volume of spot tonnage fixed for long-haul voyages from the US Gulf Coast to Far East Asia, increasing tonnage demand.

LNG tonnage demand grew by 13.8% during the year to reach an all-time high of 1,744bn tonne miles, driven by the growth of long-haul voyages. Trade between the Atlantic Basin and the Pacific Basin climbed 38.2% to 64.6m mt. The average laden distance sailed by LNG carriers increased 7.6% to 4,588 nm in 2021, compared to 4,265 nm a year ago.

Global LNG trade volumes rose by 5.8% to 381.1m mt in 2021, as higher volumes from the US (whose exports surged 50.2%), Egypt (fivefold increase) and Australia (which replaced Qatar as the largest LNG exporter) were partially offset by losses from Nigeria, Trinidad & Tobago, Norway, Peru and Angola.

On the demand side, Japan-Korea-Taiwan remained the largest demand area with 141.0m mt of imports, but China overtook Japan as the world's largest LNG importer with 81.0m mt against Japan's LNG imports of 75.2m mt.

2021 saw 53 conventional LNG carriers (2020: 32) and 4 FSRUs (2020: 4) (also able to operate as LNG carriers) delivered from shipyards, 21 more than the previous year. 84 conventional LNG carriers were ordered in 2021 compared with 32 in 2020. Two medium-size LNG carriers were also ordered for projects in China.

Tonnage demand is expected to increase again in 2022, led by growth in LNG export volumes. Demand for LNG cargoes is underpinned by restocking in Asia and Europe and China's gas demand growth, supported by the increased import capacity of 10m tonnes per annum. Trade flows are also expected to be supported by four LNG export projects scheduled for commissioning in 2022: the 5m mt Sabine Pass T6 and 10.0m mt Calcasieu Pass in the USA, the 3.4m mt Coral South FLNG in Mozambique and the 3.8m mt Tangguh T3 in Indonesia. Newbuild ordering is expected to continue into 2022. This is supported by several liquefaction projects which anticipate reaching final investment decision this year, by portfolio players holding long-term FOB supply contracts from projects under construction and by players looking at renewing existing tonnage with more efficient LNG carriers.

+40%

increase in global sales volumes in the secondhand market versus 2020

Sale and purchase

Secondhand

The global sale and purchase ('S&P') markets continued to recover in 2021, with sales volumes reaching record levels (over 147m dwt and US$47bn reported). Despite some remaining COVID-19-related disruption (particularly around crew transfer), the S&P markets have been extremely active, supported by highly cash-generative and strong charter markets (aside from tankers), a generally improved economic outlook and the potential impact of upcoming regulations. Transaction volumes increased most notably in the containership sector, underpinned by the exceptional global freight markets, with over US$14bn of sales (500 ships) reported, more than triple the previous record level in dollar terms. Activity also increased significantly in the bulkcarrier (961 units of US$16bn reported, more than doubling in value) and tanker (522 units, US$11bn) sectors.

Asset values increased most rapidly in the containership sector, with some price levels doubling or even tripling in value during the year, with Clarksons' overall secondhand price index almost doubling from 93 to 183 points. Values also increased in the bulkcarrier sector (our 5-year-old 'eco' capesize index increased from US$36m to US$47m over the year) against the backdrop of improving charter markets, while tanker values still increased slightly (our 5-year-old VLCC index increased from US$63m to US$70m) despite weak charter markets. Escalating newbuild pricing (with many newbuild values up 30-50% in 2021) and scrap prices (up from approximately US$400/ldt at the start of the year to a peak of around US$600/ldt in the fourth quarter) have also provided support to secondhand pricing levels. Recent S&P trends amongst the major shipowning countries continued, with Greek owners still the biggest buyers and sellers of tonnage, whilst Chinese entities were also notably active in 2021.

Our Secondhand business benefitted from these market conditions and global sales volumes increased by 40%. This was further enhanced as asset values rose. In tankers, despite an extremely poor freight market throughout the year, the owning community deployed profits generated from the other sectors in a form of counter-cyclical buying activity. We sold more tankers than any other sector, largely thanks to a mandate to handle the sale of a major Asian owning group which had gone into liquidation with in excess of 50 vessels in the fleet. The client recognised the breadth and reach of our offering which is a testament to the hard work and dedication of the team. Whilst such mandates do not come along regularly, we believe our track record in this space will help us win further mandates. All our offices globally contributed to our success with London, Athens, Shanghai, Tokyo and Copenhagen all reporting a significant increase in volumes of concluded transactions. In Shanghai and Tokyo new team members joined and enabled us to access new clients.

As we move into 2022 we feel confident that the markets will allow us to continue where 2021 has left off.

Newbuilding

Activity in the global newbuilding market picked up significantly during the year, with order volumes doubling to 48m CGT and US$110bn. This represents the firmest level of ordering since 2014, supported by strong underlying shipping markets, improving economic outlook and interest in alternative fuels. Investment was dominated by the containership sector, with record orders of 4.3m TEU and US$43bn placed. There was also strong activity in the LNG and LPG sectors, with orders of US$22bn placed. We also saw a strong second half of ordering in the car carriers market and a steadier flow of bulk carrier and tanker newbuilds.

Newbuild prices generally rose by around a third over the year, with 50% increases for larger containership pricing, as major shipyards booked up capacity. After a period of decline, the global order book backlog edged up again through 2021 to 90m CGT, although this remains relatively low in historic terms at 9.4% (by dwt) of the current fleet capacity. Shipyard output remained relatively steady year on year, totalling 32m CGT, with Chinese yards (42% market share) and South Korean yards (32% market share) delivering the majority of tonnage.

The green transition continues to dominate planning across the maritime industry, including an increasing emissions regulatory framework from the IMO and EU alongside wide-ranging policy announcements from stakeholders across maritime. This is increasing fleet renewal requirements, with clients' focus on decarbonisation intensifying and alternative fuels and ESTs becoming central to newbuilding discussions. The share of the current order book that is alternative fuelled increased to 35% of tonnage by the end of 2021, up from 28% a year ago and 10% five years ago. This includes 31% of order book tonnage set to use LNG as a fuel. Our activity over the period is reflective of this trend, with close to 60% of our contracting activity over 2021 having a capability to utilise alternate fuels/propulsion, and in turn giving us a significant insight into the adoption of these technologies going forward.

3,450

Wind turbine generators installed globally in 2021

Our global newbuilding teams performed exceptionally over the period with a record year of contracting activity in both Korea and China. There were notable transactions in containers, LNG carriers, drybulk vessels and tankers driven by speculative demand, as well as significant project business leveraging the breadth of service provision the Group offers to our client base.

We remain well placed to take advantage of market developments driven by regulation and our robust contracting experience will continue to provide unparalleled levels of market insight, value and validation to our client base.

Offshore

General

2021 saw improvement in the traditional offshore oil and gas business, while offshore renewables (wind) continued to see growth. Commodity prices strengthened significantly through the year, with oil prices up more than 50%, and Brent and WTI seeing their strongest performance since 2016 and 2009 respectively. Natural gas prices have also generally remained at high levels, across North America, Asia and Europe. Oil and gas companies have seen very strong performance with record-high operating cash flow for many of the companies in the sector. However, despite the very strong cash generation, exploration and production spending continues to be restrained by an increased focus on decarbonisation and prioritising direct shareholder returns and debt. The offshore sector saw increased activity levels in 2021 and we have seen improvements in all the sub-sectors and across most or all geographical regions when compared with 2020, despite these headwinds.

We expect 2022 to progress in the same direction, with likely further improvement in activity levels and a corresponding positive impact on fleet utilisation and day-rate levels.

The continuing strong growth for offshore wind is underpinned by solid, long-term drivers; the energy transition and the desire to decarbonise energy supply. 2021 was another year of very high authorisation activity for offshore wind farms, following a record level in 2020. This provides a solid backdrop for many years ahead of increasing offshore activity levels.

Drilling market

Total offshore rig demand measured by active (contracted) rigs saw some improvement through 2021, having bottomed out in the early part of the year. At December 2021, there were 360 jackup rigs on contract (2020: 343). In the floater segment, 119 rigs were on contract (2020: 110). Utilisation also improved through last year, with working utilisation levels in December 2021 at 81% for jackups (2020: 76%) and 74% for floaters (2020: 66%). Average dayrates for floater rigs also started improving in 2021, albeit with significant regional differences. Dayrates for jackups remained largely flat throughout the year as jackup idle capacity was higher. That segment remains more fragmented, with more contractors offering rigs, and contract durations on average shorter. The floater segment has seen more consolidation and retirement of rigs, and the available relevant capacity is currently largely controlled by a limited number of players. Most of the world's large drillers have now been through some form of refinancing, and the current round of restructuring seems to be coming to an end. Following these restructurings, we have also seen several of the larger companies in the segment consolidate, a process we think is likely to continue in 2022.

Subsea field development market

Authorisations of new offshore field developments saw some improvement in 2021. The major subsea contractors continued to see a strong order intake through the year with combined backlog building slightly more than 10% over the year. 2021 represented the third year in a row that saw backlog growth for the major subsea engineering, procurement and construction ('EPC') contractors. As the average lead-time to execution for these companies is typically 12-24 months, we will see offshore activities ramp up from 2023 onwards. 2021 also saw a significant increase in contract awards for new floating production storage and offloading ('FPSO') units, with seven new contracts awarded globally, up from only four in 2020, illustrating the underlying improvement in the subsea field development market. However, the chartering market for subsea vessels in 2021 remained challenging due to lag-effects. We expect the backlog build witnessed by the larger contractors in 2020 to also lead to improving market conditions for subsea vessel owners. Certain vessel categories started to see increased utilisation and higher rates driven by high activity in the offshore wind sector, with wind farm operators sourcing support vessels from subsea oil and gas. We expect to see continued improvement ahead in the subsea chartering market.

The chartering and newbuild teams brokered a number of specialised newbuilds with an aggregate value of US$1bn which will be needed to install the massive pipeline of 200 GW of offshore wind production projected to be installed by 2030.

Offshore support vessels
The market for OSVs also saw meaningful improvement throughout 2021. Overall, activity for PSVs globally has recovered to pre-COVID-19 levels and the number of vessels in layup has come down. We have also seen tightened availability in several regions for specific vessel categories. Average dayrates have strengthened significantly. With overall activity levels likely to continue to improve in 2022, particularly within drilling, we expect to see further market strengthening throughout the year for the OSV sector.

Offshore renewables (wind)
As expected, all renewables sectors experienced growth through 2021 with the offshore wind sector continuing its vigorous growth trajectory throughout the year. An additional 3,450 wind turbine generators ('WTGs'), representing a capacity of 18.7 GW, were installed globally, driven by a surge in China pushing total global capacity to 50.6 GW. At the end of the year there were 253 farms and 10,831 turbines in operation.

Sanctioned Final Investment Decisions ('FID') amounted to 5.3 GW for Europe and 7.0 GW in total, excluding mainland China. FIDs and project sanctioning amounted to US$25bn and in 2022 is forecast to reach US$36bn. The global energy market is set to grow at a 2.4% compound annual growth rate until 2050; and the global offshore wind market is expected to grow at 15-20% per annum with the UK poised to be the largest market in the European region for the foreseeable future.

2021 also saw the first FID for a large-scale offshore wind farm in the US and, when combined with large announced Engineering Production, Construction and Installation contracts, opens up an exciting new market. Other new markets are also showing very interesting development, with Poland awarding 6.0 GW of capacity, and Japan awarding its first large auction, notably 1.7 GW to a Mitsubishi-led consortium. 2021 saw a long list of new pledges for renewable energy, with several countries including Germany, Denmark and the Netherlands upping their offshore wind capacity targets by 2030, a key milestone for the industry. The WTG producers (primarily Siemens Gamesa, Vestas and GE) introduced technological advances including a record breaking 15 MW capable WTG. The introduction of new technology in conjunction with larger projects reinforces the benefits of economies of scale and thus lowers the levelised cost of energy ('LCOE'). Renewable energy from offshore wind will act as a leading energy source to decarbonise power and provides a platform for reducing CO_2 emissions. Renewable energy created by offshore wind is also close to benefitting from advances in Power-to-X ('P2X') storage and offtake solutions using green hydrogen or ammonia.

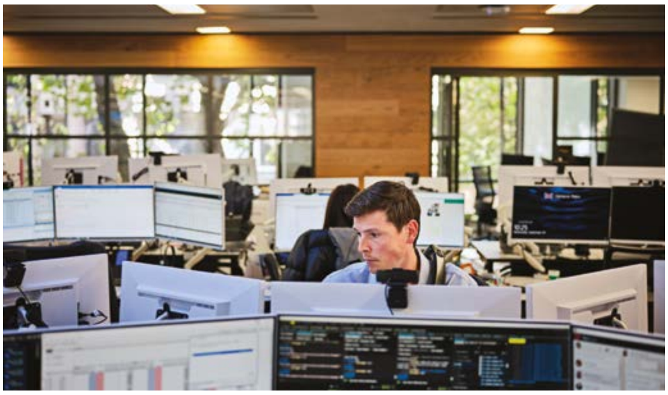
A total of 45 ships (excluding the Chinese domestic market), designed to work with offshore wind farms, were ordered during the year at an aggregate value of US$2.7bn, up 20% from 2020.

The outlook for the offshore wind space remains bright, and we expect a very busy year for the industry in 2022.

Our renewables business has identified vessel procurement services (chartering) and newbuild services as the key area of expertise but with an increasing attention on advisory and sale and purchase activities. We are the leading advisor to the UK/EU and the nascent US markets. The renewables business also launched a new service, Advisory, Intelligence and Research ('AIR'), in the year. We are well positioned to gain from the further expansion of the industry as it matures into a global energy industry.

The chartering and newbuild teams managed and closed several milestone deals, concluding a record number of years of timecharter. They also brokered a number of specialised newbuilds with an aggregate value of nearly US$1bn which will be needed to install the massive pipeline of 200 GW of offshore wind production projected to be installed by 2030.

The start of 2021 saw a high level of capital markets activity in the segment, with IPOs and M&A across many segments and there remains a high ESG focus, although investors are becoming more selective, requiring a firmer outlook and a clearer path to profitability from companies. The renewables business has assisted in various commercial and financial transactions, including several IPOs, supporting the wider Financial division.



Futures

The links between the Futures desks has been effective in 2021. We have had very good cross-over of clients meaning that we have traded with more clients this year than in any previous year.

Dry FFA

2021 was the best year in the last decade for the dry FFA market.

The year saw relatively low dry bulk rates in the first quarter, but the futures market saw much bigger volumes. As the year progressed volumes remained high as rates increased in the third quarter, seeing the highest rates since the financial crisis. Rates slipped more than expected during the fourth quarter but remained well up on last year.

Swaps

Capesize rates in 2021 averaged US$33,333 per day, over US$20,000 higher than in 2020; daily traded volume increased to 3,187 lots (2020: 2,015 lots). Similarly, the panamax market saw rates nearly triple relative to 2020 to average US$25,562 per day; daily traded volume increased to 4,628 lots (2020: 2,957). The supramax market saw the biggest growth with rates more than tripling at $26,770 per day and daily volume doubling to 1,686 lots.

Options

The panamax options market became the big story of the year with volumes up 67% to 238,140 lots. The capesize option volumes shrank by 34,788 lots to 141,925 lots. Supramax volumes, similar to swaps, more than doubled to 16,775 in the year.

Currently, full year 2022 contracts are trading above US$24,000 per day on capesizes and US$22,000 per day on panamax.

Wet FFA

In 2021 tanker FFA market volumes were down on the previous year reflecting challenging market conditions as mentioned in the tankers section on page 32.

Our volumes increased, despite the fall in market volumes.

Carbon

Prices of EU Allowances in the EU ETS reached a 15-year and a then all-time high of €88.88 on the back of broad-based economic recovery and firmer energy markets. The highly liquid market on which European industrial installations hedge their carbon price exposure saw high volatility and firm trading volumes throughout the year.

Awareness of the world's largest carbon market gained traction in 2021 and more interest was generated by COP 26 in Glasgow. Knowing that shipping will be adopted into the EU ETS from 2023 helped drive further enquiries to the Carbon desk from owners, operators and charterers with European exposure.

As well as the regulated carbon market, we have seen considerable interest from shipping-related clients for voluntary offsets as part of their internal strategy and investment into new projects.

As the industry adjusts to the green transition, we are well placed to meet client demand for information and to enable access to the market. We see the year ahead as being one of continual development and expansion of our client base for the daily transactions of both regulated and voluntary environmental products.

The right solution, delivered

Clients value our ability to analyse positions and global availability of assets in the niche rig transport market and to offer competitive solutions. A recent deal saw the team deliver a unique and creative solution for the jackup rig Atlantic Amsterdam, which was transported using the Northern Sea Route in its entirety, from the Port of Grenaa, Denmark to Qingdao, China – a never before taken route for a single rig transportation.

The collaboration between our towage, salvage and transportation team (based in London) and the offshore shipbroking team (based in Singapore), and their deep understanding of the circumstances created by the size of the rig, meant that they were able to source and fix the required tugs and specialist transport vessel. No matter how complex the challenge, we're committed to meeting the unique needs of our clients.

Financial

An exceptional year for our Financial division as investor confidence in the underlying markets improved

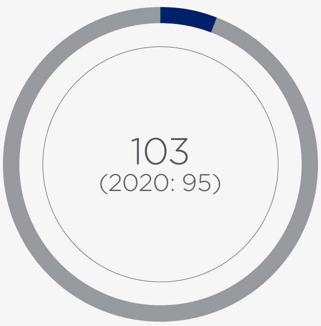
Share of revenue

Services

- Securities
- Project finance
- Structured asset finance

Segmental split of underlying profit before taxation

Employees



More information:
www.clarksons.com/services/financial

Securities

2021 marked a year of strong economic recovery supported by US$16tn of global stimulus, the roll-out of vaccines and pent-up demand. Against this backdrop, 2021 was the best shipping year since 2013 and shipping equities had a solid year, with an average gain of 41% based on 66 listed companies. Container equities were the best performing sector with a gain of 244% whilst dry bulk equities increased by 130%. LNG carrier equities ended the year 52% higher. The shipping banking team completed 11 capital market and M&A/advisory transactions and raised a total of US$0.8bn in capital, maintaining a leading position in capital markets for shipping.

'Green and Tech' are dominating post-COVID-19 planning, with the focus intensifying on reducing the shipping industry's emissions. Carbon regulations will continue to be increasingly important in 2022, with a forward-looking stock market likely to price in the positive effects of emissions savings technologies. Companies with eco-vessels are likely to benefit from upcoming carbon regulations due to lower fuel consumption and emissions, with carbon taxes in the EU also expected to have an impact. Consequently, companies with a young eco-fleet, or the ability to invest/renew, could see a multiple expansion. With the recovery from COVID-19 continuing and disruption likely to take time to unwind, market sentiment remains positive. While risks remain and progress may be uneven, the improving economy, limited order book in many sectors and the green transition are all supportive tailwinds for the moment.

Global energy markets continued to rebalance in 2021 and helped oil prices improve through the year with an average US$71 per barrel, up 72% compared to 2020. The total capital commitments for new offshore oil and gas projects amounted to US$85bn, also up 72%. These factors have positively impacted the offshore drilling space where utilisation has developed positively throughout the year. Dayrates have also seen a positive impact, particularly for high specification floaters where dayrates above US$300k per day in the US Gulf of Mexico have been seen. In terms of market dynamics, several drillers have emerged with sustainable balance sheets after completing their chapter 11 processes, which have laid the ground for further consolidation in the sector. Asset transactions are taking place at a higher pace. On the capital markets side, we assisted Borr Drilling in completing two equity raises in 2021, whilst newly established Deep Value Driller financed the acquisition of the drillship Bolette Dolphin through

The IEA expects renewables as a share of the electricity generation mix to have reached an all-time high of 30% globally in 2021. Key technologies such as wind and solar continue to see falling costs and increased competitiveness.

a private placement, and Shelf Drilling raised a senior secured bond. The OSV market conditions have also improved during 2021 and activity levels are currently above pre-COVID-19 levels. However, the sector is still too fragmented and companies are struggling with stretched balance sheets. We expect to see more ongoing restructurings in the OSV segment in 2022 which will eventually trigger more M&A and capital markets activity. We assisted Tidewater in raising a US$175m senior secured bond to repay existing debt in 2021.

The outlook for global installed offshore wind capacity continues to look strong with installed capacity for 2030 expected to reach more than 250 GW, translating to a circa six times increase from today's levels. This market backdrop made 2021 an active year for owners of offshore wind service vessels, a segment which has experienced increased focus and attention due to strong demand outlooks combined with limited availability of specialised offshore wind tonnage. Key players in this segment have focused on increasing their market position through newbuild orders and consolidation ahead of the vessel supply deficit expected to materialise going forward. With a strong ESG profile and attractive market fundamentals, the capital markets have remained open for high-quality offshore wind service vessel companies, and 2021 was an active year for capital markets transactions within this segment. Over the year we advised companies such as IWS and Edda Wind on their IPO in Norway, and assisted Eneti Inc. with raising equity on NYSE. There were two notable M&A transactions in the WTIV segment during 2021, with Eneti Inc. merging with Seajacks and OHT merging with Seaway 7. From a capital markets perspective, the outlook for 2022 remains positive, largely driven by solid market fundamentals combined with continued newbuild ordering activity. We see large equity needs across the offshore wind service vessel segments to fund capex programmes for both listed and private players. Given the availability of attractive bank financing for offshore wind vessel projects, the key focus is expected to remain on private and public equity offerings as opposed to high yield bond issues.

In 2021 the metals and minerals team completed 11 transactions and raised a total of US$1.9bn in capital with US$0.9bn in bonds and US$1.0bn in equity. This resulted in total revenue of NOK142m. Equity accounted for NOK42m of total revenue, whilst debt and advisory accounted for NOK94m and NOK6m respectively. The year-on-year revenue growth was an extraordinary 351% as the number of completed transactions and revenues per transaction both increased, driven by the strong tailwinds in commodities and the strength of our long-term relationships. Going forward, we expect mining majors to have strong balance sheets and liquidity and thus will focus on M&A and potential investments in juniors. Furthermore, we expect to see a significant demand for construction financing for battery minerals and projects within the battery value chain supported by the general demand for electrification.

Renewable energy continued to break ground and most sub-sectors exhibited strong growth rates. The IEA expects renewables as a share of the electricity generation mix to have reached an all-time high of 30% globally in 2021. Key technologies such as wind and solar continue to see falling cost levels and improved competitiveness, and new projects are being announced, backed up by continued commitments to fast track the energy transition. In capital markets, renewable energy and cleantech saw a particularly strong interest in the beginning of the year and, in Oslo, almost half of all listings were related to ESG or the energy transition. With increasing interest rates and concerns about inflation, ESG stocks saw more headwinds during the second half of the year. One sector that stands out is the carbon capture industry, which has experienced a breakthrough year with a 150% increase in European carbon prices. Stocks have surged and the market is recognising that carbon capture will be an important element in reaching the Paris Agreement goals. 2021 was another year with extraordinary numbers in terms of megawatts announced and capital employed and invested in renewables. It was a good year for our renewables team with multiple transactions completed across hydropower, carbon capture, biocarbon and cleantech. For 2022 we expect to continue to see robust investor demand for ESG projects and companies and, as we expect increased interest for more mature companies, we anticipate a higher level of M&A across technologies.

2021 has been our most active year since 2008 in project finance.

In 2021, the fixed income group team completed eight transactions with total capital of US$1.1bn raised. Straight bonds accounted for most of this, but we also placed several sale and leaseback transactions and convertible debt. Our primary deals were aided by historically low interest rates and issuers took advantage of the favourable terms available. The outlook for 2022 is somewhat mixed as interest rates have already started to increase, and we expect this to continue, although this does create opportunities, with many companies keen to utilise the credit markets before terms deteriorate. Equities are still exhibiting record levels of volatility and with rising interest rates and inflation fears we expect this trend to persist, benefitting the convertible bond primary market. There is currently a market rotation from IT and healthcare into energy, materials and financials, which should give a tailwind to our core sectors going forward.

Currently, worries about rising inflation, monetary policies and the Ukraine situation continue to dominate the world's financial markets. With the conflict in Ukraine, and the extensive economic sanctions from the US and the EU, the already high energy prices could rise further. With high energy prices, companies will see rising costs, increasing the cost of manufactured goods, which would decrease household purchasing power and have a negative effect on growth. As in 2021, proper planning and solid execution will continue to be important ingredients for our continued success.

Project finance

Shipping

In 2021 there was a welcome increase in rates for container ships and dry bulk vessels, with multipurpose ('MPP')/heavylift carriers leading the way.

The strong momentum on the earnings side and lagging ship values created interesting opportunities to acquire vessels at historically low asset prices with good time charters and historically low residual value risk that generate a strong cash yield to investors.

2021 has been our most active year since 2008, structuring and placing a total of 27 vessels with a transaction volume of US$0.4bn through asset plays, joint ventures and leasing structures. Transactions comprised 15 drybulk vessels, six MPP/heavylift vessels, three container ships, two emergency rescue and response vessels and one exploration cruise ship. During the year, we also successfully sold 14 vessels from existing projects, returning capital and profits to our investors.

In 2022 we are optimistic that our projects will continue to perform well backed by strong market fundamentals including record low order books, high newbuilding prices, limited global yard capacity and a healthy demand outlook.

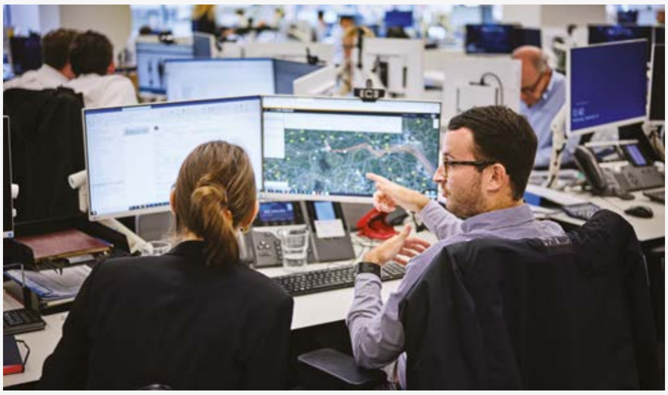
Real estate

2021 was an extraordinary year for the Norwegian property market which reached an all-time high with a total transaction volume of more than NOK155bn, 54% higher than in 2020 and by far the highest volume recorded for a single year in Norway. December's volume of NOK45bn comprising 71 transactions ended the record year. The previous all-time high for the Norwegian property market was NOK105bn in 2019.

We also had record total transactions for the year. This comprised both acquisitions and divestments, amounting to NOK13bn. During 2021 we arranged for 24 new real estate projects totalling NOK8bn, whilst in the same period securing solid returns for our investors by selling 11 projects totalling NOK5bn. Our dedicated sales desk facilitated secondhand trading in our projects worth NOK1bn.

We expect high activity to continue into 2022 with an attractive transaction market in Norwegian property.

Our investment management operation continues its positive development. Our first fund Oslo Opportunity 1 is in the process of realising its last investments, while our second fund Oslo Opportunity 2 was fully subscribed with NOK0.8bn in equity in the first quarter of 2021. Approximately one third of this capital has now been deployed. We plan to raise further capital and establish new funds in the coming year.



In recent years the real estate sector has made a significant leap towards the technological and environmental trends driven by authorities, entities, tenants and ultimately investors. The demand for technologically advanced, energy efficient and sustainable buildings are ever increasing, along with the ability to create engaging buildings and neighbourhood environments which are enjoyable places to live, work and socialise. Our project development business was further strengthened in 2021, bringing in further professional expertise and capacity to this ever-increasing complex development environment in-house.

Structured asset finance

In the first half of 2021 activity in the asset finance market was high. A general stabilisation in the financing markets, buoyed by positive demand and increased vessel earnings, provided the backdrop for a raft of financings especially for newbuildings as buyers sought to commit orders ahead of the increased pricing implemented by the shipyards. Mainstream shipping banks and Export Credit Agencies ('ECAs') continued to provide most of the newbuilding finance for the blue-chip names that are financing green projects. Leasing companies, notably some of the larger Chinese leasing companies, secured some of this financing but had to reduce margins to compete. Their successes in newbuilding finance were largely limited to the few deals requiring higher leverage or residual risk transfer.

Outside the newbuilding market, there was plenty of activity in refinancing existing senior debt with the source of capital spread between the second-tier shipping banks, leasing companies and the myriad of alternative lenders including those using green funds.

In the second half of 2021, we saw a decrease in newbuilding finance activity and a corresponding increase in de-leveraging and refinancing at lower cost, especially in the container sector. Chinese leasing companies received a large number of early repurchase option requests as the liner companies sought to use their substantial cash resources to repay or lock in lower finance rates. Furthermore, some of the mainstream shipping banks and ECAs began to expand their customer base as high earnings improved borrower credit ratings and balance sheets. For the very best financing deals with green credentials, competition is increasing and margins are reducing.

In 2022 we expect that the general higher earnings environment will result in fewer highly leveraged deals, with the mainstream shipping banks and ECAs continuing to be the lenders of choice, especially for green projects. We believe that leasing companies will generally need to offer lower margins and take more residual risk if they wish to secure financing for this type of project. Cheaper refinancing, balance sheet optimisation and de-leveraging is expected to provide the majority of opportunities for lenders and lessors alike in the coming months.

We concluded a number of vessel financings for newbuildings and secondhand acquisitions and are currently closing a number of mandates. We remain positive for 2022, albeit we anticipate it to be more challenging to find good newbuilding financing projects.

Support
A strong performance in the year

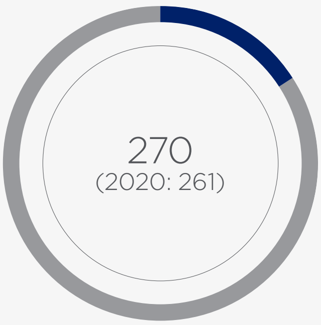
Share of revenue

Services

- Gibb Group
- Stevedoring
- Short sea broking
- Agency and freight forwarding/customs clearance
- Egypt agency

Segmental split of underlying profit before taxation

Employees



More information:
www.clarksons.com/services/general-port-services

Gibb Group
Gibb continued to grow quickly. This was mostly due to the expansion of the new Safety and Survival business which benefitted from the growth of offshore renewables. Our Mavric in-house product was well received and saw positive growth and market penetration. We also started to hire out safety and survival equipment.

The new operation in Ijmuiden, Netherlands opened and has started to find traction as it acquires stock.

Stevedoring
2021 was a weak year, owing to a poor harvest in 2020 which was compounded by Brexit-prompted export volumes prior to the end of 2020. The 2021 harvest proved little better, with UK grain exports remaining weak. Imports have remained strong and much above prior years levels, but the additional import volumes are less than the decreased export volumes. We have therefore returned warehousing capacity to our landlord.

The immediate outlook for 2022 is similar.

Short sea broking
High freight rates have made it tough for short sea charterers to accept. Despite this, commissions earned set new records.

Agency and freight forwarding/customs clearance
2021 saw the reintroduction of customs borders for European Community origin and destination cargoes for the first time since 1992. Accordingly, albeit relatively slowly at first, Belfast saw a huge growth in turnover in this sector. 2022 will see further tightening of border rules and customs procedures which will help this operation.

Gibb Group grew quickly due to the expansion of the new Safety & Survival business, buoyed by the growth of offshore renewables.

Agri bulks, aggregates and scrap had a good year, with underlying growth in the construction sector. As with stevedoring, grain exports had a weak year. This was hindered further by the closure of the Southampton export terminal for 10 months and the rebuilding of a major part of the Tilbury terminal following an explosion in 2020 which demolished 40% of the port capacity. Grain imports were strong throughout the year.

Offshore renewables had a strong year seeing projects finished in Moray East, Hornsea and Triton Knoll. We had greater than expected support from dredging vessels preparing the Hinkley Point power station inlet and outlet pipes. We won Seaway 7's support contract for cabling work on Seagreen, which is positive for the future.

Egypt agency

Agency business in Egypt performed robustly in 2021.

As the global economy started to recover and bunker prices rose, our agency business improved particularly for Suez Canal transit volumes, which increased by 21% year on year.

The liner business continued to provide an excellent service to clients and we expanded our offering to continue to provide clients with the best possible service.

Research

A robust performance continuing our long-term growth trajectory

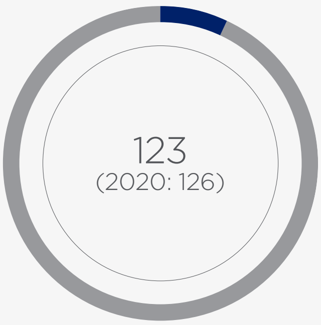
Share of revenue

Services

- Digital
- Services

Segmental split of underlying profit before taxation

Employees



More information:
www.clarksons.com/services/research

Research, the data and analytics arm of Clarksons, performed robustly during 2021, continuing its long-term growth trajectory.

Our unique flow of powerful and highly relevant research and data, during a period of market complexity and volatility, has been extremely well received by our clients and achieved an excellent profile for the Group. The use of innovative technology and algorithms has continued to expand the depth and quality of our proprietary database, supporting a strong pipeline of product development and an encouraging flow of sales enquiries. Data and research synergies supporting the Broking, Financial and Support divisions were also strengthened during the year, alongside enhanced data provision to the end-to-end freight **Sea/** platform.

We remain market leaders in the provision of independent data, intelligence and analysis around shipping, trade, offshore and energy. Millions of data points are processed and analysed each day to provide trusted and insightful intelligence to a global client base, typically via recurring revenue agreements. This uniquely powerful data and intelligence underpins the workflows and decision-making of many organisations across the complex and dynamic global maritime industry, including shipowners, financiers, shipyards, suppliers, charterers, class societies, insurers, universities and governments. Our teams in London, Shanghai and Singapore have grown, supporting a constant flow of data expansion, innovation, digital platform development and market relevant content. During 2021, specific investments were made in both our data analytics team, which specialises in developing proprietary algorithms and expanding the depth and quality of our database and indices, and our market research team, which provides expert analysis and content. We also expanded our sales capacity and our investment focus in Asia Pacific continued, with the region contributing strongly and now responsible for 26% of headcount.

In 2021, we continued to pursue our long-term strategy to focus on data, intelligence and insights around the energy transition and green transition. We released updates to our Energy Transition Model, providing decarbonisation scenarios with specific maritime-relevant segmentation, and successfully launched Renewables Intelligence Network, our offering focused on the offshore wind sector. There has also been a very positive reaction from our clients to the further expansion of our wide-ranging research and data around the fuelling transition, including the profiling of the 2.4% of global CO_2 emitted by the shipping industry and the

Our uniquely powerful data and intelligence underpins the workflows and decision-making of many organisations across the complex and dynamic global maritime industry.

tracking of uptake of alternative fuels. During the year, Research supported the Group-wide initiatives to partner clients through their decarbonisation pathways, contributing to internal awareness initiatives and providing emissions benchmarking data and vessel intelligence used within the carbon module of the **Sea/** suite.

Digital

Research's world-leading digital platform provides immediate access to our powerful data, analysis, forecasts and insights. In 2021, the number of users of our single access integrated platform reached 10,000 and there was encouraging growth in digital sales, up 19% across the year. There are specific development plans for each of our digital products to ensure data, research content and functionality remain market-leading.

Major digital products include:

Shipping Intelligence Network ('SIN')
SIN is the market-leading commercial shipping database, providing wide-ranging data and analysis tracking, and projecting shipping market supply and demand, freight, vessel earnings, indices, asset values and macro-economic data around trade flows and global economic developments. Sales of SIN grew strongly in 2021, benefitting from our detailed tracking of freight and earnings recovery (the cross segment ClarkSea Index averaged a post-2008 high of US$28,700 per day), rebounding trade volumes (already above pre-pandemic levels at 12bn tonnes) and widespread congestion (our newly launched Container Congestion Index peaked at 37.5% compared to a pre-COVID-19 average of 31.3%). The introduction of expanded near-term data, including port calling, congestion and vessel activity indices, was particularly well received by our clients, as was our COVID-19 impact assessment insights and reporting. Further improvements to SIN are planned for the first half of 2022.

World Fleet Register ('WFR')
Sales of our WFR, which provides comprehensive tracking of the world fleet and shipbuilding industry, grew an encouraging 24%. Growth has benefitted from a focus on the fuelling transition, supporting stakeholders across maritime with understanding the market impact of complex emissions regulations and their tracking of technology uptake across the world fleet (alternative fuelled order book share is now 35%).

Renewables Intelligence Network ('RIN')
Launched in 2021, RIN provides data, intelligence and analysis around offshore renewables, including the fast-growing offshore wind market. Offshore wind is a hugely exciting growth market, expected to play a vital role in energy transition. Our data suggests that global capacity increased by over 50% in 2021 to 51 GW whilst our modelling suggests it could reach 229 GW by 2030 and up to 9% of global energy supply by 2050. Whilst this is a competitive research area, we are already gaining good traction, and feedback from clients and the other divisions has been very positive.

World Offshore Register ('WOR')
Our comprehensive offshore register provides detailed intelligence on offshore oil and gas field infrastructure and the offshore fleet. Offshore oil and gas remain an important element of the energy mix, accounting for 17% of global energy supply (24.5m bpd of offshore oil production, 123bn cufd of offshore gas production in 2021). Research is the market leader in data provision to the insurance industry, where our data is used as the core reference in identifying rigs and platforms.

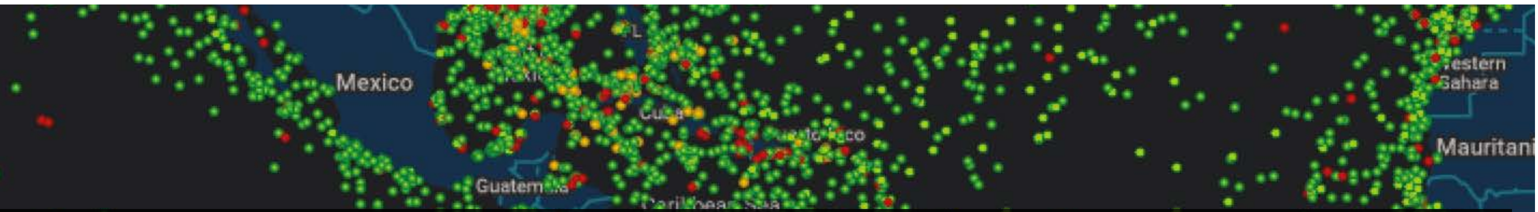
Offshore Intelligence Network ('OIN')
Offshore oil and gas markets are showing signs of recovery, with our index of earnings across the offshore fleet up 23% in 2021 to reach its highest level since 2015 by year-end. Our data and analysis of utilisation, dayrates and market supply and demand for the offshore fleet including rigs, OSVs, subsea and floating production continues to be well received by clients.

Sea/net
Developed in conjunction with the Group's technology business (Maritech), our vessel movement system **Sea/net** blends satellite and land-based AIS data with our leading database of vessels, ports and berths. We continue to improve the depth of our underlying movement and deployment data. Despite strong competition there has been good sales growth across 2021, supported by the roll-out of new features.

Services

Our dedicated services and consultancy activities, including the development and management of important long-term relationships with key corporates across the maritime sector, performed particularly well during the year. Interest in tailored data, which often becomes embedded into client systems and includes API delivery via our platform, remained high while our provision of specialist insights, forecasting and scenario modelling to key partners also expanded. We were actively engaged in consultancy during the year, including industry sections for capital market documents, studies for governments and policymakers and several consultancy projects for owners and financiers that collaborated with the Broking and Financial divisions.

As the industry standard source in the provision of authoritative, consistent, independent and well documented valuations delivered through a dedicated team, Clarksons Valuations remain market leaders in providing valuation services to shipowners and financiers. Despite the reducing portfolio size and valuation requirements of some of our long-term European banking clients, there was increased marketing to ship finance and leasing institutions across the year, including in Asia, with several successful multi-year portfolio agreements secured. A review of new European Banking Authority guidelines issued to financiers around property and maritime valuations has been carried out with additional documentation produced and enhancements to the Clarksons Valuations digital technology platform rolled out. A number of valuation clients have been provided with emissions benchmarks and analysis alongside their traditional asset valuations, with the valuations team increasingly analysing the impact of alternative fuels and ESTs on fleet value as the fuelling transition gathers pace. The valuations team has actively supported the sale and purchase broking teams in the active market during the year.



Sea/
Enhancing the way shipping professionals work

Sea/ has performed well in 2021 with continued adoption of the whole product suite. We have launched the industry's first end-to-end freight trade negotiation and management platform, which was well received by clients. Customer satisfaction and product delivery has been at the forefront of our technology offering and this has been strengthened by successive roll-outs of features and enhancements across **SeaFix/** products.

Sea/trade, one of the key products in the **SeaFix/** suite, was launched in early 2021 and enables clients to collaborate, negotiate and capture the complex world of maritime freight transactions. With the successful signing of four key mining majors, Maritech continued to gain significant traction in the shipping market in the second half of 2021.

The **SeaFix/** product suite has been further enhanced by the delivery of a series of integrations with third-party software solutions including the Veson IMOS Platform, Rightship Safety Score, GHG rating and inspection status, and Windward AI's sanction product. Together, these ensure that information key to a freight transaction is available earlier in the fixture process.

Sea/net continues to benefit from expanded product functionality resulting in increased adoption. Supported by the expansion of our intelligence module **Sea/analytics**, clients are provided access to key information and data focusing on commodity flow and marine analytics helping, for example, to understand the impact of vessel supply and port congestion. These modules represent a cornerstone of the **Sea/** suite with powerful and clear insights amidst the noise of information overload.

We continue to see significant market adoption for **Sea/contracts** and Recap Manager, the Maritech contract management modules. **Sea/contracts** has benefitted from enhancements resulting in better change control across clauses, improved access to clause libraries, and simplified linking. In 2021 we achieved a 62% growth in fixture volume and the pipeline of new customers in all market sectors remains strong for 2022.

In the offshore industry, **Sea/response**, which delivers an essential service in providing critical information on the location and equipment onboard vessels in the proximity of an emergency, enjoyed a third-generation release in collaboration with Oil Spill Response. This has further enhanced an already strong product offering.

There continues to be industry focus on international shipping's decarbonisation and we are delighted to demonstrate our commitment to this objective by collaborating with our clients and providing the next generation of industry solutions. In the second half of 2021, Maritech launched **SeaCarbon/**, a complete CO_2 shipping toolkit for the maritime industry. So far, we've tracked more than 1,400 voyages equating to 9.9m nautical miles resulting in the saving of 4.2m tonnes of CO_2. We're excited to continue to innovate and expand our **SeaCarbon/** offering in 2022.

There remains an increasing demand for digital solutions across maritime sectors. Due to the strong adaptability demonstrated by our sales, customer success and support teams, together with collaboration with clients, our global client base has continued to expand significantly, and we expect this to continue.

Global trend:
Green transition

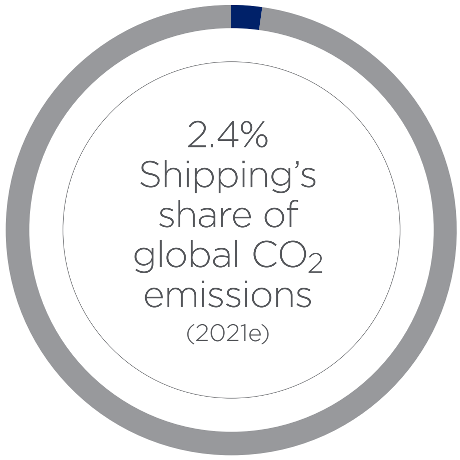
Context

The past decade has seen seven of the warmest years on record and in 2021 levels of atmospheric CO_2 reached an all-time high. The need to transition to a green and sustainable economy is an urgent priority for society, and corporates globally and the shipping industry must play their role in reducing their own greenhouse gas emissions whilst managing changing energy production and energy trade. We estimate that the world shipping fleet produced around 855mt of CO_2 in 2021, some 2.4% of global output, and whilst shipping remains the most carbon efficient means of transport, further acceleration of decarbonisation strategies is crucial. There are already significant emissions reduction targets set by governmental bodies, such as the IMO and the European Union, and by key maritime stakeholders, including financiers and charterers. In post-COVID-19 planning, policies to moderate climate change have become an even greater priority for many stakeholders across the shipping industry. The impacts of the green transition across the maritime industry will be deep and long-standing, requiring huge investment, technology change and innovation.

What this means for Clarksons

The green transition is central to our strategy. We strive to manage our own operations sustainably, and by evolving our market-leading service offering, we can facilitate positive industry change by supporting our clients to develop, validate, execute, finance and monitor their policies and strategies to decarbonise. We invest in data, intelligence, expertise and technology to provide market-leading support to cargo interests and shipowners in executing their freight, carbon and fleet renewal decisions that combine commercial opportunities with the meeting of environmental targets. We are investing to become a leading service provider in offshore wind. Our Financial teams are already active in green financing initiatives and increasingly across the specialist battery mineral and renewables industries. Our technology team has developed innovative emissions reporting and monitoring tools including **SeaCarbon/**. Our expanded research provides world-leading data and intelligence to governments, regulators, trade associations and academic institutions around eco technology uptake across the world shipping fleet, the economic impact of emissions regulation and the impact of energy transition on the maritime industry, helping frame debate and policy decisions.

Shipping's share of global CO_2 emissions (2021e)



Shipping	2.4%
Other	97.6%

Source: Clarksons Research

Shipping's share of global CO_2 emissions

2.4%

Estimated amount of CO_2 produced by the world shipping fleet in 2021

855mt

Global trend: Technology

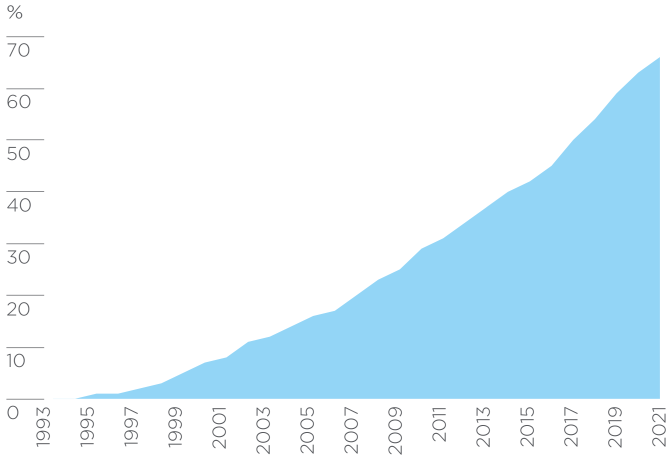
Context

Like many industries, digital technology change is introducing opportunities to radically improve efficiency, regulatory compliance and transparency across shipping. As they have been across society, these trends have been amplified within the shipping industry during the COVID-19 pandemic, with growing demand for digital services and solutions that leverage these opportunities around the freight transaction process and the monitoring and management of risk and emissions. Whilst a range of new technology entrants are also looking to exploit these opportunities, industry participants are increasingly keen to work with established partners with critical mass and industry understanding.

What this means for Clarksons

Technology is central to our strategy. Our investments into the innovative **Sea/** suite of technology products have created a transformative end-to-end digital freight platform for the shipping industry. Delivering efficiencies, productivity and risk mitigation, the **Sea/** suite has already become embedded within the workflows of many of the world's largest cargo interests as our global profile, proprietary data, deep understanding of freight and long client relationships encourage increasing uptake. Managed by our technology business, Maritech, the **Sea/** suite also complements our traditional broking offering whilst creating exciting opportunities for growth. Our broader investments into the digitalisation of our workflows and the evolution of digital support systems are long-standing and provide a competitive edge for our Broking, Financial and Support teams. Our Research business continues to utilise innovative technology to generate and deliver its proprietary data and intelligence, with growing demand across the industry to integrate data into client internal digital systems.

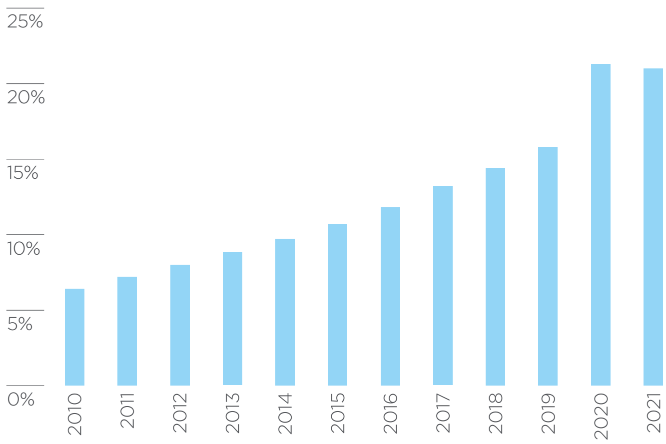
Global growth in internet access



% of global population using the internet

Source: Clarksons Research

Growth in e-commerce



E-commerce as a % of US retail sales %

Source: US Department of Commerce

Growth in internet access over the last ten years

130%

Increase in US retail e-commerce vs pre-COVID-19 levels

33%

Shipping trend: Trade growth

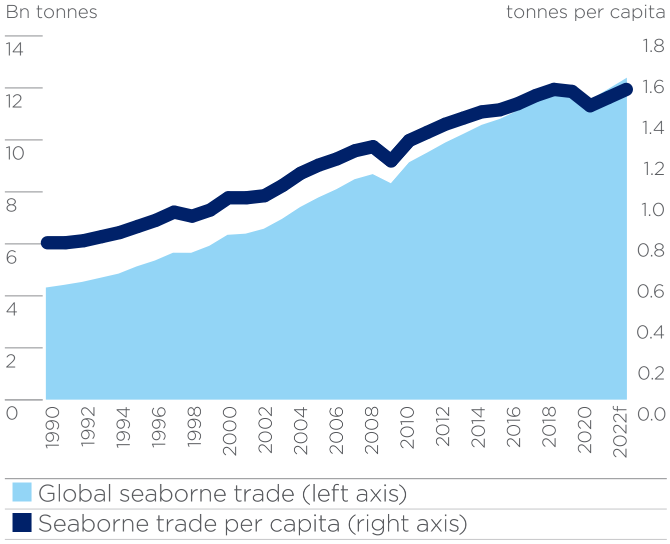
Context

Over the past 20 years, seaborne trade and shipping capacity have expanded significantly, creating a broader and more complex industry by geography and by commodity. Seaborne trade volumes have increased by 90% over this period and today remain 40% larger than at the financial crisis. Volumes have been resilient and recovery complex and volatile during COVID-19 disruption. Emerging markets, supported by population growth, have been central to expanding volumes with Asian imports growing from 2.6bn tonnes to 7.0bn tonnes since 2000. Individual shipping segments, such as specialised products, LNG and LPG, have evolved into more significant markets. Shipping companies, traders and cargo interests have become more consolidated, global and mature in their approach with increasing demands for highly professional support.

What this means for Clarksons

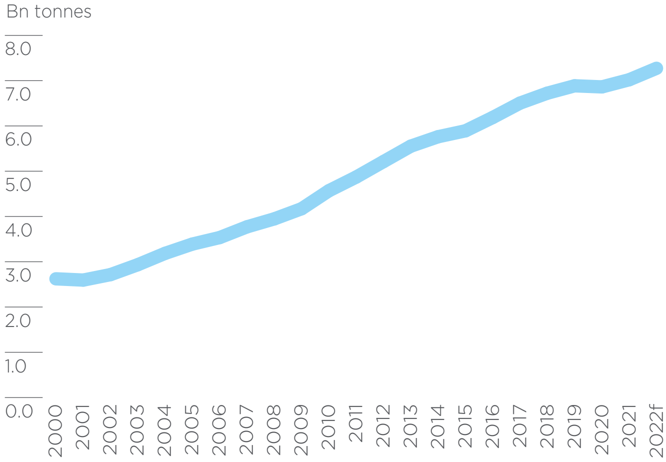
As an essential part of the freight supply chain and market leaders across all major cargo sectors, our Broking teams benefit from growing global volumes of cargo traded and ships chartered. Our strategy to develop and maintain market-leading positions and specialised expertise diversified across all cargo segments has been increasingly important as the global trade matrix has evolved. Our strategy to build a truly global network of offices, expanded again in recent years, allows us to combine global reach with local relationships, knowledge and expertise. Our deep understanding of increasingly complex trade flows, and the range of economic, geopolitical and seasonal factors that impact both positively and negatively on growth trends, make us a trusted advisor and provider of market insights and intelligence to cargo interests and shipowners. Our synergies, offering and scale are increasingly attractive to clients looking for solutions that increase productivity and efficiency, leveraging off our innovative technology and trusted data solutions that help differentiate our service offering and add value to our clients.

Global trade 1990-2022(f)



Source: Clarksons Research

Asia seaborne imports 2000-2022(f)



Source: Clarksons Research

Global trade carried on ships

85%

Increase in container trade volumes, Q1 2020 to Q4 2021

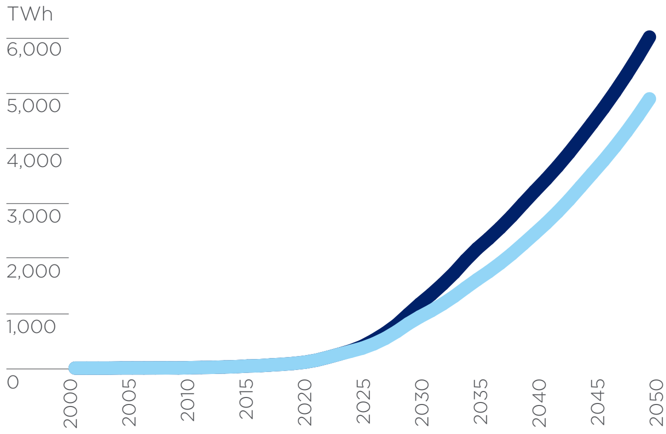
16%

Shipping trend:
Energy transition

Context
As pressures build globally to find solutions to moderate climate change, the energy transition will cause fundamental change to shipping, trade, offshore and energy. Offshore renewables, which saw record new capacity start up in 2021, is expected to play a vital role in this transition and expand significantly from its current 0.3% of global energy supply. A dedicated fleet is evolving to support the development and maintenance of offshore wind farms as the industry becomes more global and moves further from shore. Close to 40% of seaborne trade, equivalent to around 4.3bn tonnes, is energy transportation and despite underlying growth in energy demand over recent decades, the mix of energy sources and growth rates is changing as environmental pressures build. With strong growth trends in gas and more mature trends in coal, shipping requirements and investment needs are also changing. From an energy production perspective, a significant 17% of global energy still continues to be met by offshore oil and gas production.

What this means for Clarksons
Our strategy commits to growing our participation in the renewables sector. We have built out a dedicated renewables broking and advisory team, focused on the offshore wind industry, working closely with clients in this rapidly expanding sector and executing a significantly increased level of newbuilding and chartering business in 2021. Our Support and Financial businesses, leveraging our expertise in offshore oil and gas, have also built dedicated renewables teams that are growing as they become increasingly active. Our Financial team is growing its presence and activity across the renewables market, to include specialist battery minerals, carbon and hydrogen. We have developed and launched new research and intelligence on the global offshore wind industry, including Renewables Intelligence Network. Our understanding of energy markets and our deep relationships with energy producers and traders allow us to provide an unrivalled service to support our clients in their ship chartering, asset and financing strategies as they manage energy transition. We are well positioned as market leaders in the growing gas transportation markets of LNG and LPG. Through our research, we have invested to produce intelligence that allows understanding of the potential impact of long-term energy mix changes on the maritime industry.

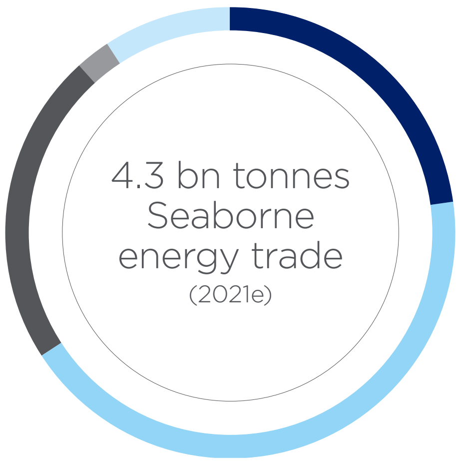
Offshore renewables growth scenarios 2000-2050



- Gradual transition
- Rapid decarbonisation

Source: Clarksons Research

Energy transportation share (2021e)



	Bn tonnes
Steam coal	1.0
Crude oil	1.8
Oil products	1.0
LPG	0.1
LNG	0.4

Source: Clarksons Research

Growth in global offshore wind GW capacity in 2021

58%

Shipping trend:
Fleet evolution

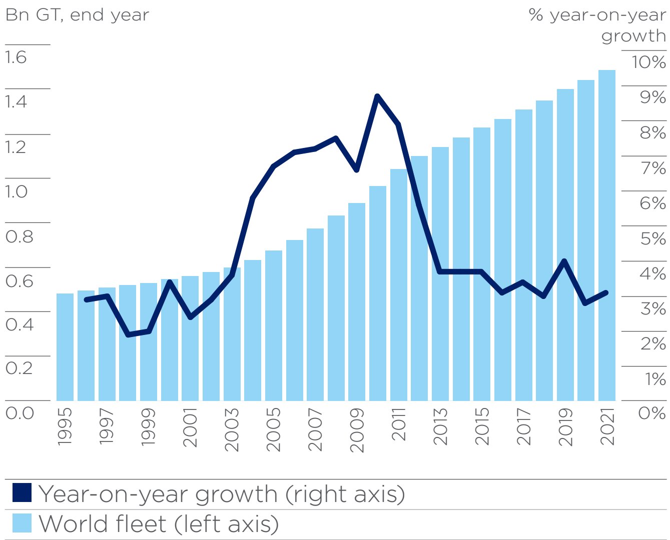
Context

Over the past 20 years, the capacity of the world's shipping fleet has grown by over 150% to over 2.1bn dwt as the shipping industry has expanded to meet its crucial role in servicing global trade. Although fleet growth has started to moderate in recent years, helping markets recalibrate, the world fleet is still 70% larger than at the start of the financial crisis, providing greater potential volumes for our asset broking teams. The dynamics across the shipping fleet are also becoming increasingly complex, with trends towards slower speeds, increasing length of haul, storage plays, 'tiering' of charter markets, shipyard consolidation and congestion. The financial landscape for the shipping industry has also changed significantly since the financial crisis, impacting the number of financial institutions participating and the scale of finance available and leading to many shipowners and cargo interests diversifying their funding sources and investigating new and more complex financing solutions and structures. Green issues specifically, and ESG more broadly, are increasingly impacting the policies of ship finance institutions and access to finance for cargo and vessel owners. Despite these trends and complexities, financing the world shipping fleet and its renewal to meet decarbonisation targets remains hugely capital intensive, with today's shipping and offshore fleet valued at US$1.6tn and the world order book at close to record lows.

What this means for Clarksons

Our strategy, to develop Broking teams that are market leaders through the full lifecycle of the asset and across every ship type operating in the world fleet, benefits from the increased fleet capacity and greater volumes of vessels bought and sold in recent years. The guidance and execution that our market-leading Financial teams can provide across the more complex ship finance landscape, at a time of increasing investment needs around the green transition, is unique in the market. Our deep expertise, combined with an innovative approach, allows us to support our clients to raise finance across capital markets, project finance, debt markets and through leasing structures. Our offering also includes an integrated service to support ship finance institutions and investors divesting of assets or engaged in restructuring and bankruptcy cases and supporting clients acquiring loan books. Our understanding of the world's shipping fleet, both at an aggregate trend level and on an individual asset basis, is unrivalled. This understanding builds on the synergies between our Broking, Financial and Research teams and supports our clients in their decision-making through our complex and multi-cyclical supply and demand markets. Our research coverage has been built out to cover all markets and offer unique understanding of the expanded global fleet and shipbuilding capacity position. Our valuations, leveraging our understanding of the more complex dynamics driving the world fleet, continue to be trusted as the market-leading source across the finance sector.

World fleet growth 2000-2021



Source: Clarksons Research

Value of world fleet (including order book)

	US$bn
Tankers	211
Bulkers	305
Boxships	374
Gas	149
Other vessels	319
Offshore	212

Source: Clarksons Research

% of the world 'deep sea' cargo fleet 'in port' in October 2021, representing record congestion

33%

Shipping trend:
Fuel transition

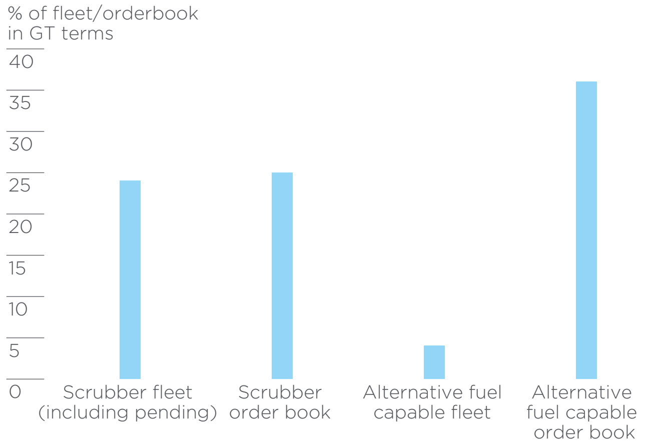
Context

Today the shipping industry produces 2.4% of global CO_2 emissions and 1.8% of all greenhouse gases. The transition away from conventional fuel use is central to reducing emissions across the shipping fleet. New and complex environmental regulations and policies are being introduced across the shipping industry, many of them directly impacting fuel choice and fuel economics. These regulations and policies are also increasingly impacting supply and demand dynamics and commercial decisions across the shipping markets, including the speed of vessels, which are down by an average of 18% since 2008 helping reduce overall emissions. Significantly increased investments in fleet renewal, technology and port infrastructure will be needed to facilitate the fuelling transition. There are challenging strategic decisions for shipowners and cargo interests given uncertainties around propulsion technology and timing of investment decisions. At the start of 2022, 36% of the global order book by tonnage was capable of using alternative fuels, up from 10% five years earlier.

What this means for Clarksons

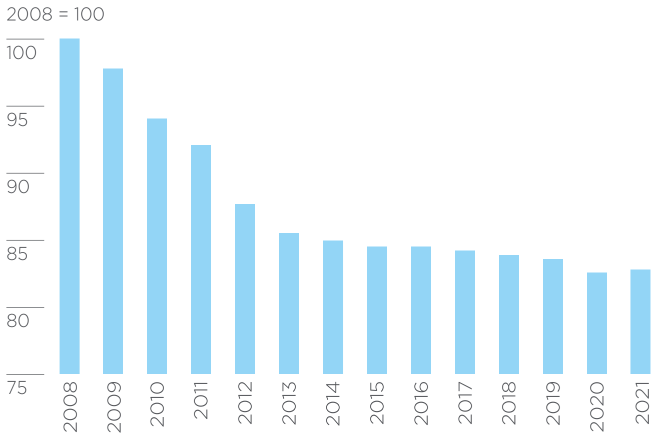
Clarksons is uniquely placed to advise, execute and finance fleet renewal strategies, building on our unrivalled track record with alternative fuelled newbuilding projects by continuing to invest in our expertise and offering. We have established a dedicated advisory team to work with our Broking and Financial teams to develop and execute decarbonisation strategies for our clients. We are uniquely placed to understand and explain the economic impact of new regulations and policies. This allows us to guide clients on how markets may respond and support clients in adapting their chartering and asset owning strategies, including the execution of fleet renewal programmes and chartering strategies. We have initiated an experienced team to provide advisory and broking services for the growing carbon credits market. We have developed technology to track and report CO_2 emissions. The wide-ranging research data and intelligence we have developed, including coverage of eco equipment and technology on board ships, alternative fuels and ESTs, CO_2 emissions benchmarking, vessel speeds and bunkering facilities, is widely used by the shipping industry and policymakers as a trusted source.

Environmental uptake, January 2022



Source: Clarksons Research

Average vessel speed index 2008-2021



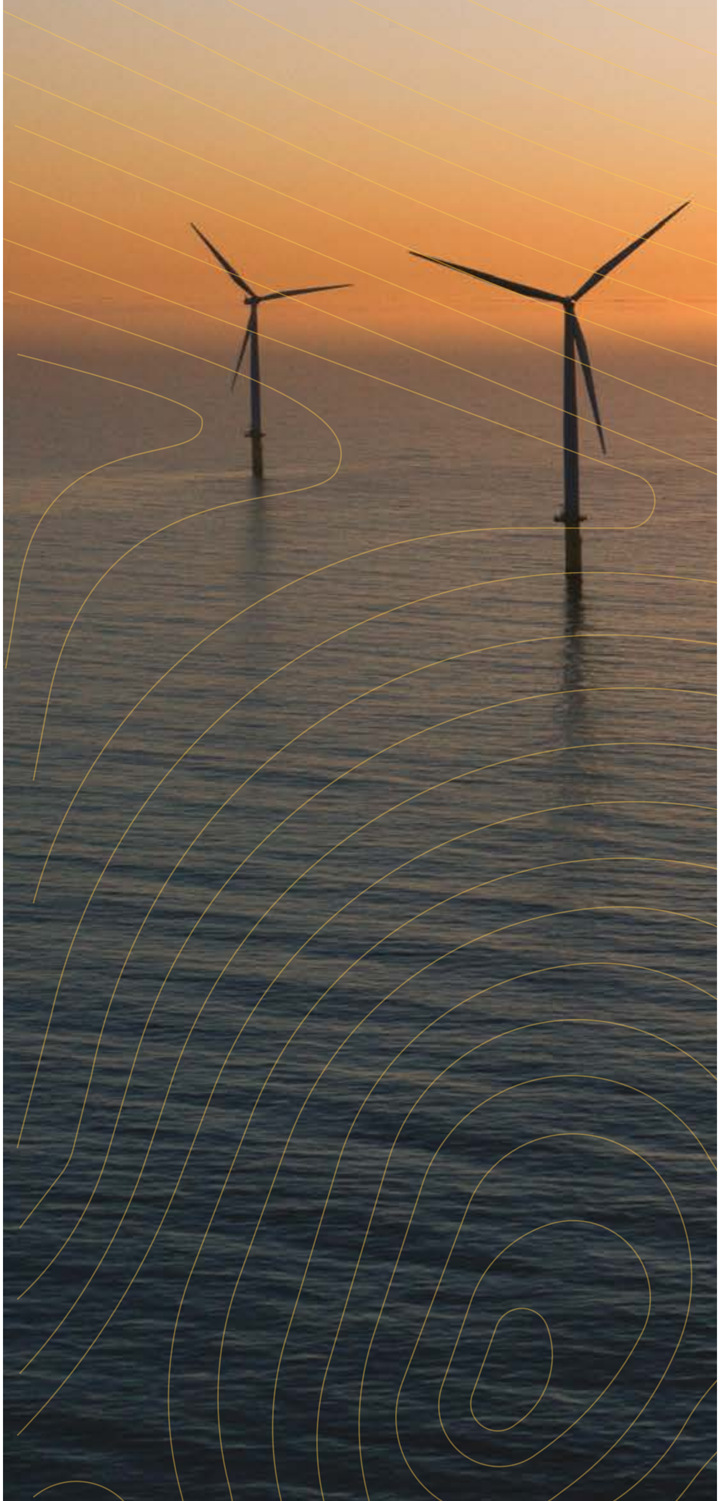
Source: Clarksons Research

Share of order book tonnage capable of using alternative fuels in early 2022

36%

Our strategy is to create long-term sustainable value for all of our stakeholders.

We do this by building on our strong performance, which allows us to maintain and develop our position as the global market leader in shipping services.



Breadth

Expanding our breadth to better tailor our integrated offer

With an expanding and industry-leading range of products and services that span the maritime, offshore, trade and energy markets, we are uniquely positioned to deliver bespoke commercial solutions to our clients and enable them to make smarter and better informed decisions. As the market makes increasing strides towards a more sustainable future, Clarksons' investment in renewables and sustainability expertise positions us to lead this vital change from the front.

What we achieved in 2021

As client focus on decarbonisation strategies increases in profile, Clarksons launched its Green Transition offering, supported by a Green Transition team. The offering is based on an advisory service which helps clients to make cleaner, smarter decisions across the full lifecycles of their shipping activity, incorporating research, technology, broking and financial services. Responding to the growing demand for technology from our clients, we have also continued to invest in our **Sea/** suite of technology products, launching further modules during the year and enhancing a number of existing modules.

Reach

Extending our reach to support clients globally

Our global presence enables us to meet client needs wherever and whenever they arise. With 52 offices in 23 countries on six continents, and growing, we share understanding, culture, IT systems and high standards of corporate governance across our business, as we use our local knowledge to provide our clients with truly global, cross-border advice.

What we achieved in 2021

We grew our key international hubs in Singapore and Oslo, diversified the services provided for the Group from our New Delhi office and accessed flexible technology resources and talent pools in new locations.

Understanding

Stronger understanding of clients' needs

Our client base ranges from oil majors to raw material producers and long-established shipowning families. We have worked with many of our clients for generations, building a deep understanding of their businesses and providing the services that have helped them to prosper. We have more touch points across the industry than anyone else and use our leading technology and authoritative intelligence to offer unique and tailored solutions to meet our clients' needs.

What we achieved in 2021

We launched our Green Transition offering to our clients, providing clients with a consultative approach to finding bespoke solutions to devising and executing their decarbonisation strategy. Enabled by our broad service offering covering research, technology, broking and financial services, our approach has been enabled by our deep understanding of both our clients' needs and the evolving regulation. The renewables business also launched a new service, Advisory, Intelligence and Research ('AIR'), to support project development, execution, operation and management in offshore wind.

People

Empowering people to fulfil their potential

We are committed to attracting and retaining the best people, providing them with the tools and training that empower them to fulfil their potential. Our employees have access to our leading technology and authoritative intelligence, enabling them to support our clients to make smarter and better informed decisions.

What we achieved in 2021

We continued to evolve our competency framework and actively use it in performance management and promotion decisions, creating transparency and a level playing field for all.

Trust

Maintaining trust in shipping intelligence

As a globally-respected market leader in the provision of data and intelligence, our research is widely trusted across the shipping industry to inform effective decision-making. Our database tracks over 160,000 vessels and 8,000 offshore oil and gas fields.

What we achieved in 2021

During the year, Research has further enhanced its coverage of the green transition. Renewables Intelligence Network was successfully launched, providing data, analysis and intelligence focused on the offshore wind sector. Updates to our Energy Transition Model, which provides decarbonisation scenarios with specific maritime-relevant segmentation, and the expansion of our wide-ranging research and data around the fuelling transition, have also been positively received. Research has also worked with other divisions in partnering our clients through their decarbonisation pathways and providing emissions benchmarking data and vessel intelligence used within **SeaCarbon/**.

Growth

Growing our business to improve performance

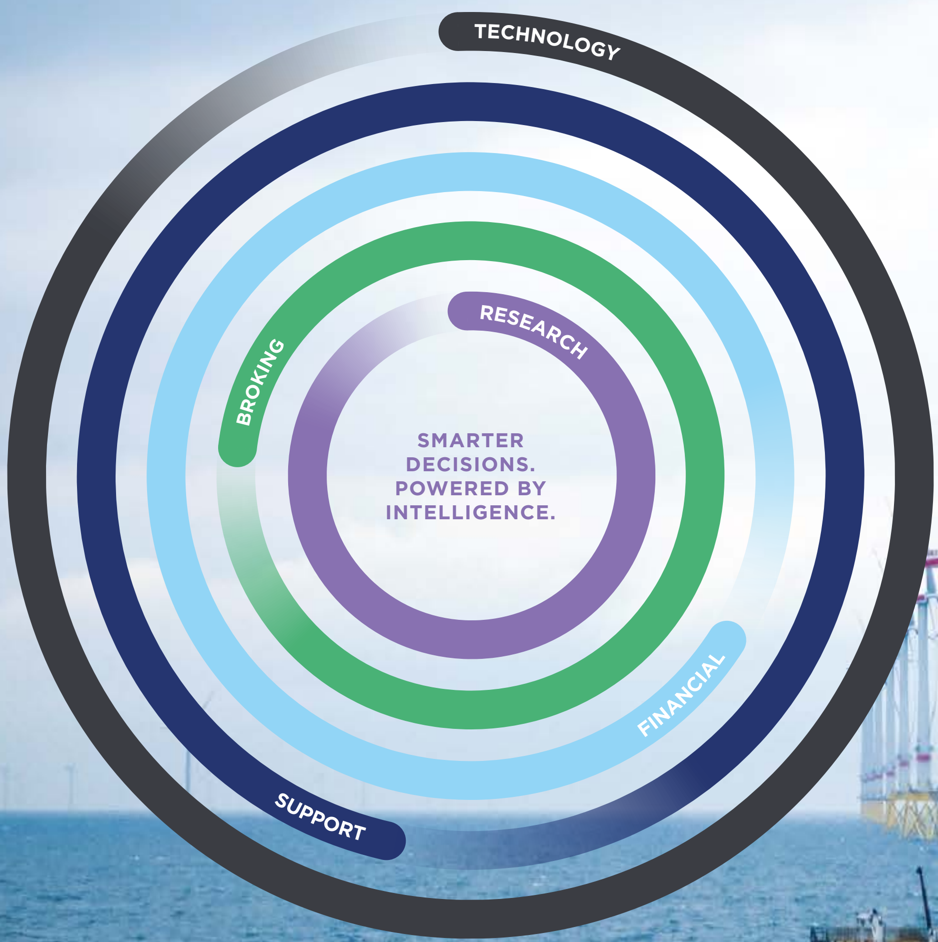
We are a consistently profitable and cash-generative business that is focused on creating long-term value for our shareholders. We do not rest on our laurels as the market leader across our core sectors, and invest to build on our position through the provision of 'best in class' advice and service to our clients.

What we achieved in 2021

We have maintained our progressive dividend policy and increased our dividend for the 19th consecutive year, whilst remaining cash-generative and increasing our free cash resources[1]. We also achieved a 55.3% year-on-year increase in underlying profit before taxation[1].

1 Classed as an APM. See pages 218 and 219 for further information.

Our business model



How it works

We have a deep heritage and market-leading reputation
Our position at the heart of the shipping industry has been built over 170 years. We offer an end-to-end global service and our clients remain loyal to us due to our unrivalled service, breadth of knowledge and industry-leading range of products that span the maritime and financial markets.

We have the best people in the business
The quality of our people has always been our biggest differentiating factor, and our people are our most important asset. We focus on attracting, retaining and developing the best talent in the market, and our people have a track record of delivering for our global client base.

We take time to understand our clients' needs
We tailor our approach to each and every client, building long-term relationships as their trusted advisors. We work closely alongside our clients to understand the challenges they face in a rapidly evolving world, drawing on the expertise from across our four divisions to provide them with tailored solutions and services and the intelligence and tools they need to make smarter and cleaner decisions.

We provide clients with authoritative intelligence
Research sits at the heart of everything we do, allowing us to produce and validate data, supply analysis and insight, and provide valuations across all sectors of the shipping and offshore markets. It enables us to provide bespoke solutions for our clients and support them in making fully informed business decisions across their freight and asset owning strategies.

We provide clients with robust technology platforms and tools
Our investment in technology complements the expertise of our people and provides our clients with real-time intelligence for decision-making and innovative tools for trade. Our cutting-edge technology continuously drives innovation across our industry and enables us to provide bespoke solutions for our clients.

We facilitate smarter, cleaner, global trade
Pressure is growing globally to find solutions to moderate climate change. This will result in fundamental change to shipping, trade, offshore, energy and renewables. We are playing a significant role in the move towards a cleaner future for global trade. Through our Green Transition offering, which encompasses the full lifecycle of global maritime activity, we are committed to helping our stakeholders across the industry with the critical decisions that they will need to make to facilitate these changes.

We enable smarter, cleaner global trade by empowering our clients and our people to make better informed decisions using our market-leading technology and intelligence; and in doing so, meet the demands of the world's rapidly evolving maritime, offshore, trade and energy markets.

Broking share of revenue: 77%

We earn a broking commission based on the value of the freight, the hire or the asset. On our derivative broking services we earn commission based either on the underlying contract value or as a fixed fee per contract.

Our brokers act as intermediaries between shipping principals. Our teams have the expertise, experience and support structure to enable these deals to happen.

We bring together charterers who have cargoes to move, and owners of vessels capable of transporting those cargoes. We help the principals negotiate the terms of a voyage, a timecharter hire or a contract of affreightment, including the freight or hire rate. Our specialist broking teams deal in all major markets in the world's major shipping centres. We also help clients contract newbuildings, buy and sell secondhand vessels, and arrange the scrapping of older tonnage. Additionally, we provide derivative broking services to enable principals to manage and mitigate their risks.

Financial share of revenue: 12%

We earn commissions and fees from these financial services activities.

The Financial division provides full investment banking services, project finance and bespoke asset finance solutions to the shipping, offshore and natural resources markets. We help clients to manage risk, fund transactions and conclude deals which are not available through more traditional routes. The Financial team liaises with a range of potential investors in order to raise funding for clients' projects.

Support share of revenue: 7%

We earn fixed agency fees and revenue from the sales of supplies.

The Support division provides the highest standards of support with 24/7 attendance to vessel owners, operators and charterers at a wide range of strategically located ports. We provide vessel agency, project logistics, vessel chartering, freight forwarding, warehousing, crew travel and industrial supplies.

Research share of revenue: 4%

We earn revenue from digital products, including Shipping Intelligence Network, Offshore Intelligence Network, World Fleet Register, World Offshore Register, Renewables Intelligence Network and **Sea/net**, besides specialist services, including data feeds, consultancy, valuations and market reports.

The Research division provides and sells data covering every aspect of our market. We are a leading provider of intelligence and data across maritime, trade, offshore and energy, giving clients access to the information they need to operate their businesses more effectively. We provide information on fleets and technology, holding data on 160,000 vessels, across more than 900 shipyards and with over 30,000 data points on machinery and 'eco' models. This information is available via various subscription models and is relied on by shipping professionals to inform strategies and decision-making. In addition, we are the world's leading provider of valuation services to shipowners and the financial community.

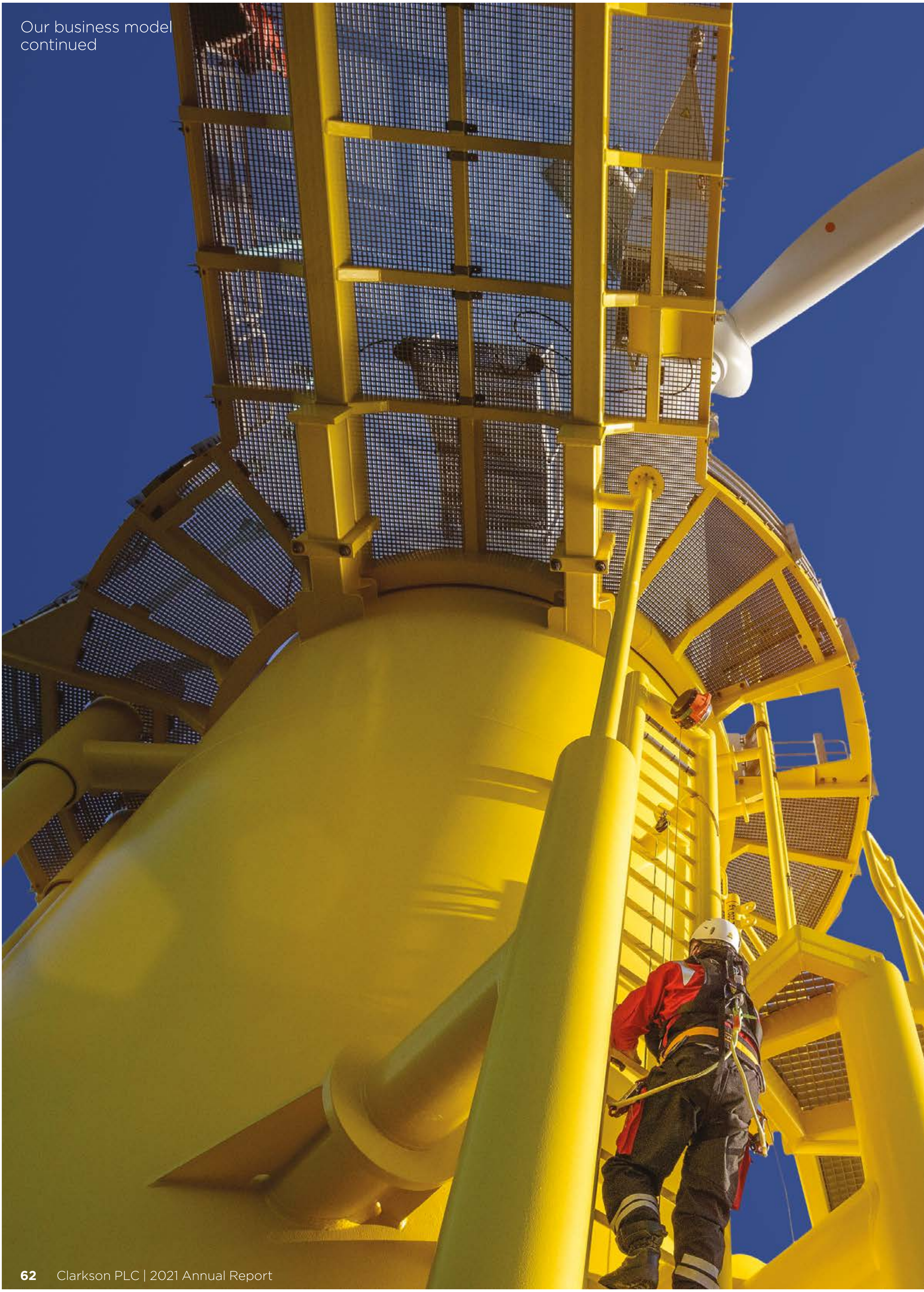
Leading positive change through cross-divisional collaboration

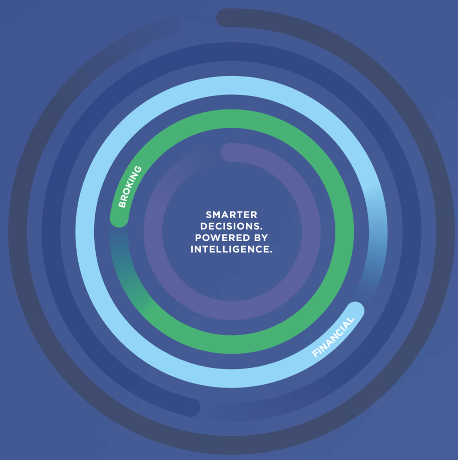
Our Green Transition team brings together experts from across the Group to deliver smarter and cleaner outcomes for our clients.

Our projects and newbuilidng businesses within the Broking division and our Research division collaborated to provide our global mining client, Anglo American, with strategic advice and evaluation on fuelling options that would deliver emissions savings on its iron ore trade. The outcome was an order of LNG-fuelled bulk carriers placed through our Newbuildings desk, some with 5 to 10 year-time charters attached.

As part of their decarbonisation strategy, our client also implemented the **SeaFix/** and **SeaCarbon/** modules from our **Sea/** platform to monitor and measure their CO_2 emissions.

We're proud to work in partnership with our clients, using our broad service offering, market-leading intelligence and technology and unique position at the heart of global shipping to enable sustainable global trade.





Working together across the globe to build back better

As the world sharpens its focus on 'building back better', the expertise of our renewables team is increasingly in demand from clients who wish to 'pivot' from the oil and gas industry into the rapidly growing offshore wind market.

Our renewables teams in Oslo and Hamburg advised our client, traditionally a shipowner in the deepwater shipping/offshore and oil service segments, on how they might deliver construction, installation and maintenance services for the offshore wind industry. Utilising the local knowledge of our Shanghai team, our client placed a newbuild order with a Chinese shipyard for two state-of-the-art zero emission vessels which will efficiently support both the construction and maintenance phases of offshore wind farm operations.

Our offshore Aberdeen team worked with the renewables teams as the chartering broker in the tender process to match our client with a requirement for a vessel to assist the construction of the world's biggest offshore wind farm.

Clarksons Platou Securities in our Financial division supported the listing of our client's subsidiary on Euronext Growth Oslo.

Our global network of offices and collective expertise enabled us to work in partnership with our client, from introducing them to the possibilities of renewables through to signing their first charter contract for one of the world's most prestigious wind farm projects.

20 years

We've been building our expertise in renewables for the last 20 years and we're pleased to be using our local insights and global reach to help our clients to shape a more sustainable world.

Our stakeholders

Our clients

Who they are
We have over 5,000 clients globally which includes charterers, vessel owners, trust funds, investors and ship agents.

What they care about
- Integrity
- Quality of service
- Expertise
- Trusted advisor
- Innovation and technology
- Market leadership
- Sustainable products and solutions
- Business conduct

Why they are important to us
As the world's leading provider of integrated shipping services, our market-leading technology and intelligence set us apart. This allows us to influence client decisions at every step of the shipping lifecycle and form the trusted partnerships with our clients that continue to drive our business.

How we engage with them
Adopting a bespoke approach is key to how we engage with our clients. This will include:
- Client meetings and presentations
- Client forums
- Client feedback and input into product development
- Social media
- Website

Issues raised during the year
- The green transition, in particular the fuel transition (transition in the industry away from conventional fuels for vessels), energy transition (impact on trade flows of changes in energy usage) and growth of the offshore renewables market

Actions and outcomes
- Launch of the Green Transition team to work with clients on understanding evolving regulations and broader decarbonisation strategies
- Continued investment in and development of technological solutions (e.g. to facilitate decision-making to support decarbonisation of the industry, and to support negotiation and management of freight transactions)
- Digitisation of reports to make data more accessible

Our people

Who they are
We currently have over 1,600 employees across 52 offices in 23 countries.

What they care about
- Client service
- Maintaining market position
- Broad experience and leading the way in industry change
- Culture and values
- Training and development
- Employer brand
- Reward and benefits

Why they are important to us
As a trusted advisor to our clients leveraging market-leading intelligence enabled by technology, our people are our biggest asset. We continually strive to engage, develop and retain them.

How we engage with them
- Leadership and divisional management forums
- Employee Voice Forum
- Global conferences
- Active management
- Internal communications channel (Voyage)
- Social media
- Digital platforms
- Social and networking opportunities

Issues raised during the year
- The digital transformation of the industry
- The green transition
- CSR priorities
- Changing impact of COVID-19
- Remote working and impact on well-being

Actions and outcomes
- New training and development and cross-business collaboration on key market developments around digitisation and the green transition
- Funding and supporting charitable causes that are meaningful to our people and communities
- Enhancement of mental health-focused benefits provided to employees
- Evolution of ways of working and bringing the Group together: new channels of communication, new networks of collaboration and a consistency of knowledge sharing
- Continued focus on leading with compassion and empathy, and enhancement of focus on management and leadership skills and competencies

Our communities

Who they are
The shipping community, industry-related partnerships and the wider communities in which we operate.

What they care about
- Authoritative data and intelligence
- Sustainability
- Clarksons as a responsible company
- Employment opportunities
- Charities and community causes

Why they are important to us
All participants in the wider shipping community play an important role in shaping the industry in which we operate, as well as being potentially both our current and future clients. Furthermore, we want to have a positive and lasting impact on communities, and fundamentally believe that behaving in a socially responsible way is the right thing to do.

How we engage with them
- Publications and our database
- Sharing of expertise and knowledge through participation in industry forums and employee directorships of shipping-related boards
- Industry partnerships
- Volunteering
- Charitable donations
- Social media

Issues raised during the year
- The green transition, in particular the fuel transition (transition in the industry away from conventional fuels for vessels), energy transition (impact on trade flows of changes in energy usage) and growth of the offshore renewables market

Actions and outcomes
- Education of our stakeholders and partners in changing regulations and the development of strategies to support the green transition in the industry
- Provision of **Sea/** technology modules to maritime universities at a heavily reduced price
- Continued support of already established industry partnerships
- Focus on our local communities through charitable giving and employee volunteering
- First year of significant charitable giving by The Clarkson Foundation

Our shareholders

Who they are
Our shareholders range from small private investors to large institutional investors.

What they care about
- Operating and financial performance
- Strategy and outlook
- Shareholder value creation
- Dividend policy
- ESG performance
- Remuneration

Why they are important to us
Our shareholders own our business and provide us with the capital that enables us to continue to grow the business.

How we engage with them
- One-to-one meetings
- Investor roadshows
- Capital markets days
- Analyst briefings
- Half year and full year results presentations
- Annual Report
- AGM
- Website

Issues raised during the year
- Sustainability matters
- Diversity
- Executive remuneration

Actions and outcomes
- Continued strong financial performance
- Maintenance of the Company's progressive dividend policy
- Refreshing of the Board: appointment of a new Chair following an independent search process and enhancement of the technology experience on the Board through the appointment of a further Non-Executive Director
- Enhanced understanding of the Company's executive remuneration structures
- Capital markets day held in April 2021 to showcase our **Sea/** technology and respond to questions from investors on it

Section 172 statement

The Board recognises who our key stakeholders are, and values building strong relationships with them and gaining a better understanding of what matters to them and how our decisions will impact them. This helps to inform our decision-making, deliver our strategy in a sustainable way and meet our stated purpose. We are therefore committed to effective and regular engagement with each of the Company's stakeholders (as set out on pages 64 and 65).

The Board engages directly with shareholders and employees, and we receive regular updates from the Executive Directors on how management engages with other stakeholders. Further information can be found on direct engagement activities on pages 108 and 109 and on the Company's engagement with its stakeholders more generally on pages 64 and 65.

In their discussions during the year ended 31 December 2021, the Company's Directors have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to stakeholders and the matters set out in subsections 172(1)(a)-(f) of the Companies Act 2006). The Board considers these matters in all its discussions and decision-making, as set out below:

The likely consequences of any decision in the long term:
The Directors recognise the need to take a long-term view in every decision that they take. During the year, the Board had regard to this in considering the evolution of the Company's purpose, which underpins its strategy and the long-term creation of value for stakeholders.

Read more:

Our business model	Pages 58 to 63
Our strategy	Pages 56 and 57
Principal risks and uncertainties	Pages 90 to 94
Viability statement	Pages 94 and 95

The interests of the Company's employees:
Our people are at the heart of how we engage with each other, our clients, and the products and services that we provide. As the biggest differentiating factor for us, engagement with our employees is key to our success. The Board engages with employees principally through the attendance of our designated Non-Executive Director for employee engagement (Dr Tim Miller) at meetings of our Employee Voice Forum. This provides a means of ensuring two-way communication – Tim shares employee views and feedback with the Board following each meeting of the Forum, and updates the Forum on relevant Board matters. Tim's updates help us to take account of the interests of our employees when taking decisions. Our Executive Directors also provide updates on people matters at each Board meeting.

Read more:

Our stakeholders	Pages 64 to 65
Our impact	Pages 70 to 86
Purpose, values and culture	Page 106

The need to foster the Company's business relationships with suppliers, customers and others:
Our client base is diverse in terms of both size and needs, and our brokers' approach to engaging with our clients is bespoke to, and driven by, each client's needs. The most meaningful way for the Board to receive feedback gathered through this engagement is therefore through updates from management, including through the CEO's regular update to the Board and business presentations made by senior management. Trends in the marketplace and client feedback on products are also key elements that the Board takes into account in evolving the Group's strategy.

As with our clients, our stakeholders in the shipping community are diverse and management takes an appropriately tailored approach to engaging with them. The Executive Directors and senior management report back to the Board on key issues raised by our stakeholders, and updates are also provided by the Research division on the salient trends in the shipping community that frame our strategy.

Whilst we do not consider our suppliers to be a significant stakeholder in our business, we are committed to treating our suppliers fairly. In particular, we recognise the importance of prompt payment of invoices for our smaller suppliers, particularly in light of the pressure that the COVID-19 pandemic has placed on some suppliers. The Board receives regular updates on supplier payment practices. Our largest operating subsidiary in the UK complies with payment practices reporting, with circa 94% of all invoices being paid within 60 days and circa 78% being paid within 30 days.

Read more:

Our strategy	Pages 56 and 57
Our stakeholders	Pages 64 to 65
Our impact	Pages 70 to 86

The impact of the Company's operations on the community and the environment:
The long-term partnerships that our brokers form with our clients, our expertise and depth of experience in our markets and our broad service offering (enabled by technology and data) mean that we are uniquely placed to drive forward change in the shipping industry. This is embodied in our short-form purpose agreed by the Board this year – 'Enabling global trade, leading positive change'. Our Green Transition offering, launched this year, forms the framework within which we are working with stakeholders to move towards the decarbonisation targets set by the maritime industry.

We are reporting against the recommendations of TCFD for the first time this year. This has both sharpened the Board's focus on the risks and opportunities for the Company from climate change and reinforced our previous view that climate change is not a principal risk for us (albeit we consider it to be a thematic risk which potentially impacts across a number of our principal risks).

With regard to our own operations, whilst we are cognisant that as a largely office-based organisation our impact on the environment is modest, we are nonetheless committed to monitoring our greenhouse gas emissions and taking any actions that we can to minimise them. We are evaluating targets and metrics in this regard and will update further on this next year.

Read more:

Roundtable	Page 2
Our strategy	Pages 56 and 57
Our impact	Pages 70 to 86
TCFD	Pages 72 to 75

The desirability of the Company maintaining a reputation for high standards of business conduct:
As a Board we are acutely aware of our responsibility for setting the tone from the top, which ensures that we maintain our reputation for providing the highest quality of service for our clients whilst operating at the highest level of integrity. We achieve this through our Company's clear purpose, which is embedded through our values and culture. Our governance framework enables effective decision-making and clear accountabilities, supported by day-to-day policies and procedures which are communicated to all. This framework was enhanced during the year by the formalisation of our delegated authorities. We also refreshed our values to ensure that they reflect our aspirations for the business and our expectations of our people.

Read more:

Our impact	Pages 70 to 86
Governance framework	Page 104
Purpose, values and culture	Page 106
Audit and Risk Committee Report	Page 118

The need to act fairly between the members of the Company:
The Board is conscious of the need to balance the broad range of interests and perspectives of our shareholders in our deliberations, whilst acknowledging that not every decision that we make will deliver everyone's desired outcome. Board papers for principal Board decisions include a section on stakeholder interests and impacts, which supports us in considering how our decisions might affect our shareholders.

Read more:

Shareholder engagement	Pages 108 to 109
Voting rights	Page 144

The following decision demonstrates how section 172 matters were taken into consideration as part of Board discussion and decision-making.

Principal decision taken during the year:
Launch of Green Transition offering

Decision

The Group launched its Green Transition offering to clients in June 2021, set up specifically to guide clients through the decarbonisation of their maritime activity. Management built a core Green Transition team comprised of Managing Directors and subject matter experts from across global offices and divisions to together provide a consultative approach to clients who are looking to understand and reduce their shipping carbon footprint.

How the Board considered section 172 matters in taking its decision

Long-term consequences:
The Board considered whether the proposal to launch the Green Transition offering to clients was aligned with the Company's purpose and strategy. We were satisfied that the launch supports the Company's purpose – 'Enabling global trade, leading positive change' – and our Breadth and Understanding strategic objectives. We also reviewed whether the proposal would create long-term value for the Group's stakeholders and confirmed that it would.

Employees:
The Green Transition impacts on all the Group's divisions and employees and it was therefore crucial to ensure that they were equipped with the necessary knowledge and support to continue to perform their roles effectively. This is in line with the Company's purpose, which highlights the need to empower our people to make better informed decisions, and our strategic objective to empower people to fulfil their potential. A dedicated internal training programme on the Green Transition was launched and employees were invited to join a series of webinars to enable them to understand trends within the industry, how these trends were impacting our clients, and the digital tools and resources that the Group had developed. Alongside the direct support provided by the Green Transition team, this training has ensured that our employees have the tools they need to keep developing their own expertise and support our clients.

Fostering relations with clients:
As regulation around decarbonisation of the shipping industry grows increasingly complex, we need to help our clients to understand these changes and their impact, and to work in partnership with them to help them to achieve their goals. The Green Transition offering provides an advisory service to our clients and helps them to identify and deliver bespoke solutions from across our broad range of services.

Impact on communities and environment:
The impact of climate change on communities and the environment is a societal issue. The Green Transition offering demonstrates our intention to lead positive change in the shipping industry, helping our clients to understand and deliver on their decarbonisation obligations and strategy whilst meeting the needs of wider communities in a sustainable way.

High standards of business conduct:
We formed our core Green Transition team to bring together subject matter experts who are accountable for delivering this offering to our clients within the Group's governance framework.

Board engagement

The Board approved the launch of the offering and the Executive Directors have regularly updated us on progress. We received a deep-dive into various aspects of the offering and progress made at our Board strategy session in December 2021, which also gave us the opportunity to hear directly from members of the team.

Principal decision taken during the year:
Launch of Green Transition offering

"Our Green Transition team, launched in 2021, has seen very strong client demand and is playing a hugely important role in assisting clients in reducing emissions and pushing forward the agenda of positive change."

Andi Case
Chief Executive Officer

Managing our environmental impact

As an enabler of global trade, we work closely with our clients to lead and facilitate positive environmental change in shipping. As a business, we are also committed to monitoring and minimising our carbon footprint.

2021 environmental performance summary

As a consequence of the COVID-19 pandemic and the advised restricted travel conditions, Clarksons' total greenhouse gas ('GHG') emissions are substantially lower than in 2019, as they were in 2020. Overall, on a location basis, our emissions were 3,014 tCO_2e, which is down 68% on 2019 and slightly lower than 2020 (10%). Calculated on a market basis, our emissions were 2,952 tCO_2e. With regards to our carbon emissions intensity, we averaged 1.8 tCO_2e per employee (1.4 tCO_2e per employee for scope 1 and scope 2 emissions only) in 2021.

Recognising our commitment to sustainability (covering both environmental and social aspects), we were awarded a silver medal by Ecovadis in 2021, which puts us in the top 15% of our industry for embedding sustainability across our business.

Our carbon footprint

While some of our offices remained fully open, other offices closed for periods of the year, with our employees working remotely instead. This is reflected in a decrease in the use of electricity (8%). However, natural gas consumption increased by 39% due to a higher demand on heating with longer periods of cold days in 2021 than in 2020. Other emissions associated with office operations such as waste and water also decreased by 56% and 68% respectively. Our emissions associated with business flights decreased by 49% reflecting the year-long restrictions on overseas travel in 2021 whilst rail increased by 35% due to resumption of domestic travel.

Our energy efficiency initiatives

We recognise that our operations have an environmental impact, and we are committed to monitoring and minimising our emissions year on year. In the period covered by this report, the Company has undertaken the following emissions and energy reduction initiatives:

- Continued replacement of fluorescent strip lighting with LED lighting in our London office.
- Increased use of technology to enable online meetings.

During the year, we also launched an electric vehicle benefit scheme for UK employees, whilst a number of local initiatives which were implemented previously remain in place. These include cycle-to-work schemes and recycling of food waste.

Outlook

As we anticipate a phased return to our offices across the globe, we expect to see an increase in our GHG emissions. That said, the pandemic has accelerated moves towards new, more agile ways of working, enabled by technology and enhanced networks of collaboration and communication. We will seek to embed these alternative ways of working but, as a global company, there will continue to be a need to undertake travel in order to manage our worldwide operations. We are also committed to better understanding our carbon footprint and have commenced work to understand our full scope 3 emissions. Further information will be provided in the 2022 Annual Report.

Methodology

We are reporting our GHG emissions and associated energy use as required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the '2018 Regulations') for our global operations.

We have reported the emission sources for which we have operational control for our global estate for the reporting period 1 January 2021 to 31 December 2021.

Our GHG emissions were calculated in accordance with the requirements of the WRI 'GHG Protocol Corporate Standard (revised version)' and Defra's 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance' (March 2019). We have applied the appropriate GHG conversion factors from the UK Department for Business, Energy & Industrial Strategy (BEIS) 2021 and International Energy Agency (2021)[1].

We have included in scope all the properties where we are directly responsible for the consumption of energy, including our tenanted offices. Our carbon footprint for the 2021 reporting year was calculated from activity data for scope 1 emission sources and electricity consumption in scope 2. This disclosure builds on the minimum requirements for compliance with the 2018 Regulations to include additional material scope 3 emissions from business travel and office operation (waste, water, paper). Our emissions are presented on both a location and market basis. Location-based reporting applies a country-specific factor to electricity consumption whilst market-based reporting takes account of the specific electricity tariff/supplier used.

1 This work is partially based on the country-specific CO_2 emission factors developed by the International Energy Agency, © OECD/IEA 2021, but the resulting work has been prepared by Clarksons and Avieco and does not necessarily reflect the views of the International Energy Agency.

Clarksons' GHG emissions (tCO_2e) and associated energy consumption (MWh) for 2021

	UK 2019 (tCO_2e)	Global (excluding UK) 2019 (tCO_2e)	UK 2020 (tCO_2e)	Global (excluding UK) 2020 (tCO_2e)	**UK 2021 (tCO_2e)**	**Global (excluding UK) 2021 (tCO_2e)**	% change in total emissions (vs 2020)
Scope 1	753	424	588	206	**759**	**234**	25
Natural gas	220	95	174	44	**237**	**66**	39
Other fuels	264	–	222	–	**193**	**40**	5
Company cars	204	265	100	159	**155**	**74**	-12
Fleet	64	–	47	–	**133**	**–**	183
Refrigerants	–	65	45	3	**41**	**54**	98
Scope 2 location-based (electricity)	1,005	674	900	574	**815**	**544**	-8
Scope 3	352	6,828	171	904	**183**	**479**	-38
Total Scope 1 + 2 (location-based)	1,758	1,098	1,488	780	**1,574**	**778**	4
Total Scope 1 + 2 + 3 (location-based)	2,110	7,296	1,659	1,684	**1,757**	**1,257**	-10
Total Scope 1 + 2 + 3 (market-based)1			2,042	1,847	**1,741**	**1,211**	-24
Total Energy Usage (MWh)			6,382	2,656	**7,140**	**2,637**	8
Total global (including UK) Scope 1 + 2 emissions/FTE		1.9		1.4		**1.4**	0
Total global (Including UK) emissions/FTE		6.5		2.1		**1.8**	-14

1 Location-based factors have been applied where there are no residual mix factors available.

Whilst we have endeavoured to obtain accurate and complete data wherever possible, where there were data gaps, we have used reasonable estimations such as annualisation of actual data, use of expenditure data as a proxy and typical office consumption benchmarks.

Supporting our clients

In addition to our commitment to monitor and minimise our own GHG emissions, Clarksons is also committed to working with our clients to enable smarter, cleaner global trade.

The shipping industry has set ambitious targets for the decarbonisation of the industry itself, whilst decarbonisation of energy sources in wider society is rapidly becoming a higher priority. As a result, many of our clients are embarking on significant change to combat environmental challenges. In response to this, we launched our Green Transition offering in 2021, to provide a consultative approach to finding bespoke solutions for our clients to devise and execute their decarbonisation strategy.

You can read more about the global and shipping trends within which we are working on pages 50 to 55, and how we are working with our clients on their decarbonisation strategies on pages 30 to 49. Further information on the Green Transition can be found on pages 2 to 21.

Task Force on Climate-Related Financial Disclosures ('TCFD')

This is our first year of reporting in line with the TCFD recommendations. The Company complied with the TCFD recommendations during the year ended 31 December 2021, with the exception of the recommendations under the Metrics and Targets pillar where we have provided explanations.

Our approach to the governance and risk management pillars of TCFD is integrated into our wider processes, and our reporting in relation to these areas is therefore set out within the relevant sections of the Annual Report.

Governance	
Describe the board's oversight of climate-related risks and opportunities Read more: Our governance framework on page 104.	The Board has overall responsibility and accountability for all risks and opportunities, including all climate-related matters. The Audit and Risk Committee monitors the impact of climate change on our principal risks, including their materiality, as part of their ongoing monitoring of actual and emerging business risks.
Describe management's role in assessing and managing climate-related risks and opportunities Read more: Our governance framework on page 104.	Our CFO & COO takes overall executive responsibility for ESG matters (including climate change). Our CEO and the Executive Team lead the identification of climate-related opportunities as part of their responsibility for delivering the strategy and identify and manage climate-related risks within their relevant areas.
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term, and their impact on the organisation's business, strategy, and financial planning Read more: Climate scenario analysis on page 73.	Whilst the risks and opportunities for our business are identified through existing business planning and risk management processes, we used our first year of TCFD reporting as an opportunity to engage an external sustainability consultant to assist us with a deeper analysis of climate-related risks and opportunities. Further detail on the review undertaken and the risks and opportunities identified through the review are set out on the next page.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario Read more: Climate scenario analysis on page 73.	We have undertaken climate scenario analysis to understand how the climate-related risks and opportunities that we face may manifest themselves under two different temperature pathways (including one aligned to the Paris Agreement).
Risk Management	
Describe the organisation's processes for identifying, assessing and managing climate-related risks and how those processes are integrated into the organisation's overall risk management Read more: Our risk management framework on page 89.	Our processes for identifying, assessing and managing the impact of climate change on our principal risks are integrated into our existing risk management processes.
Metrics and Targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	We have not yet agreed metrics to assess our identified risks and opportunities. These are under consideration and we will provide a further update in future reporting.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks Read more: Our environmental performance on pages 70 to 75.	Our scope 1, 2 and limited scope 3 emissions are disclosed on page 71. Work to further understand our scope 3 emissions has commenced, with a view to extending our reporting further from the 2022 reporting year. Based on this work, we expect to deepen our understanding of the actions necessary to reach full compliance, and we will provide a further update in the 2022 Annual Report.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have not yet agreed targets to manage our identified risks and opportunities. These are under consideration and we will provide a further update in future reporting.

Evaluating climate risks and opportunities

Whilst the risks and opportunities relating to climate change for our business are identified through existing business planning and risk management processes, this year we engaged an external sustainability consultant to assist us with a deeper analysis of this area.

Research was conducted to determine an extensive longlist of transition and physical risks (see below) and opportunities which could affect the shipping industry. These included the introduction of carbon taxes, environmental shipping regulations and security of renewable energy supply. Through a series of workshops with our CFO & COO and business MDs, we considered whether these industry-specific items could impact on the Group and, from those that could, we identified those which were most material to our strategic priorities. The workshops revealed that, due to the nature of our business as a people-based intermediary, transition risks are more material to the Group than physical risks. One risk and two opportunities emerged from these discussions and were assessed in terms of likelihood and impact, in line with our risk management framework. For more details about our risk management framework please see page 89.

Climate change requires thinking that goes beyond typical business planning. As such, the risks and opportunities were assessed from a long-term perspective, in accordance with the climate scenarios described to the right. We have categorised them according to the following timeframes:
- Short: 0–5 years
- Medium: 5–10 years
- Long: more than 10 years

Climate scenario analysis

Scenario analysis is a valuable tool, used to understand how different climate scenarios may impact the Group, given a consistent financial metric. During the year, we worked with our consultant to understand how the climate-related risks and opportunities that we face may manifest themselves under different climate scenarios.

Our Research division collects, validates, analyses, and manages data on merchant shipping and offshore markets. Research has used this intelligence to develop regularly updated climate and energy transition scenarios as it provides an outlook on the way climate change will impact business activity specific to the maritime industry. Using these internally developed maritime-specific climate scenarios rather than generic frameworks enables us to best understand the impacts of different climate scenarios on the unique business environment that shipbroking offers. These scenarios are aligned to the science behind global environmental change highlighted in the latest report by the Intergovernmental Panel on Climate Change. As per the TCFD recommendations, two climate scenarios were considered, including one (Rapid Decarbonisation) aligned to the Paris Agreement.

- **The Gradual Transition scenario** tracks to a moderate overshoot of the Paris Agreement 2°C temperature increase by 2100. In this scenario, CO_2 emissions peak in the late 2020s and then gradually decline through a gradual shift away from fossil fuel use and robust growth in solar, wind and other renewable energy sources, alongside some developments in carbon capture.
- **The Rapid Decarbonisation scenario** is compatible with the goals of the Paris Agreement, and requires steep global annual emissions reductions, sustained for decades, to stay within a 1.5–2°C temperature increase. This scenario is characterised by a rapid decline in fossil fuel use, albeit with gas playing a role as a transition fuel, and an exponential growth of renewable energy production, developments in carbon capture and land use changes.

Climate change risks

Under the TCFD recommendations, climate change risks can be classified into two major categories:

- Transition risks – transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.
- Physical risk – physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.

Climate-related risks and opportunities

Our evaluation identified one relevant risk and two relevant opportunities. The potential impact of these risks and opportunities if they were to occur is outlined here, along with our resilience to these risks and opportunities. However, these are not considered to be material to the Group at this time.

Risk

Stakeholder environmental expectations

Timeframe: Short term

Recognising the importance of mitigating climate change, our investors, clients and employees (and in particular our future 'Gen Z' employees) are increasingly aware of the environmental credentials of their investee companies, suppliers and employer respectively. As a result, investors will expect companies to proactively align operations with external environmental frameworks through emission cuts and/or offsetting. We expect this to materialise in the short term, and certainly within the next five years. Stakeholder environmental expectations will continue to develop and grow in the medium and long term as more transparency is required across the value chain.

Mitigation: We are committed to proactively engaging with our investors and clients to understand their environmental expectations. We will collaborate with our key stakeholders to help them achieve the shared objective of reducing their impact on the environment. Our purpose statement and the launch of our Green Transition offering demonstrate to our stakeholders our commitment to be part of the solution through leading and facilitating positive change in the shipping industry.

Furthermore, we understand that transparency surrounding our position in the climate crisis is crucial. We disclose our GHG emissions annually and are aligning our reporting to the recommendations of TCFD. As a business we are committed to supporting our stakeholders by providing the information necessary to contribute to the level of transparency required.

Opportunity

Offshore wind energy

Timeframe: Medium term

To meet both global and national climate targets, including the procurement of clean energy, renewables are expected to become an increasingly vital part of the energy mix. Due to higher and more consistent wind speeds, offshore wind farms can create more electricity than their onshore counterparts, whilst minimising noise and visual pollution and land use competition. Offshore wind energy therefore has the potential to significantly contribute to the decarbonisation of the energy mix. As important players in the financing, brokering and provision of research and port services for specialist vessels, this growing offshore wind energy market presents us with a significant opportunity. Although renewable energy sources are already starting to increase, we expect this to grow further in the medium term, within the next 10 years.

There is significant growth in offshore wind energy capacity and associated farms and turbines in both the Rapid Decarbonisation and Gradual Transition scenarios, with greater growth in the Rapid Decarbonisation case. However, the world continues to heavily rely on non-renewable energy sources, even though renewable sources have seen an uptick in recent years. The infrastructure for facilities such as offshore wind is still being developed and is unlikely to overtake consumption of fossil fuels in the short term (less than five years).

Harnessing this opportunity: We need to be the way-finder for the industry, best able to provide research, advice, strategic guidance, and broking and financial execution services to support the development of offshore wind energy projects. Our renewables team was established around 20 years ago for this very purpose and has enabled us to hold a market leadership position in offshore wind energy intelligence. We will continue to adapt our policies, strategy, and targets to maintain this position, and we will grow and pivot capacity towards offshore renewables brokerage, port services, banking and research.

Trends in offshore wind energy forecasting do not show a uniform distribution around the world; certain areas are likely to grow more strongly, in part due to their geographical configuration. As such, identifying these at an early stage is crucial for us to consequently build our capacity in the relevant geographical areas. Offshore wind energy is a nascent industry for many areas of the world. Our broking and advisory teams are equipped to support these areas in procuring shipping vessels and infrastructure from more established markets, whilst concurrently supporting them in building a strong supply chain locally for future projects.

Moreover, and increasingly after 2030, a share of global annual investment will be required to replace existing or retired capacities with more advanced technologies. Our renewables team will play a crucial role in developing the intelligence required to best support clients in the replacement and retirement of offshore wind energy capacities.

As we evidence our expertise in these areas, we can gain a competitive advantage over those who do not align to a low-carbon future, ensuring we do not lose market share to new entrants to the market. Through the actions outlined above, we believe that we are in a strong position to capture a significant share of this growing market.

Opportunity
Newbuilding fleet renewal
Timeframe: Medium term

Despite the present dominance of oil-powered ships, international commerce and climate change pacts and policies are already starting to impact on the current world fleet and newbuilding order book. Lowering the carbon emissions associated with the shipping industry will require new ships to be built, compatible with clean fuels. As the green transition evolves, older assets will need replacing and chartering strategies will evolve. Further, port and infrastructure investment will be required to accommodate renewed fleet standards. We expect this opportunity to materialise in the medium term, within the next 10 years.

Similar to the offshore wind energy opportunity, whilst the newbuilding fleet renewal opportunity is already providing opportunities for our business, there is potential for this opportunity to grow significantly in both the Gradual Transition and Rapid Decarbonisation scenarios. As policies and regulations in international maritime are still being developed, technology is still evolving, and the vast majority of the existing fleet is powered by conventional fuel, it is unlikely that in the next five years (a short-term horizon) demand for oil-powered ships will become obsolete.

Harnessing this opportunity: To support this growing area of the business, we have invested in our market-leading teams which provide research, ship renewal expertise, advisory services and the execution and financing of alternate-fuelled newbuilding of vessels. We are focusing efforts on building expertise within newbuilding, sale and purchase, and our chartering brokerage. We remain a major tonnage provider to the key global shipbuilding players. As intermediaries, we are well informed on both demand and supply-driven expectations, concerns and strategies. Our aim is to assist and support both shipowners and commodity interests towards the transition to a low carbon economy. As the industry is becoming more complex, our unique level of understanding of the market and regulatory landscape is ever more important to help clients navigate this fast-changing environment. We remain well placed to capitalise on this next phase of shipbuilding fleet renewal as we progress into 2022.

We are committed to closely monitoring the development of latest trends, regulations and technologies which will affect the need for fleet renewal. Environmental regulations are not rolled out uniformly around the world. We will leverage our position as a global company to use our experience in areas where environmental regulations are most stringent to best prepare for the transition in other areas. This opportunity is likely to be most significant in a scenario where the world undergoes an extensive transformation to a low-carbon economy by 2030.

Focusing on our people and our communities

Our people

We believe that everything centres around our excellent people. They are at the heart of the way we engage with each other, our clients, and the products and services we provide. Our people remain the biggest differentiating factor for us, and the diverse range of backgrounds, nationalities, skills and experience within our global teams is representative of the international markets we operate in. This, together with our commitment to continually develop our people and support them in a role and environment where they can thrive and perform at their best, underpins our culture. This is supported by our recently refreshed values that accurately represent what is important to us and our beliefs – act with integrity, dedicated to excellence, and collaborate and challenge.

COVID-19

During 2021, the management of the COVID-19 pandemic shifted into a new phase. Whilst the pandemic continued to have an impact, our resilient and adaptable people seamlessly managed the continuing changes in circumstances and delivered collective success for our clients and our teams.

Our top priority remained the physical and mental well-being of our people and their families, and all our decisions have been made with them at the centre of our thinking.

We have found that this period has delivered new ways of working with each other and in many ways has brought the Group closer together. Enabled by technology, enhanced networks of collaboration and communication have been a positive outcome for our working environment over the last couple of years and we will look to sustain this once the pandemic is over.

Health and well-being

The health and well-being of our staff remains our number one priority.

We continue to focus on well-being via physical and mental health guidance and resources, mindfulness practice and access to additional virtual training modules to develop skills for maintaining good physical and mental health.

It was already a signature of our culture for our managers to be closely engaged with their teams which has been sustained in periods when we have been working at home. We enjoyed the huge social and business-related benefits of the periods that we were able to be back together in the office. We will work hard to ensure that the lessons we have learnt during this time are not forgotten.

We have focused on leading with compassion and empathy; understanding the fine balance between work and home; and respecting our staff more than ever in the need to work in ways that ensure they feel supported.

Engagement

We are a relationship business and, as such, the partnerships that we build and maintain with our employees, clients and communities are integral to our success. This comes from engaging meaningfully with them.

The management style of our organisation is to engage directly and personally with our people and our management structures and hierarchies support this. Every line manager maintains open lines of communication with their teams, and this remains the most effective way of ensuring consistent engagement in both directions.

Other specific and targeted forms of engagement with employees have come from:

- Global executive and divisional management forums that meet monthly.
- Employee pulse surveys for certain divisions.
- The Employee Voice Forum with Non-Executive Directors, which is attended by employees from various divisions across the business and provides for and encourages two-way communication between our employees and Non-Executive Directors. The forum is chaired by Dr Tim Miller, our designated Non-Executive Director for employee engagement, who is joined by Non-Executive Director Heike Truol. Discussions over the last year have centred on key topics impacting the industry such as digital transformation and the green transition and the impact this has had on our employees.
- Increased use of our internal communications channel (Voyage) which is updated with news from our 52 offices; education on topics of interest to the industry; information regarding the evolution of products and services provided by the Group; and 'Focus on' and 'Clarksons meet' content to get to know global colleagues.
- Regular communications from senior management updating employees on key matters, and in particular video updates from our CEO and CFO & COO presenting publicly released financial results and updates on the work of the CSR Committee.
- Where permitted, we have ensured that we have brought our people together for team, office or leadership events and offsites which has been a huge boost to morale and reinforced the personal nature of the environment in which we operate.
- Monthly CSR Committee meetings attended by a cross-section of employee Committee members and visiting attendees focusing on the charitable causes that are important to our global community.

We also recognise the benefits of encouraging employee engagement through share ownership. Further detail on the participation of our employees in share plans can be found on page 109.

Talent

Management, promotion, recognition and reward

We have continued to invest in developing and retaining the best talent in our markets. Our key objective and focus is to ensure that our people become our future leaders. We create an environment in which our people have a broad experience; collaborate across our business; and participate in the running of their respective business divisions to gain exposure to leadership responsibilities. We achieve this by:

- Global executive and divisional management forums that meet monthly.
- Managing a global promotions process that is conducted bi-annually based on consistent assessment criteria, levelling the playing field.
- Leveraging our competency and behaviours framework, which we use to attract, retain, develop and promote our people based on consistent criteria, and which is designed to be transparent about expectations.
- The engagement activities set out to the left.
- A bespoke management and leadership development programme which will be undertaken by managers and leaders.
- Regular sessions with Maritime Masters in which they present and lead seminars.
- Widening the scope of our development programmes to help employees at all stages of their career take control of their personal development, support retention of our early and mid-level management and facilitate succession planning.

The attraction and development of early careers talent remains a priority for our business as we seek to increasingly diversify our workforce and prepare to meet the needs of the continually evolving global markets in which we operate.

Recruitment
We remain focused on attracting, engaging and retaining the best talent. Our in-house recruitment model is evolving with direct search capabilities which enable us to hire the best talent and reduce our reliance and spend with recruitment agencies. The model enables a consistent candidate experience, whilst leveraging our employer brand. Our employer brand has evolved to better represent our broad expertise and market specialisms that are underpinned by data and enabled by technology. We are evolving our recruitment channels for greater access to, and engagement with, a diverse and broad spectrum of both active and passive talent, and we are building talent pipelines for future hiring needs. We are developing our recruitment platform to meet the demands of a competitive talent marketplace and we continue to monitor our inclusive recruitment practices on an ongoing basis.

We are also increasingly adopting the use of social media channels to reach a broad section of talent and have seen an increase in direct hires entering the business.

Learning and development
Our learning and development strategy focuses on the development of our people's capabilities, skills and competencies to remain dedicated to excellence and the trusted advisor of choice to our clients.

We achieve this through a blended model that prioritises professional development via close mentoring, exposure to challenging work assignments and projects, and a flat structure that provides our people with access to world-leading expertise, all underpinned by appropriate education and training.

We have developed a bespoke management and leadership development programme that will deliver learning in a way that reflects the realities of leading within our business. It delivers content that has greatest impact for leaders operating in a fast-paced industry and creates an environment in which targeted leadership skills and behaviours can be acquired, practised and perfected in our live workplace setting.

Our growing commitment to learning is reinforced with global access to online learning programmes with a leading provider, Goodhabitz. This enables all our staff to access a broad range of courses to support ongoing personal and professional development. The courses which have proved to be popular include topics such as cultural diversity, strategic thinking and change management.

Our learning and development strategy is also closely aligned with our increasing efforts to recruit new talent into the Group. This is demonstrated by our continuing support for Maritime UK's Maritime Masters programme.

We continue to support employees wishing to study for membership of the Institute of Chartered Shipbrokers or any other relevant professional qualification.

Diversity and inclusion
We have committed to a progressive and strategic diversity and inclusion approach that comprehensively targets all aspects 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 in our industry.

To help us on this change journey, we are partnering 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. This will be augmented with qualitative data collection and analysis to support an evidence-based strategy for our short-term, mid-term, and long-term inclusion goals.

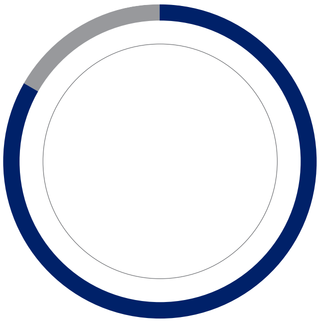
We are continually reviewing our approach, including constant review of our global recruitment processes; the terms and conditions we have in place with the recruitment agencies that we use; the way we hire and engage with potential candidates across the various locations and jurisdictions in which we operate; the language we use in our role vacancies and posts, and our internal policies and materials; and marketing that we use to interact with potential talent. We are seeing the change in practice from the successful implementation of our direct sourcing model and capabilities to reach a much broader pool of candidates and improve our brand outside the traditional network in which we are known. Our newly developed management and leadership development programme has a priority focus on diversity and inclusion.

We are confident that this practical approach will deliver more tangible outcomes for the business and our diversity and inclusion objectives, and ensure we are constantly striving to improve.

Gender diversity

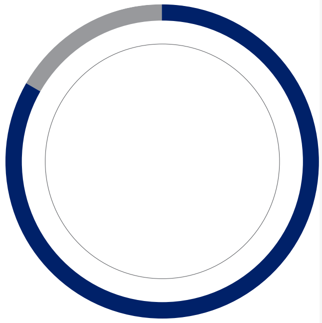
As at 31 December 2021

Executive Committee



Male	15
Female	3

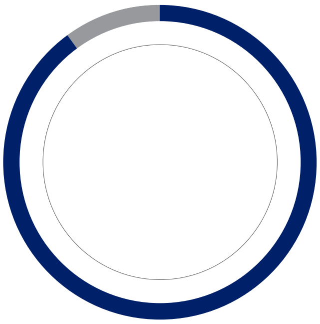
Executive Committee and direct reports



Male	167
Female	33

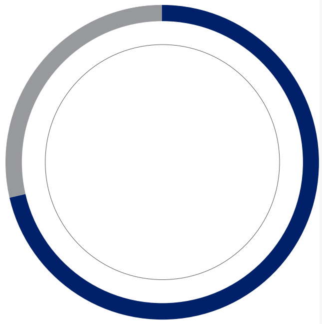
Senior managers

Employees who have responsibility for planning, directing or controlling the activities of the Group, including all directors of subsidiary companies.



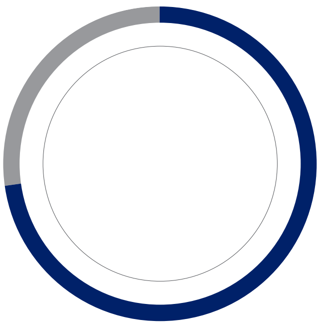
Male	200
Female	22

New hires



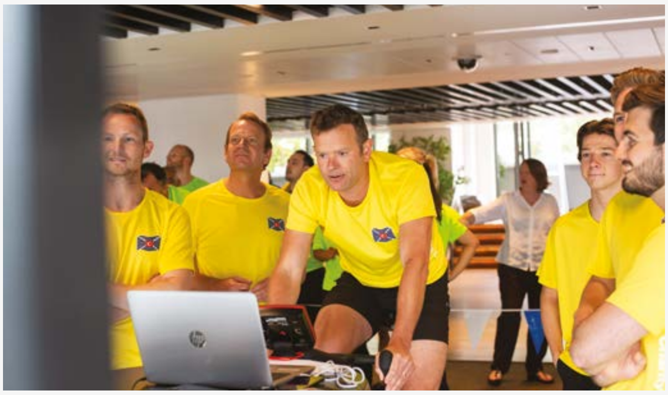
Male	230
Female	92

All employees



Male	1,234
Female	459

Board diversity on page 99.



Health and safety

It is vital to look after the health, safety and well-being of our people, and we endeavour to provide a safe and secure workplace for all. Our policies and procedures are designed to minimise the risk of injury and ill health of our workforce as well as any other parties attending our premises.

The Board has approved a global health and safety policy statement and the CFO & COO is appointed to oversee health and safety as sponsor on behalf of the Board. The Board receives updates on health and safety matters at each meeting, covering any areas of concern and key updates from operational committees.

Health and safety is managed on a global basis through a decentralised model, where each site is responsible for managing its own health and safety in compliance with local legislation and regulations. With the exception of some higher-risk activities within our Support division such as port agency and freight forwarding, all locations conduct office-based activities only and are therefore considered relatively low risk. Health and safety in the UK is managed through a committee structure, with a committee dedicated to the highest-risk activities in the Support division.

We hope to build on our decentralised model with the implementation of a global framework to set common internal standards and to ensure external regulatory compliance. The framework will determine that the more stringent of either internal standards or local regulatory requirements are met, to benefit from exceeding the minimum standards where possible. We will be finalising and implementing the framework now that occupancy levels at our offices are returning to pre-pandemic levels.

Throughout the pandemic, we continued to follow current government guidelines and restrictions, working from home where possible and implementing appropriate safety measures to protect our people.

Communities

Industry partners

Throughout 2021, we partnered with a number of maritime associations which are paving the way for the future of the maritime industry.

This was demonstrated by our continuing support for Maritime UK's Maritime Masters ('MM') programme. We ran a series of webinars for postgraduate students studying for Master's qualifications at nine leading UK universities and business schools, culminating in the hosting of a virtual finalists reception in October. These webinars proved to be very popular and will be provided again in support of the 2022 MM programme.

Our ongoing involvement with this event supports the significant role we play in encouraging and developing young talent in shipping, and this year we wanted to support students further by increasing their connectivity to the industry. We hosted a webinar series geared specifically to aid students' learning and understanding of the challenges and trends currently faced in maritime. The series culminated in a recruitment masterclass which would help the students to take proactive steps in improving their employability within a competitive marketplace.

Clarksons Research provides over 50 maritime university and research programmes across the world with access to research and data, helping important academic research and supporting the learnings of our clients and colleagues of the future. Many of these relationships are long-standing, involve both undergraduate and postgraduate research and extend to universities based in key maritime centres around the world, including Asia, Europe and the Americas. We also provide data and intelligence to inter-governmental organisations, governments, regulators and various industry and trade bodies, helping frame debate and policy decisions around the development of the shipping industry, including climate change and safety at sea.

Charitable donations

As a Group, we are committed to giving back to society through our corporate social responsibility programme. Our aim is to bring about positive social change and have a lasting impact on people and communities.

Activities within our corporate social responsibility programme are overseen by our CSR Committee. In 2021, we supported a number of charities which included initiatives for mental health, maritime and children's health and development. These included Little Lives UK,

a children's charity that helps build stronger futures for children who are disadvantaged. As well as working within our communities to identify the challenges that children are facing, we have also helped by donating IT equipment, including more than 70 computer consoles, laptops and 200 webcams, providing essential connectivity while travel has still been limited.

At a corporate level, we offer Payroll Giving in the UK to allow employees to make regular, tax-free donations straight from their gross pay. We also continue to support individual employee fundraising efforts globally. During the year, our employees took part in cycling challenges inside or out on the road to collectively cycle a total of 4,841km. Through these challenges and other fundraising initiatives, together with additional contributions from Clarksons and a donation of £250,000 from the Group to The Clarkson Foundation, we raised over £550,000 for charity during the year.

This year we continued to participate in the Growth Project, a collaborative project between business leaders and their equivalent charity leaders. This year-long scheme is designed to help both sides understand their role as leaders in their respective organisations. It combines training and close mentoring in monthly meet-ups (virtually and in person). Two leaders joined the scheme from Clarksons and were paired with 'Refugee Community Kitchen', which supports homeless people in London and Edinburgh by providing them with a hot meal and a place to gather and connect, and 'The Lotus Flower', which provides women and girls impacted by conflict and displacement with the tools and opportunities they need to rebuild their lives. The project has been very successful, with all Clarksons participants over the last two years finding the experience impactful from both a personal and a professional perspective. We remain committed to supporting the project, and next year's cohort will see three leaders join from Clarksons.

Some of the cycling challenges that our Clarksons teams took part in during 2021:

The Aberdeen office, comprising offshore and port services teams, donated to the Scottish Association for Mental Health by completing a 500-mile virtual triathlon challenge. The team swam, ran and cycled the equivalent of the distance between Aberdeen and Paris over 18 days.

The Tour de Clarksons saw 23 teams across 11 global offices participate in a three-hour virtual endurance cycle challenge. A live stream across global time zones and a live leader board created a competitive environment to maximise donations for The Clarkson Foundation.

The Honeypot Children's Charity is a UK-based charity raising money for young carers. Two Clarksons representatives entered the Honeypot cycle challenge to support this worthy cause.

Clarksons supported and participated in the Graig100 bike ride in aid of Velindre Cancer Centre and Mission to Seafarers, completing a 100km bike ride through the Welsh valleys.

£550,000

Employee fundraising initiatives, together with additional contributions from Clarksons, raised over £550,000 for charity during the year.

4,800km

Employees participated in cycling challenges during the year to collectively cycle over 4,800km to raise money for charity.

We established The Clarkson Foundation to make a tangible difference.

Jeff Woyda
Chair of the Board of Trustees
The Clarkson Foundation

Operating as an independent registered charity, The Clarkson Foundation is managed by a Board of Trustees comprised of Clarksons employees from across the business.

Board of Trustees	Business area
Jeff Woyda (Chair)	CFO & COO
Leo Askaroff	Sale and purchase
Lily Bagshaw	Events
Alex Gray	Futures
Richard Haines	Dry cargo
Bob Knight	Tankers
Dharani Sridharan	Finance
Kate Thompson	HR
Tilly Harvey (Secretary)	Company Secretariat

Funds are raised for the charity by donations from Clarkson PLC and through a broad range of activities such as the Annual Charity Giving Day, which saw the global Clarksons offices take part in a strenuous and competitive cycling challenge.

Since its formation in 2020, The Clarkson Foundation has provided grants to a variety of charities operating in the UK and overseas. The Trustees select initiatives to support by focusing on projects which can achieve the biggest impact. The charities supported during the year tackle issues including mental health, children's health, maritime, poverty and homelessness. Clarksons employees are encouraged to put forward charities meaningful to them, and during the year over £85,000 was donated to support these, some of which are set out below.

The Wave Project
A grant was provided to The Wave Project for a new minibus for their Northern Ireland location to support the 'surf therapy' course, which helps young people improve their emotional and physical well-being.

Street Child
Street Child was provided a grant to build a new school within one of Liberia's most remote and rural communities. The two-year project will support the implementation of a local educational programme for over 100 children in the area and establish an income-generating initiative for the continued financial viability of the school.

Greyhope Bay
Inspired by the fundraising efforts of the port services and Aberdeen offshore teams, a donation was made to support Greyhope Bay and its marine conservation community project in Aberdeen.

East of England Ambulance Service NHS Trust Charitable Funds
A donation was made to the East of England Ambulance Service charity on the request of a Clarksons employee who volunteers as a community first responder. The donation funded the price of a full kit for a volunteer, including a defibrillator, pulse oximeter and various first aid items.

Samaritans
Samaritans was provided a donation to recruit and train ten volunteers to support their Freecall helpline, which helps to support those in need and aims to prevent suicide.

The Valley Hospital Charity
The Valley Hospital Charity received a donation to purchase eight Neopuffs, which are cot side resuscitation devices. The purchase helped ensure there was a Neopuff at every cot side in the hospital's Special Care Baby Unit.

The Willow Foundation
A donation was made to the Willow Foundation, a charity that provides memorable experiences for seriously ill young adults at difficult times. The donation provided a memorable experience for two adults with their loved ones.

The Whitechapel Mission
A donation was made to the Whitechapel Mission for the provision of hot meals during the Christmas period, and 80 'survival kits' which included essential items that a person experiencing homelessness may need.

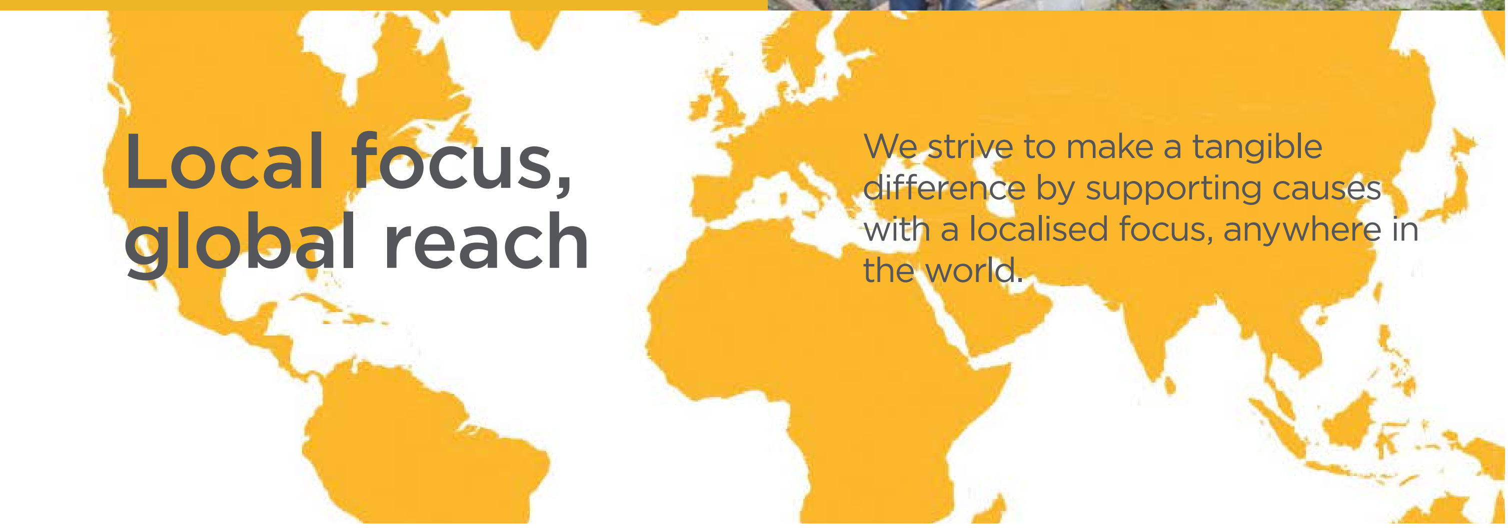
For more information
www.theclarksonfoundation.com

Welcome to

The Clarkson Foundation

The Wave Project and the new minibus.

Workers building the Street Child school in Liberia.



Local focus, global reach

We strive to make a tangible difference by supporting causes with a localised focus, anywhere in the world.

Maintaining robust governance

How we do business

Business conduct

Clarksons is founded on a commitment to provide the highest quality of service for our clients whilst maintaining the highest level of integrity. Our staff share our common values: act with integrity, dedicated to excellence, and collaborate and challenge. We aspire to conduct our business in an ethical, honest and professional manner wherever we operate, and in particular we undertake to:

- Act fairly, honestly and with integrity at all times and in everything we do, and to comply with all applicable laws.
- To treat our employees, clients, contractors, suppliers and other stakeholders fairly and with respect.
- To create a high-quality, equal opportunity working environment for all our employees, based on merit and free from discrimination, bullying and harassment.
- To respect human rights.

Compliance Code

In order to support our 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, and covers areas including insider dealing, sanctions, anti-bribery and corruption and market abuse. In addition, the Group's regulated businesses are subject to further compliance requirements which are set out in local compliance manuals.

All employees and contractors must comply with the Compliance Code. It is reissued to all employees and contractors on an annual basis, and they are required to confirm that they have read and will comply with it. The Compliance Code is kept under regular review, and was updated during the year.

Mandatory online training modules are issued regularly to all relevant employees covering areas including anti-bribery and corruption, market abuse, sanctions and cyber security.

Embedding of policies and processes is supported by a global compliance team who have the necessary skills and experience to fulfil their duties.

Whistleblowing

We have created an environment in which our workforce can speak up and highlight concerns on any matters through our whistleblowing arrangements. This includes a helpline through which concerns can be raised in confidence (and anonymously), which is operated by an independent third-party provider.

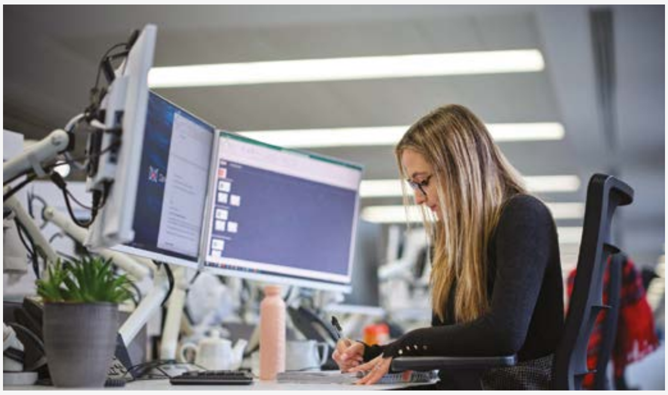
Whistleblowing arrangements and reports arising from its operation are overseen by the Board in line with the UK Corporate Governance Code. The whistleblowing arrangements are formalised into an overarching Whistleblowing Policy. Where relevant, local mandatory whistleblowing policies also exist.

Anti-bribery and corruption

To prevent bribery and corruption, the Group has an approved policy which all employees and contractors must follow. It also applies to any third party who is undertaking business for or on behalf of the Group. Under the policy, all employees, contractors and other parties must not:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that an improper business advantage will be received, or to reward an improper advantage already given.
- Accept a payment, gift or hospitality from a third party that they know or suspect is offered with the expectation that it will provide a business advantage for them or anyone else in return.
- Give or accept a gift or hospitality during any commercial negotiations or tender process if this could be perceived as intended or likely to influence the outcome.
- Offer or accept a gift to or from government officials or representatives, politicians or political parties.
- Offer or accept gifts or hospitality which are unduly lavish or go beyond the normal standards in the industry.

All employees have been trained in person and/or completed online training modules in anti-bribery and corruption to ensure awareness of their obligations in this area.



Anti-money laundering
The Group has continued to build and establish effective and proportionate mechanisms and controls to prevent money laundering. These include anti-money laundering ('AML') policies and procedures for all businesses. During the year, we have continued to enhance AML procedures and specifically 'Know your Client' processes for our unregulated businesses, resulting in additional headcount and modified procedures.

Sanctions
The Group has deployed significant resources to manage sanctions risk and build an effective and proportionate system to prevent sanctions breaches. These include sanctions policies and procedures for all businesses; sanctions screening of prospective clients (including vessels) using our proprietary online sanctions checking tool; and monitoring existing clients against sanctions lists. The Group also provides annual custom-built online and in-person sanctions training to all relevant staff; maintains sanctions screening records for audit purposes; and has established clear internal audit and escalation mechanisms.

Human rights
We believe that the respect of human rights is integral to being a responsible company and we are committed to treating individuals with respect and dignity.

Clarksons places value on difference and believes that diversity of people, skills and abilities is a strength that helps us to achieve our best. Any discrimination based on race, religion, nationality, gender, age, marital status, disability, sexual orientation or political affiliation is prohibited within the business.

We have a Supplier Charter in which we ask our suppliers, amongst other things, to commit to respecting human rights, diversity, inclusion and the environment.

We are committed to providing a workplace free of any form of harassment or discrimination and expect our suppliers to do the same. Read more about our approach to diversity and inclusion on page 78.

For more information
www.clarksons.com/modern-slavery-act/

Modern slavery
Slavery, servitude, forced labour and human trafficking ('modern slavery') is a global and growing issue, and no sector or industry can be considered immune. We are committed to ensuring that there are no forms of modern slavery within our operations or supply chains.

Our supply chain comprises global providers of a wide range of support functions and products including catering, maintenance, information technology, cleaning and security.

In our material supplier contracts in the UK, we request that our suppliers commit to ensuring that their supply chain complies with legislation with regard to modern slavery. Our General Terms and Conditions also include client obligations to comply with modern slavery legislation.

Our procurement procedures seek to ensure that our suppliers, contractors and service providers act ethically and with integrity, and have in place effective systems and controls so that modern slavery is not taking place within their own businesses.

In the UK, our key IT suppliers are asked to provide details of their modern slavery arrangements as part of both onboarding and ongoing due diligence exercises to confirm that appropriate arrangements are in place in relation to their supply chain. Key IT suppliers which do not meet the standards we expect are not engaged to provide goods or services.

We remain committed to building and strengthening our existing policies and practices to eliminate modern slavery and human rights violations in our supply chain. We therefore continue to review the effectiveness of our current arrangements and, where necessary, implement additional safeguards and procedures.

In line with the Modern Slavery Act 2015, we publish an annual Modern Slavery and Human Trafficking Statement on our website.

Suppliers
Whilst we do not consider suppliers to be a significant stakeholder in our business, we are committed to treating our suppliers fairly. You can read more about how the Board takes account of suppliers in its decision-making on page 66.

Non-financial information statement

The table below constitutes the Company's non-financial information statement, in compliance with sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement	Key policies and standards, and more information
Environmental matters	Read more: Environment – pages 70 to 75.
Our employees	Global Staff Handbook Global Diversity and Inclusion Policy Compliance Code Global Privacy Statement and Policy Health and Safety Policy Statement Whistleblowing Policy Read more: Our people – pages 76 to 79. How we do business – pages 84 and 85.
Social matters	CSR Committee Read more: Communities – pages 80 and 81.
Human rights	Ethics Policy Statement Modern Slavery and Human Trafficking Statement Global Privacy Statement and Policy Read more: Our people – pages 76 to 79. How we do business – pages 84 and 85.
Anti-corruption and anti-bribery	Anti-Bribery and Corruption Policy Read more: How we do business – page 84.
Business model	Read more: Our business model – pages 58 to 63.
Principal risks	Read more: Risk management – pages 87 to 95.
Non-financial key performance indicators	Read more: Key performance indicators – pages 28 and 29.

Risk management

As the world's leading provider of integrated shipping services, it is imperative that the integrity and reputation of the Clarksons brand, which underpins the successful delivery of our strategy, is preserved through effective risk management.

Balancing this with taking advantage of all potential opportunities enables us to deliver our strategic objective of enhancing shareholder value by maintaining and extending our industry leadership.

Our risk profile continues to evolve as a result of changing market conditions and regulations, increasing global political uncertainty with associated market volatility, increasing cyber criminality and climate change. We also recognise that a number of our principal risks, such as changes in the broking industry, create opportunities for us, as we develop the tools to future-proof our business.

Though COVID-19 has not significantly impacted our business over the past two years, it has affected our principal risks, heightening the identified inherent threats. Our priority remains the safety and well-being of our global teams whilst ensuring that our clients are best supported to respond and adapt effectively to the continuing challenges that COVID-19 presents.

The Audit and Risk Committee also considered the impact of Brexit and the potential impact of climate change on the principal risks to the business, and it was concluded that neither have yet had a material impact on these risks. The Audit and Risk Committee recognises that the assessment of the opportunities and the impact on principal risks arising from climate change requires consideration of much longer timescales beyond the 36 months used in the viability analysis on page 94, and will continue to take a long-term view of the potential impacts and mitigants for the Group.

Risk environment

Our business model determines our inherent internal risk:

- **We act as agents in the provision of services for and on behalf of our clients**
  As agents, we are bound by the scope and authority determined by our General Terms and Conditions, which are communicated to our clients on commencement of business with them. We do not take principal trading positions, other than in the convertible bonds business and in exceptional circumstances in the Financial division should there be a failure of a client to meet its obligations during the settlement period.
- **We do not own physical assets of material value**
  The strength of our balance sheet comes from cash and other current working capital which grow with our consistently profitable business. Our profit and cash flows are not exposed to asset valuations or the risk of loss or damage to physical assets of material value integral to our day-to-day business.
- **Capital commitments**
  Aside from regulatory capital commitments in our regulated entities, we are not required to commit material amounts of capital in the conduct of our day-to-day business.
- **Borrowings**
  The Group has no borrowings, except for interest-bearing loans and borrowings in the Financial division.

We experience external risks as we operate worldwide and are subject to changing geopolitical and market dynamics, macro-economic factors and climate change.

Risk culture

Risk management is an integral part of all of our activities. Risks are considered in conjunction with opportunities in all business decisions. We focus on the principal risks which could affect our business performance and therefore the achievement of our strategic objectives.

Our flat management structure and culture of open communication across all areas of the business enables employees to identify, assess, manage and report current, potential or emerging risks to senior management in a timely manner. Employees are also encouraged to suggest improvements to processes and controls.

Risk appetite

Risk appetite reflects the overall level of risk we are willing to seek or accept in order to achieve our strategic objectives and is therefore at the heart of our risk management processes. Determining the nature and extent of the risks we are willing to take is the responsibility of the Board. Our aim is to manage each of our principal risks and mitigate them to within our agreed individual risk appetite levels.

The Board approves the Group's policies, procedures and controls. This process enables, where possible, a reduction in risks to the tolerance levels set by the Board. In determining its risk appetite, the Board recognises that a prudent and robust approach to risk mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit which has greatly contributed to the success of the Group is not inhibited.

Control environment

Our internal control system is embedded into our culture and encompasses the policies, processes and behaviours that, taken together:

- facilitate its effective and efficient operation by enabling us to respond appropriately to significant risks that prevent us from achieving our objectives. This includes the safeguarding of assets from inappropriate use or from loss or fraud and ensuring that liabilities are identified and managed;
- ensure the appropriate quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information; and
- ensure compliance with applicable laws and regulations.

Our internal control system is designed to evaluate and manage, rather than totally eliminate, risk and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group continually seeks to improve and update existing procedures to introduce new controls where necessary and to evaluate emerging risks.

It is clearly communicated to all staff that they are responsible for ensuring compliance with Group policies, identifying risks within their business and ensuring these risks are controlled and monitored in the appropriate way.

Our strategy on pages 56 and 57.
Our markets on pages 50 to 55.
Principal risks on pages 90 to 94.

Risk governance

Top down
Risk oversight and assessment

The Board is responsible for:

- Managing risk to deliver opportunities;
- Setting the Group's strategic objectives and determining the nature and extent of the risks it is willing to take (the risk appetite) in achieving these strategic objectives;
- Establishing risk management policies, key controls and procedures to ensure that they continue to be effective and protect the Group's stakeholders; and
- Maintaining the Group's system of internal controls and risk management and reviewing the effectiveness of these systems annually.

The Audit and Risk Committee is responsible for:

- Undertaking an annual review of the Group's internal controls and procedures;
- Reviewing the External Auditor's report in relation to internal control observations;
- Reviewing the adequacy and effectiveness of the Group's risk management systems and processes;
- Overseeing the development of internal control procedures which provide assurance that the controls which are operating in the Group are effective and sufficient to counteract the risks to which the Group is exposed; and
- Considering all internal audit reports, and overseeing implementation of associated recommendations.

Operational management is responsible for:

- Risk management processes and internal controls embedded across divisions and functional areas;
- Risk identification, assessment and mitigation performed across the business; and
- Risk awareness and safety culture embedded across the business.

Bottom up
Assessment at operational level

Approach and framework

Our approach is to maintain and strengthen our risk management and internal control framework by identifying, assessing, controlling, evaluating, monitoring and reporting the principal risks facing our business.

Our risk assessment is formed in stages:

1. Identify current and emerging risks facing the Group including an appraisal of the extent the risk is affected by climate change;
2. Document risks on a centrally managed risk register;
3. Identify the level of appetite appropriate for each risk;
4. Assess the likelihood of occurrence of each risk over a 36-month period;
5. Evaluate the potential impact of each risk on the Group using a quantified scale;
6. Determine the strength and adequacy of the controls operating over each risk;
7. Identify and assess the effect of any mitigating factors on both the likelihood and impact;
8. Compare the residual risk against the identified risk appetite;
9. For each of the principal risks, after considering the relevant risk appetite and mitigants, identify the residual risk;
10. Identify the plan of action for the next 12 months to achieve the above targets and deliver the mitigants;
11. Consider the level of additional assurance derived from the Three Lines of Defence model, including internal audit; and
12. Monitor and report all risks, any emerging risks, any changes to the level of risk appetite and the status of the plan of action on a regular basis.

The Board recognises that whilst it has limited control over many of the external risks it faces, including, for example, the macro-economic environment and climate change, it nevertheless reviews the potential impact of such risks on the business and actively considers them in its decision-making. The Board monitors the principal risks at each meeting.

Every year, through an integration of culture, compliance and training, we make further progress in embedding our risk management approach with all employees. This is, of course, an ongoing process and we continue to work hard to improve risk awareness and enhance controls and procedures to further mitigate risks.

The Board and senior management take a forward-looking approach to risk to ensure early identification, timely assessment and, where necessary, mitigation of new and emerging risks, such that they can be evaluated alongside known and continuing risks.

Priority for 2022
In addition to our regular risk management activities, our priority is to continue promoting an environment of identifying, assessing, controlling, evaluating, monitoring and reporting the effectiveness of our existing controls in order to support the Board in its responsibilities. In order to embed these processes further, we will be implementing a new risk management system in 2022.

The principal risks which may impact the Group's ability to execute its strategic objectives have not changed since 2020.

The risks that follow, whilst not exhaustive, are those principal risks which we believe could have the greatest impact on our business and have been discussed at meetings of the Board and the Audit and Risk Committee. The Board reviews these risks in the knowledge that currently unknown, non-existent or immaterial risks could turn out to be significant in the future and confirms that a robust assessment has been performed.

Whilst not a principal risk for the Group at this time, we consider climate change to be a thematic risk which potentially impacts a number of our principal risks. We continue to assess areas where climate change can impact our business and clients, and ways in which we can proactively support our clients through the green transition.

Loss of key personnel – Board members

Change in risk factor since 2020
Increase

Link to strategic objective
People

Description
At the Annual General Meeting in May 2022, the Company will seek approval of its Directors' Remuneration Report ('DRR'). There is a risk that shareholders will not appreciate the context of the existing contractual arrangements of the Executive Directors (as reflected in the shareholder-approved Directors' Remuneration Policy). This could result in shareholders voting against the binding resolutions to re-elect individual Non-Executive Directors.

Controls/mitigating factors
- We explain the work that has been undertaken to mitigate this risk in the DRR.

Activities in 2021
- Continuing engagement with major shareholders to ensure an understanding of the context of the Directors' Remuneration Policy and its alignment and continuing importance to the success of the Group's strategy.

Directors' Remuneration Report on pages 126 and 127.

Economic factors

Change in risk factor since 2020
Increase

Link to strategic objective
Growth

Description
The strength of and changes in world trade, global GDP and other general economic fluctuations impact the demand for ships. The actions of owners and financiers have a direct impact on the supply side of our business.

Supply/demand imbalances cause fluctuations in freight rates. If freight rates, volumes or asset prices fall, the commission that we receive on any deal would also fall.

Economic stimuli and continued globalisation of the world economy have had a beneficial impact on world trade and the business during the last year. However, as the world emerges from the pandemic, inflation has significantly increased and its near and longer-term impact on the global economy and world trade is unclear. Ongoing geopolitical uncertainty could also affect recovery.

Risk remains, despite vaccines and medicines, that future pandemics will occur.

Controls/mitigating factors
- We are not dependent on any one country's economy as our operations and clients are located in all major maritime and trade centres globally.
- Our business model is built on the ability to deal with downturns and remain profitable. Our variable remuneration schemes, being profit-related, mean that overheads react to swings in asset values and freight rates.
- We have the resources and support available to open offices in new locations, mitigating the reliance on regional performance.
- Our broad product offering, led by experts in their fields, means we are in the best position to find new opportunities in volatile market conditions and able to take advantage of market turnarounds.
- We review the performance of each office and product line at least monthly.

Activities in 2021
- Our results for 2021 show the robustness of our strategy and business model against volatility in our markets.

Our markets on pages 50 to 55.

Cyber risk and data security

Change in risk factor since 2020
Increase

Link to strategic objective
Trust

Description
Financial loss, reputational damage or operational disruption resulting from a major breach in the confidentiality, integrity or availability of our IT systems and data.

A breach could be caused by an insider, an external party, inadequate physical security, insecure software development or inadequate supply chain management.

As a result of generally increased remote working, the business has seen an increased volume of spam, targeted phishing type email and ransomware attacks. The recent identification of the Log4j vulnerability, the increased frequency of zero-day attacks and more sophisticated methods of attack are further examples of the risks we face.

Controls/mitigating factors
- IT processes include regular penetration testing, anti-virus and firewall software, quarterly network vulnerability scans, frequent password changes including complexity requirements, email authentication and strict procedures on granting and removing access.
- Operational processes include segregation of duties, business continuity planning and regular training.

Activities in 2021
- We continued to invest significantly in enhanced security policies and measures, people, resources and training dedicated to the prevention of cyber crime, both in an office and remote working environment.
- Employee awareness communications and security monitoring continued to increase thereby combating the increased threat.

Loss of key personnel – normal course of business

Change in risk factor since 2020
No change

Link to strategic objective
People

Description
Losing key personnel may impair our coverage of a particular line of business as our success depends on the experience, reputation and performance of our specialist teams across the Group.

Remote working continues to heighten the risk of an adverse impact on employees' mental well-being.

Controls/mitigating factors
- We offer competitive remuneration and an excellent working environment to help us to retain staff.
- Employment contracts include restrictive covenants, appropriate notice periods and gardening leave provisions to prevent the loss of key information.
- Teamwork is actively encouraged across the Group.
- The Group seeks to create a working culture that is inclusive for all, thereby maintaining high standards and good employee relations.
- We invest in our teams through training and promote further learning through lectures and encouraging personal study.
- Succession planning and documentation of key procedures help minimise any impact of losing personnel.

Activities in 2021
- We continued to make strategic hires.
- We have promoted one new Managing Director, 24 new Directors and 33 new Divisional Directors to continue to grow the cohort of future leaders.
- We extended our competency framework to support leadership and employee development, based on consistent criteria of performance requirements.
- We continued to monitor staff turnover and staff absenteeism in order to understand the reasons behind such activity.
- A number of employees transferred locations within the Clarksons Group, accommodating both the employees' and the Group's needs.
- Increased management and support of employees to keep morale high among teams whilst working remotely.
- Online seminars and personal development modules have been promoted to encourage continued career progression.

Our people on pages 76 to 79.

Adverse movements in foreign exchange

Change in risk factor since 2020
No change

Link to strategic objective
Growth

Description
The Group can be exposed to adverse movements in foreign exchange as our revenue is mainly denominated in US dollars and the majority of expenses are denominated in local currencies, whilst we continue to report in sterling.

After seeing a high point of US$1.42/£1 in June 2021, sterling has weakened gradually throughout the remainder of the year, ending on US$1.35/£1. However the average exchange rate in 2021 of US$1.38/£1 was significantly higher than in 2020 when the average was US$1.29/£1.

Controls/mitigating factors
- The Group hedges currency exposure through forward sales of US dollar revenues.
- We also sell US dollars on the spot market to meet local currency expenditure requirements.
- We continually assess rates of exchange, non-sterling balances and asset exposures by currency.

Activities in 2021
- We continued to apply our hedging strategy consistently and, as at 31 December 2021, the Group had hedges in place for 2022, 2023 and 2024 of US$55m, US$30m and US$25m respectively.

Our financial risk management objectives and policies in note 28 on page 192 to 195.

Financial loss arising from failure of a client to meet its obligations

Change in risk factor since 2020
No change

Link to strategic objective
Understanding, Growth

Description
Uncertainty in our markets continues to affect the amount of debt that may be recoverable. Furthermore, any forward order book values may have to be written off, thereby impacting future income as well as existing booked income.

Controls/mitigating factors
- We maintain good relationships and communication with our clients.
- We regularly monitor global client debt levels using information from a range of sources.
- Provisions are based on ageing of balances, disputes or doubts over recoverability.

Activities in 2021
- We continued to provide for doubtful debts on a conservative basis.
- There were no unexpected losses arising from a client failure in 2021.
- Increased monitoring of cash collections.

Our trade receivables in note 15 on pages 180 and 181.

Breaches in rules and regulations

Change in risk factor since 2020
No change

Link to strategic objective
Trust

Description
Breaches of regulations, intentional or unintentional, could have a significant financial and reputational impact on the Group. In regulated entities, this could result in the loss of licences required to operate.

Regulations that could be breached include laws governing sanctions, anti-bribery and corruption, market abuse (including insider dealing and market manipulation), money laundering, facilitation of tax evasion, General Data Protection Regulation and health and safety controls.

Specific health and safety regulations and guidance surrounding the ongoing pandemic have been introduced over the past two years, which continue to change and vary between the countries from which we operate.

Controls/mitigating factors
- Investment in compliance, quality assurance and legal functions to ensure best practice is consistently applied throughout the Group.
- Internal compliance tools help ensure the Group's teams have access to information that can assist them when negotiating transactions.

Activities in 2021
- We continued to develop our internal compliance tools for use by all our staff to reflect changes in rules and regulations.
- Our annual compliance training pack was updated during the year and subsequently released in January 2022. This includes modules on sanctions, anti-bribery and corruption and market abuse, as well as circulation of the latest Compliance Code. Every member of staff is required to pass their compliance training modules and confirm that they have read, understood and accept the contents of the Compliance Code.
- We continued to enable employees to work from home when required by local regulations and those who were unable to do so, principally in the Support division, were provided with PPE. Before employees returned to any office, care was taken to ensure that these were COVID-19-safe environments.

How we do business on pages 84 and 85.

Changes in the broking industry

Change in risk factor since 2020
No change

Link to strategic objective
Understanding, Breadth, Reach, Trust, Growth

Description
There is a risk that we do not take advantage of, or are overtaken by, changes in our industry.

Clients are using technology as a source of increasing efficiency. They are also considering environmental factors when making their strategic decisions.

These changes create business opportunities for the Group. Failure to take these changes into account could lead to a loss of market share, loss of revenue and reputational damage.

Controls/mitigating factors
- We monitor and develop technological applications which will impact the broking industry.
- We monitor competitors' activities in terms of product offerings to ensure we can react accordingly.
- We review our clients' broking requirements.
- The **Sea/** suite of sophisticated technological tools enhances our service offering to our clients and future-proofs our business.

Activities in 2021
- We continued to develop and invest in the **Sea/** suite tools to ensure that they continue to meet the evolving needs of our clients.
- We launched our Green Transition offering to actively take advantage of opportunities which are arising across all verticals from the green transition. This will position the Group to play a strong role in these market changes over the longer term.
- We continued to ensure we are well placed to take advantage of opportunities that arise, regardless of working in the office or remotely.

Our strategy on pages 56 and 57.

Viability statement
The Board has assessed the prospects of the Group over a longer period than the 12 months required by the UK Corporate Governance Code's going concern provision.

In carrying out their robust assessment, the Directors have considered the resilience of the Group with reference to:
- the risk appetite set by the Board;
- the Group's principal risks and their impact on the strategic objectives;
- the effectiveness of mitigating actions;
- the business model;
- future projected operational performance; and
- financial performance, solvency and liquidity over the assessment period.

The Board conducted this review for the three-year period to 31 December 2024, which is appropriate for the following reasons:
- in Broking, over 75% of the forward order book is due to be invoiced within the next three years;
- cash flow projections are carried out for a three-year period;
- historical average newbuilding process from inception to delivery is two to three years;
- existing hedging activities can extend to 2024;
- pension scheme funding is subject to triennial valuations; and
- our external investment analysts provide estimates and forecasts for three years of market expectations for revenue and profit before taxation.

The Board has identified the principal risks that could impact the Group. See pages 90 to 94 for more information on these risks, together with mitigating factors and controls. The Board does not consider that any single event detailed on page 95 would give rise to a viability event for the Group. Failure to monitor and take the appropriate mitigating action could result in a combination of smaller events or circumstances accumulating to create conditions in which the longer-term viability is brought into question. The compounding of events will only occur if no action is taken to mitigate each of the smaller events which arise; therefore the probability of such a compound viability event is considered to be extremely low.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying profit and good cash inflow. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop and emerging geopolitical tension. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Three different scenarios were considered:
- Management modelled the impact of a reduction in profitability to £30m (a level of profit the Group has exceeded in every year since 2013), whilst taking no mitigating actions: the Group remained cash generative before dividends.
- Management assessed the impact of a significant reduction in world seaborne trade similar to that experienced in the global financial crisis in 2008 and the pandemic in 2020: seaborne trade recovered in 2009 and 2021 along with the profitability of the Group. Since 1990, no two consecutive years have seen reductions in world seaborne trade.
- Management undertook a reverse stress test over a period of three years to determine what it might take for the Group to encounter financial difficulties. This test was based on current levels of overheads, the cash position at 31 December 2021, the collection of debts and the invoicing and collection of the forward order book. This test determined that, in the absence of any mitigating action which would be applied in these circumstances, less than 30% of current levels of new business would be required to remain cash positive over a three-year period.

Under the first two scenarios, the Group is able to generate profits and cash, and has positive net cash and available funds[1] available to it. In the third scenario, expected levels of new business and/or mitigating action by management make it implausible that such an event could occur.

Given the net cash and available funds[1] of the Group and the forward order book for all future years, the probability of a compound series of events collectively resulting in the Group becoming unviable is low.

Based on their assessment of prospects and viability and the outcome of the sensitivity analyses, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 December 2024. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

The Group's viability and going concern status is reviewed regularly by the Audit and Risk Committee. The viability assessment is reviewed annually by the Board.

Viability analysis

The analysis below seeks to identify viability events which are considered so material and which arise so suddenly as to bring into question the viability of the Group.

Risk	Analysis
Loss of key personnel – Board members	The loss of one or more Non-Executive Directors will not have a direct impact on the trading performance or financial position of the Group.
Economic factors	Our markets are multi-cyclical and volatile. Our industry has not seen a two-year period of volume decline since 1990. The Group is consistently profitable, assisted by the forward order book. Sustained declines in world trade rarely occur overnight, so the business will be able to respond with appropriate measures.
Cyber risk and data security	We utilise state-of-the-art internal processes and training to prevent any cyber attack breaching our defences. A successful attack could occur without warning and could affect the Group's ability to conduct business for a period of time. Emails can be quickly rerouted or run on other, unaffected parts of our network. In the event of an attack which causes the loss of the network, it is possible to reconstruct it using backups. Assuming suitable hardware is available, key services can be restored within hours and all other services within days. Whilst this might result in errors, omissions and possible claims, key business decisions can still occur using other forms of communication.
Loss of key personnel – normal course of business	No one global divisional team accounts for more than 23% of revenue or 44% of underlying profit before taxation[1] in 2021. No individual has generated more than 3% of new business for the Group in 2021 or 2020.
Adverse movements in foreign exchange	The majority of the Group's revenues are in US dollars. Over the last three years, the USD/GBP rate has reached lows of 1.15 and highs of 1.42. The Group has hedges in place for 2022, 2023 and 2024, reducing the effect of any changes in the cross rate.
Financial loss arising from failure of a client to meet its obligations	The Group benefits from having thousands of clients spread around the world in a wide range of sectors. The largest client balance, other than amounts arising on a settlement across the year end, accounts for less than 2% of the total outstanding trade receivables balance at 31 December 2021.
Breaches in rules and regulations	The Group has extensive and adequate tools and procedures ensuring compliance with rules and regulations. The Group continues to develop and invest in these tools to improve further the effectiveness of these procedures.
Changes in the broking industry	Broking contributes a considerable proportion to the Group's results. We closely monitor technological changes which will impact the industry and are developing our own applications based on our reviews of clients' broking requirements.

Going concern

The Group's business activities, strategic objectives, business performance and financial position, together with the factors likely to affect its future development, are set out in the Strategic Report on pages 22 to 95.

A full explanation of the work undertaken by management and considered by the Directors is set out in the viability statement on page 94.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying profit and good cash inflow. There are no material uncertainties related to events or conditions that cast doubt on the Group's ability to continue as a going concern. Accordingly, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for at least the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

1 Classed as an APM. See pages 218 and 219 for more information.

Governance at a glance

Key governance activities

Appointment of Laurence Hollingworth as Chair following an independent search process
Read more: page 112

In-depth review of the Group's Green Transition initiatives at the annual Board strategy session
Read more: pages 68 and 116

Engagement with shareholders regarding remuneration outcomes
Read more: page 127

Strengthening the technology experience on the Board through the appointment of Martine Bond as a Non-Executive Director
Read more: page 113

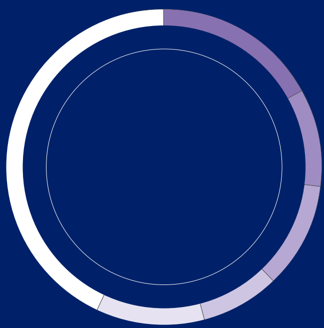
Reporting against the Task Force on Climate-Related Financial Disclosures for the first time
Read more: pages 72 to 75, 119 and 123

Board meeting attendance

Current Directors	Scheduled meetings	Ad hoc meetings
Laurence Hollingworth	6/6	5/5
Andi Case	6/6	5/5
Jeff Woyda[1]	6/6	4/5
Peter Backhouse	6/6	5/5
Martine Bond[2]	4/4	2/2
Sue Harris	6/6	5/5
Dr Tim Miller	6/6	5/5
Birger Nergaard[3]	5/6	3/5
Heike Truol	6/6	5/5
Former Directors		
Marie-Louise Clayton[1,4]	1/1	1/2
Sir Bill Thomas	6/6	5/5

1 Unable to attend one meeting called at short notice due to a prior commitment.
2 Appointed on 26 March 2021.
3 Unable to attend meetings due to illness.
4 Stepped down from the Board on 31 January 2021.

How the Board spent its time



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.

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

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.

Risk management
Regular updates on risks and controls, and deep dives into areas such as cyber security.

Stakeholder engagement[1]
Updates on engagement with our stakeholders, including employee engagement updates from our Employee Engagement Director, shareholder engagement regarding remuneration and through the Capital Markets Day and charitable activities.

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

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

40
investors/attendees at our Capital Markets Day (April 2021)

58%
of employees participating in share plans/holding shares

Chair's introduction to Corporate Governance Report

Dear Shareholder
I am delighted to have been appointed as Clarksons' Chair, and look forward to continuing to work with my fellow Directors. I would like to open this report by thanking Sir Bill Thomas for his leadership of the Board over the last three years and wish him well in his future endeavours.

The Board recognises that strong governance with robust supporting processes is at the heart of our successful leadership of the Group. It provides the framework for the fulfilment of our purpose, effective delivery of our strategy and sustainable business performance, and creation of value for all stakeholders. Whilst our purpose remains unchanged and is the driving force behind everything Clarksons does, this year we have evolved our short-form purpose to 'Enabling global trade, leading positive change'. The change in emphasis from 'informing' positive change to 'leading' it illustrates our role in the shipping industry as it evolves to meet societal pressure to decarbonise.

The Board is cognisant of its duty under section 172 of the Companies Act to act in the way that we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. Against the backdrop of the continuing COVID-19 pandemic, we remained focused on the health, safety and well-being on our people, who have continued to deliver for the Group and our stakeholders through the testing times of the last few years. We also continued to focus on driving forward the strategy. As a Board, we are acutely aware of the Group's role in tackling the monumental challenge of decarbonising shipping. As reflected in our purpose, our market-leading technology and intelligence, supported by the collective expertise of our people, mean that we are uniquely placed to lead positive change. You can read more on page 68 about how we considered the impact on our stakeholders when the management team launched our Green Transition offering. The roundtable discussion set out on pages 2 to 21 provides an insight into the role that the Group is playing in our efforts to shape a more sustainable world. Of course, the changes in our industry represent both risks and opportunities for our business. The requirement for us to report against the Task Force on Climate-Related Financial Disclosures ('TCFD') for the first time this year has provided us with a great opportunity to ensure that these are well understood by our stakeholders. You can read more about this, and the oversight provided by the Audit and Risk Committee on our disclosure, on pages 72 to 75 and 123.

Our Board Committees continued to support the Board throughout the year, using the expertise of their members to bring focus and challenge to the areas falling within their remit. As well as overseeing the work on Board composition mentioned earlier, the Nomination Committee maintained its focus on executive succession planning and led our internal evaluation of the effectiveness of the Board and its Committees. The Audit and Risk Committee has continued to focus on the integrity of our financial reporting, reviewing our risk management framework, and overseeing actions to strengthen our internal control framework. The Remuneration Committee has remained focused on ensuring that our executive pay structures appropriately align pay and performance, and that our shareholders understand how this model benefits our owners.

We look forward to welcoming you to our AGM on 11 May 2022, which will be held as a virtual video webcast, and to answering any questions you may have about the business of the meeting.

I would like to end by thanking my fellow Directors for their continued efforts this year. Unfortunately, Birger Nergaard was unwell for the latter part of the year and into 2022, and we therefore wish him all the best in his return to full health.

Laurence Hollingworth
Chair
4 March 2022

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 2021 with the exception of the following provision 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 number
Board leadership and company purpose	– Governance at a glance	96
	– Chair's introduction to Corporate Governance Report	97
	– Board of Directors	99
	– Governance framework	104
	– An effective Board	106
	– Purpose, values and culture	106
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Composition, succession and evaluation	– Nomination Committee Report	110
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Remuneration	– Annual statement – Remuneration Committee Chair	126
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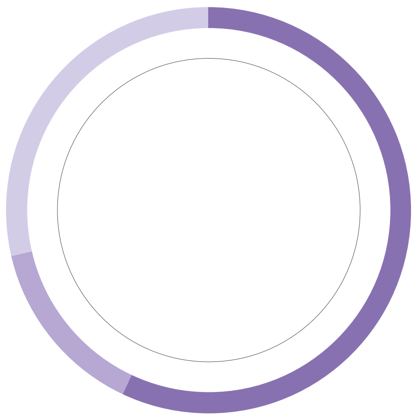
Board of Directors

Diversity on the Board

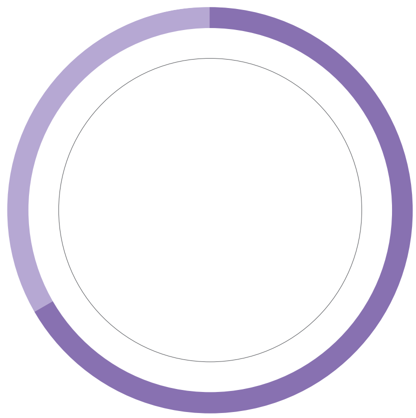
We recognise that diversity, in its broadest sense, is a key driver of an effective board, leading to effective debate, challenge and decision-making.

Non-Executive Director tenure
As at 4 March 2022



0-3 years	4
3-6 years	1
6-9 years	2

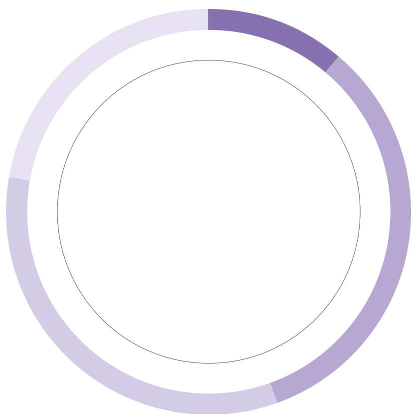
Gender
As at 4 March 2022[1]



Male	6
Female	3

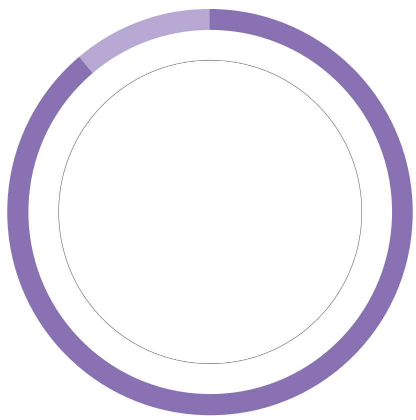
1 As at 31 December 2021: male – 7, female – 3.

Age
As at 4 March 2022



40-49	1
50-59	3
60-69	3
70-79	2

Ethnicity
As at 4 March 2022



White	8
Mixed/multiple ethnic group	1

Chair

Laurence Hollingworth, Chair

Appointed: July 2020

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

Peter Backhouse, Senior Independent Non-Executive Director

Appointed: September 2013

Key areas of expertise: Global business, listed company experience, shipping/sector experience

Martine Bond, Independent Non-Executive Director

Appointed: March 2021

Key areas of expertise: Global business, strategy, technology

Sue Harris, Independent Non-Executive Director

Appointed: October 2020

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

Committee membership

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

Laurence Hollingworth N R
Chair (appointed March 2022)

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 Recycling Technologies 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'nStore Group plc

Peter Backhouse A N
Senior Independent Non-Executive Director

Skills and expertise
Peter has over 40 years of experience in the international energy business, gained both through his executive career and as a non-executive director. He brings valuable experience to Clarksons through his previous involvement in offshore oil and gas activity, liquefied gas and oil transportation, finance and mergers and acquisitions, as well as extensive listed company expertise.

Career experience
Most of Peter's executive career was spent at British Petroleum ('BP'), where he was Chairman and Chief Executive of European refining, marketing and shipping, and head of both North Sea oil development and global mergers and acquisitions. He served 14 years as a Non-Executive Director of BG Group p.l.c., the international energy company, and was a member of the Advisory Board of private equity firm Riverstone Energy Partners. Peter was also Chairman and Supervisory Board Director of HES International B.V., a major operator of European bulk port storage and handling facilities, from 2014 to 2019.

Principal external appointments
None

Martine Bond A
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 R
Independent Non-Executive 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) Limited
- 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

Dr Tim Miller N 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 both the role of Employee Engagement Director and Chair 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 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. He joined the board of Clarksons Platou AS (formerly RS Platou ASA) as Deputy Chairman in 2008 and the board of 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 customer 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.

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 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.

Changes in Board membership during the year and to the date of this report:

- Marie-Louise Clayton resigned as a Non-Executive Director on 31 January 2021.
- Martine Bond was appointed as a Non-Executive Director on 26 March 2021.
- Sir Bill Thomas resigned as Chair and Non-Executive Director on 2 March 2022.

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

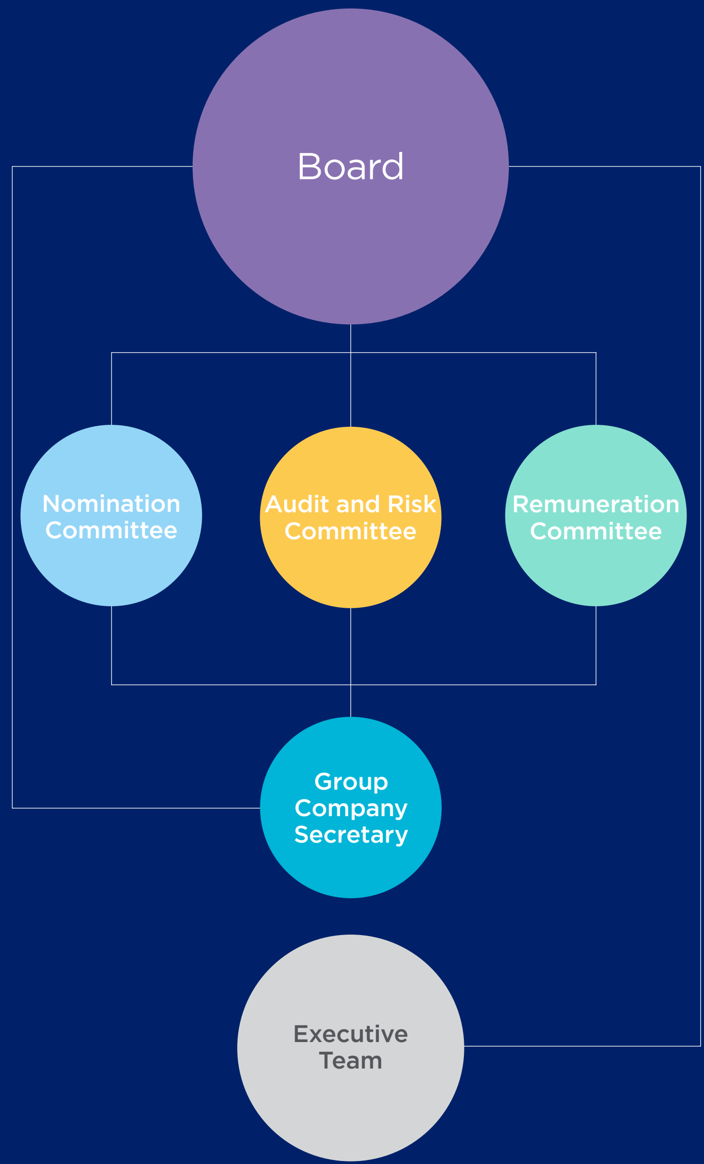
Corporate Governance Report

Governance framework

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.

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 with a consistent framework being embedded and the further development of roles participating in the Executive Team. 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/about-us/board-of-directors.

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
- 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

- 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 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

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

Group Company Secretary

- Acts as first 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 governance matters and ensures good governance practices throughout the Group

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

How we assess the independence of our Non-Executive Directors
Page 114

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 which brings together a wide range of skills and expertise, and our governance framework which enables effective decision-making within a structure of clear accountabilities.

Purpose, values and culture

Our purpose underpins everything that we do and to ensure the continued growth of a sustainable business, our values must remain at the core of the way we behave. This is the foundation of our culture.

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 main stakeholders, including shareholders.

This year we have reviewed and refreshed our values to 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 new values – act with integrity, dedicated to excellence, and collaborate and challenge – accurately reflect our expectations of our people, and provide clarity regarding the commercial and leadership requirements around enabling global trade and leading positive change.

The Board reviews performance metrics that support the culture that the Group needs, 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.

To ensure the continued growth of a sustainable business, our purpose must remain at the core of the way we behave.

The key elements of our culture	
Leading by example	The Board sets the tone from the top, and the Directors, Executive Team and senior management lead by example through all actions.
Employee voice	Employees are invited to a number of communication forums throughout the year, including the Employee Voice Forum, and are encouraged to share their views on a variety of priorities and matters. Themes and discussion points are then reported to the Executive Team and Board, providing key insights. There are independent whistleblowing processes in place which allow reporting of wrongdoing on an anonymous basis. Any 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. 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.
Risk management	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.
Health and safety	Whilst we do not view the majority of our activities as high risk, the Board monitors the health and safety culture through regular reporting.

Board resources

Board and Committee papers are delivered securely to the Directors in advance of meetings using an 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.

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.

Board oversight and decision-making

The main forums through which the Board exercises its responsibilities are Board strategy sessions and the regular Board and Committee meetings.

A Board strategy session is held annually, at which the CEO and members of the senior management team present their views of the market and forward view of the coming year. 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 who are the 'end users' of the global trade that we play a key role in supporting.

The Non-Executive Directors collectively have a range of experience and expertise, and the challenge and independent oversight that they bring to strategic debates supports the building of a sustainable strategy. 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 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 Board typically meets six times a year, but ad hoc meetings may be convened to discuss matters which are time sensitive. In 2021, additional meetings were held to review project updates, whilst the trading update released to the market in January 2021 was discussed at a further meeting.

In line with most UK corporates, our Board meetings in 2021 took place through a combination of in-person and online attendance in order to ensure compliance with government guidance regarding the pandemic. Attendance at Board meetings is set out on page 96. 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.

Board 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 with the Chair of each Board Committee.

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.

During the year, the Board considered a proposal that Heike Truol take up an executive role at MineHub Technologies. Taking account of the nature of the proposed role, the Board was satisfied that it would not give rise to any conflicts of interest. Having also considered the time commitment required and Heike's other commitments, we confirmed approval for Heike to take up the role.

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 64 and 65, and how we have taken them into account in meeting our responsibilities under section 172 of the Companies Act 2006 on pages 66 to 69.

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.

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 Dr Tim Miller, our designated Non-Executive Director for employee engagement. Participating employees are given the opportunity to raise any issues (including regarding remuneration) that they deem relevant or appropriate.

We maintain a section of our internal communications channel ("Voyage") which is dedicated to introducing our Non-Executive Directors to our global workforce and inviting engagement and communication via a dedicated email address. This allows our people to correspond directly with our Non-Executive Directors or arrange to speak to them as appropriate.

In addition, we 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.

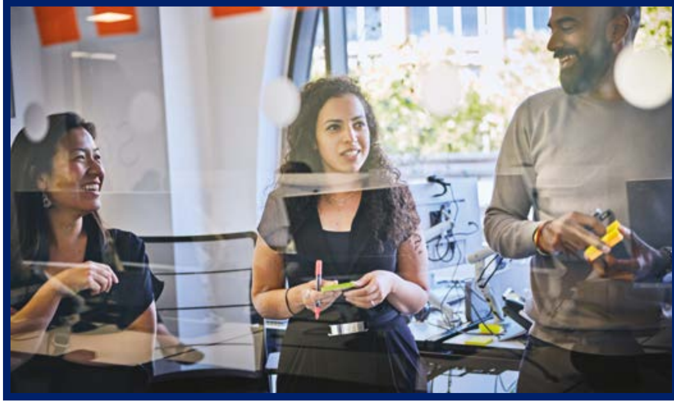
Our shareholders

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, Senior Independent Director and all Non-Executive Directors are available to attend meetings if requested by shareholders.

During the year, the CEO and CFO & COO held 81 meetings with both potential and current investors (holding over 44% of the issued share capital) to gain an understanding of their views and concerns. The Chair and the Remuneration Committee Chair engaged with shareholders regarding remuneration outcomes and other governance matters ahead of the 2021 AGM. We also held a Capital Markets Day during the year to showcase the **Sea/** product and our investments in shipping technology.



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 financial performance and governance matters. Further detail regarding our AGM can be found to the right. 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 Group 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 76% of our global employees have been invited to join ShareSave or the local equivalent, and over 48% of eligible employees have taken up an invitation to participate.

Employee shareholders (and the workforce as a whole) are kept informed by the Group Company Secretary and the Executive Directors 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 all 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. This allows all votes cast to be counted, rather than just those of the shareholders attending the meeting, which we believe is the most representative means of gauging the views of our shareholder base. 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 2021 AGM was held on 5 May 2021. In light of continued uncertainty surrounding the COVID-19 pandemic, we held the meeting electronically by audiocast, as was permitted under the Company's Articles of Association. The Board agreed that this approach would provide all shareholders with the opportunity to join the meeting. Votes were cast in relation to circa 73% 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. Further detail regarding the actions taken by the Board in response to this outcome can be found in the Directors' Remuneration Report on pages 126 to 127.

We are pleased to confirm our intention to hold this year's AGM as a virtual video webcast at 12 noon on Wednesday 11 May 2022, reflecting the continued uncertainty and to encourage participation. 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 Laurence Hollingworth as Chair following an independent search process
Read more: page 112

Conclusion of the search for a new Non-Executive Director, resulting in the appointment of Martine Bond
Read more: page 113

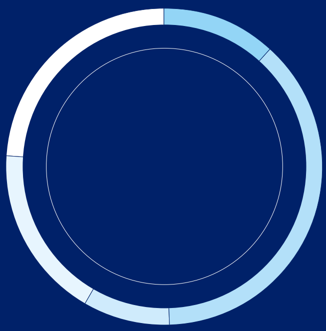
Continued review of succession planning for the Board and senior management
Read more: pages 112 and 113

Meeting attendance

	Scheduled meetings	Ad hoc meetings
Current Directors		
Peter Backhouse[1]	**3/3**	**1/2**
Dr Tim Miller	**3/3**	**2/2**
Heike Truol	**3/3**	**2/2**
Former Director		
Sir Bill Thomas	**3/3**	**2/2**

1 Unable to attend one meeting called at short notice due to a prior commitment.

How the Nomination Committee spent its time



Annual effectiveness review
Review of actions arising from the 2020 review and agreeing the approach to and output from the 2021 review.

Appointment/reappointment of Directors
Matters relating to the appointment of Martine Bond, the launch of an independent search for a new Chair and the annual re-election of Directors.

Diversity
Annual review of the Group Diversity and Inclusion Policy.

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

Succession planning
Regular review of plans and activities regarding non-executive, executive and senior management succession planning.

Key points

- The Nomination Committee's key role is to oversee the Board composition and effectiveness of the Board 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.
- Regular attendees at meetings include the CEO, CFO & COO, Group Head of HR and Group Company Secretary.
- Two ad hoc meetings were convened during the year to recommend the appointment of a new Non-Executive Director and the reappointment of a current Non-Executive Director at the end of his three-year term.

Annual review of the Nomination Committee's effectiveness
Page 115

The Nomination Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/about-us/board-of-directors

Dear Shareholder

I was appointed as Chair of both Clarksons and the Committee on 2 March 2022, having served as an independent Non-Executive Director since July 2020. Our SID, Peter Backhouse, has briefed me on the work of the Nomination Committee in 2021, and I am pleased to present this report.

The Company announced in December 2021 that Sir Bill Thomas would be stepping down from his role as Chair in order to focus on other roles and activities and that an independent selection process would be commenced. I decided to put myself forward as a candidate, and was considered alongside candidates identified through the chosen search firm (Hedley May). Further information regarding this process can be found on page 112.

As reported in last year's Nomination Committee Report, in 2021 the Committee agreed that, given the development of our **Sea/** suite of products and its growing importance to our overall strategy, the strengthening of technology experience on the Board would be extremely beneficial. We therefore initiated an independent search for a Non-Executive Director who had technology experience. We were pleased to announce in March 2021 that Martine Bond had been appointed as a Non-Executive Director. Martine has brought a wealth of knowledge in this area, together with a track record of innovation, business growth and client acquisition. Her technology skills have already proved invaluable to both the Board and the Audit and Risk Committee.

In addition to succession planning for the Board, the Committee has remained focused on executive and senior management succession planning. We received a detailed update from the Group Head of HR during the year which set out the actions being taken to continue to grow the strength and depth of the succession pool and give the Group options in each succession event. Our competency framework, which supports leadership and employee development based on consistent criteria of capabilities and behaviours, is now being actively used following its design last year. Management has also reviewed divisional global management structures, and implemented changes as necessary to ensure scalable structures which support the breadth of the business and create capacity for focus on key strategic areas. This in turn supports ongoing career development for our people, growth of the succession pool and retention of key talent. The Committee is satisfied that this is the right approach to develop the right skills and capabilities in the level below the Board.

Diversity remains high on the Committee's agenda, both in terms of the composition of the Board and in our wider workforce. We have always been conscious of the challenges that our industry faces with regard to gender diversity, and the HR team has continued to act on our commitment to a diversity and inclusion approach that targets all aspects of the organisation. This is helping us to grow a diverse pipeline of leaders for the future. From a Board perspective, whist we already have a diverse group of Directors who collectively bring a wealth of experience and challenge to Board discussions, we also recognise that our business continues to evolve and the profile of the Board must evolve with it. Our Board recruitment approach takes account of all aspects of diversity, including experience, skills, social and ethnic background, cognitive and personal strengths, as well as gender. We re-evaluate where we may need to broaden our diversity when starting a search for a new Director, as we did ahead of Martine's appointment which, as mentioned above, reflected the growing need for technology expertise. We are supportive of the FTSE Women Leaders Review and have met the Hampton-Alexander target of 33% representation of women on the Board. We confirm that we have also met the Parker Review's recommendation for boards of FTSE 250 companies to have at least one ethnic minority director by 2024.

The Committee takes the lead on the annual evaluation of the effectiveness of the Board and its Committees, which was internally facilitated. Director evaluations were also undertaken to support the recommendation to shareholders that all Directors be recommended for election or re-election at the AGM.

Finally, I would like to thank all the Committee's members for their contribution to the Committee's work during 2021.

Laurence Hollingworth
Nomination Committee Chair
4 March 2022

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 2021, the Nomination Committee drew the following conclusions during the year:

- The tenure of the Directors (which is set out on page 99) does not give rise to any immediate concerns as four of the seven 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.
- Good progress had been made during the year in improving the gender diversity of the Board despite the challenges in our wider sector with regard to accessing a strong pipeline of female talent. We have since met the Hampton-Alexander target of 33% female representation on the Board.
- The appointment of Martine Bond during the year had strengthened technology experience, which had been previously identified as beneficial to secure.
- The Company complies with all provisions under the Code in relation to Board Committee memberships.
- Board Committee memberships had been refreshed in the previous year, and remained appropriate.

In addition to this longer-term succession planning activity, 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.

Read more about the appointment of Martine Bond on page 113.

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. When Sir Bill Thomas informed the Board of his intention to step down from his role as the Chair in order to focus on other roles and activities, the Nomination Committee was therefore well prepared to commence an independent search process in line with the framework.

The search process was led by the SID through the Nomination Committee (excluding the existing Chair), with input sought as necessary from the CEO and CFO & COO. A role specification was agreed which highlighted in particular the need to be able to demonstrate a proven track record of working with the City, expertise in M&A and an agile mindset. The Nomination Committee reviewed a longlist of search firms and selected Hedley May to lead the search on the basis of their knowledge of the Group from a previous search. Hedley May do not have any other connection with the Group or its Directors.

The Nomination Committee reviewed a longlist of candidates proposed by Hedley May and, in conjunction with the Executive Directors, agreed a shortlist of two candidates for interview. In parallel with this process, internal candidates were also considered and Laurence Hollingworth put himself forward as a candidate. All three candidates were interviewed by members of the Nomination Committee and the Executive Directors, taking account of the following factors:

- Suitability against the role specification
- Cultural fit with the Group and the Board, and chemistry with the CEO
- Ability to commit sufficient time to the role
- Any potential conflicts of interest and circumstances which could potentially impair independence (noting that Laurence was independent on his initial appointment to the Board and that he remained so)
- In the case of Laurence, the length of time already served as a Non-Executive Director

The Nomination Committee selected Laurence as the preferred candidate and recommended his appointment as Chair to the Board, highlighting in particular:

- The leadership qualities already demonstrated in his tenure on the Board to date, having proven himself to be an invaluable advisor
- His strong understanding of broking, as well as the relationship-led environment in which the Group operates

The Board approved the recommendation (including changes to Committee memberships: Laurence would be appointed as Chair of the Nomination Committee, remain as a member of the Remuneration Committee and step down as a member of the Audit and Risk Committee).

SID

Our SID, Peter Backhouse, will have served nine years on the Board in September 2022. In light of the recent change in the Chair, Peter has agreed to offer himself for re-election at the upcoming AGM and remain on the Board for a period in order to ensure continuity whilst the new Chair settles into his role. Consideration will be given to the appropriate timing for the appointment of a new SID in due course.

Executive positions and senior management

The Nomination Committee has remained focused on executive and senior management succession planning, and during the year received a detailed update on completed and planned succession planning activities, as well as ongoing initiatives. 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.

During the year, we have promoted one new Managing Director, 24 new Directors and 33 new Divisional Directors to continue to grow the cohort of future leaders and to invest in their ability to assume a broader role when the need or opportunity arises. 14% of these promotions were women and addressing our pipeline of female senior management is an area of priority focus.

Additionally, efforts continue to provide opportunities for more senior employees to engage with the Board through both informal occasions (although impacted by COVID-19 this year) and formal presentations at Board and Committee meetings.

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 Martine Bond as a new Non-Executive Director with effect from 26 March 2021 and to reappoint Dr Tim Miller for a further three-year term. The Board approved the reappointment of Birger Nergaard for a further three-year term. The Nomination Committee also recommended the appointment of Laurence Hollingworth as the Company's Chair in early March 2022.

Appointment of Martine Bond

In the 2020 Annual Report, we highlighted that the Board had agreed that, given the development of our **Sea/** suite of products and its growing importance to our overall strategy, the strengthening of technology experience on the Board would be extremely beneficial. We therefore initiated an independent search for a Non-Executive Director who had experience of data platforms, industrial index, trading or exchange platforms. The need for a diverse list of candidates was also noted.

The Nomination Committee considered a longlist of search firms and selected EC1 Partners to lead the search, highlighting its specialist expertise in recruiting for the fintech market. EC1 Partners do not have any other connection with the Group or its Directors. The role was also advertised via Women on Boards.

The Nomination Committee debated a longlist of candidates and, based on suitability against the role specification, drew up a shortlist of candidates who were met and interviewed by the Chair of the Board, other members of the Nomination Committee, the Executive Directors and the Group Head of HR. Having considered feedback from the interviews (encompassing cultural fit with the Group), potential conflicts of interest and ability to commit sufficient time to the role, the Nomination Committee recommended the appointment of Martine Bond to the Board noting the following points:

- In addition to Martine's broad knowledge of electronic trading, risk management and technological solutions, she had a track record of innovation, business growth and client acquisition, all of which was very pertinent to both the Group's strategy and the environment in which it operates.
- Whilst Martine would continue to perform an executive role at State Street Global Markets alongside her directorship of the Company, the Nomination Committee had satisfied itself that Martine would be able to devote sufficient time to the directorship.

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 100 to 103.

Director performance evaluations

The process by which the performance of the Directors is evaluated is set out on page 115. 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:

- The time commitment made by Sue Harris to 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. There had not been any changes in Sue's time commitments since her appointment which would require the Nomination Committee to revisit that assessment. Moreover, since her appointment to the Board, Sue had demonstrated an appropriate time commitment to her duties to the Company.
- Heike Truol had been appointed as Chief Commercial Officer of MineHub Technologies during the year. As well as whether the appointment would represent a conflict of interest, the Board also considered the time commitment that this role would require and concluded that Heike would still have sufficient time to discharge her duties to the Company.
- Laurence Hollingworth's time commitments had been revisited by the Nomination Committee ahead of recommending his appointment as Chair to the Board, and confirmed that there were no concerns that he would not be able to devote sufficient time to the 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 election/re-election at the 2022 AGM. Further information about the Directors, which highlights their skills and areas of expertise, is set out on pages 100 to 103.

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. In line with the Code, an external evaluation is undertaken at least once every three years. The last external review was completed in 2019.

2021 review

The 2021 review, which was led by the Nomination Committee, was internally facilitated. An overview of the process and timetable is provided to the right.

Board

The review covered a wide range of areas including the balance of skills, experience and diversity on the Board; Board dynamics both within the boardroom and outside it, and between executive and non-executive management; the quality of information flows to the Board; and the strategic planning process. Some of the key strengths highlighted included:

- The relationship between management and the Non-Executive Directors is good, with the Non-Executive Directors demonstrating their support of management whilst remaining independent in their actions.
- Information flows to the Board are of a high quality, with the Board paying due regard to all stakeholders when making decisions.
- The Board has an appropriate balance of skills, experience and diversity.

As would be expected at every evaluation, there were some opportunities to enhance effectiveness. Opportunities for the Board to spend more informal time together and executive succession planning were highlighted as areas of focus for the coming year.

Committees

The Board Committees were confirmed to be operating effectively. Nomination Committee members noted the continued progress during the year on succession planning in respect of both the Board and senior management, but agreed that this should remain high on the agenda in 2022. The Audit and Risk Committee review highlighted the strong agendas, presentations and debate at meetings. The Remuneration Committee evaluation noted there was a good understanding of the key remuneration issues facing the Company and that it was important to continue effective and challenging debate of these.

Stages of the Board and Committee effectiveness review

September 2021

- Approach and areas of focus agreed by Nomination Committee.

October 2021

- Questionnaires completed and output reviewed.

November 2021

- Outputs discussed with Chair, Senior Independent Director and Committee Chairs and areas of focus for 2022 agreed.
- One-to-one meetings between the Senior Independent Director and Directors.

December 2021

- 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, and the Nomination Committee agrees the approach to be taken.

The performance of the Chair and the Non-Executive Directors was evaluated, focusing on the contribution made by each Director over the year; how that contribution was made; and their commitment to the role.

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.

It was agreed that each Director continued to contribute effectively.

2020 review

The principal action arising from the 2020 review was to ensure more opportunities for the Directors to spend more informal time together. In the early part of the year, this was achieved by scheduling in additional online sessions for the Directors. These sessions did not have a formal agenda, which allowed us to discuss pertinent topics informally. As restrictions eased through the year, we were also able to reinstate more face-to-face meetings and Board dinners, as well as scheduling in more informal discussion time around the annual Board Strategy session.

Diversity
The Board recognises that diversity, in its broadest sense, is a key driver of an effective board, which 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 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, of which gender is one important aspect. However, it does not include a measurable target for gender representation on the Board 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 Company does not therefore consider it appropriate to set a measurable target for female representation on the Board, which currently stands at 33%.

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 committed to a progressive diversity and inclusion approach that targets all aspects 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 in our industry. Our senior leaders 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.

To help us on this change journey, we are partnering 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. This will be augmented with qualitative data collection and analysis to support an evidence-based strategy for our short-term, mid-term, and long-term inclusion goals.

We are continually reviewing our approach, including constant review 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 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. Our newly developed management and leadership development programme has a priority focus on diversity and inclusion.

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.

A typical induction programme, which will be flexed to reflect experience and responsibilities, is set out on the next page. The programme is supplemented by access through the electronic Board portal to a file of reference material, which covers areas including corporate governance matters and procedures, past financial performance, shareholder analysis and risk management systems.

During the year, the induction programmes for Laurence Hollingworth and Sue Harris, which were commenced in 2020 and were described on page 98 of the 2020 Annual Report, have been completed. The induction for Martine Bond has also been completed during the year. Martine's induction was tailored to her responsibilities and experience:

- This is Martine's first non-executive directorship of a listed company. Ensuring that she has a good understanding of her responsibilities and the listed company environment was therefore an area of focus. She has received a briefing from the Group's corporate legal partner.
- As a member of the Audit and Risk Committee, Martine has met with the External Auditor, Group Financial Controller and Group Finance Director in order to gain an overview of the financial operations and audit process, and the risk management framework.
- Given recent restrictions on overseas travel and in local offices, any planned site visits have been deferred until such time as Martine can fully benefit from meeting local employees and experiencing local operations.

Although Laurence Hollingworth received a comprehensive induction on his appointment as a Non-Executive Director, consideration will be given to any additional meetings which may be beneficial in his role as Chair.

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 2021, the Group's External Auditor led a session on governance developments, including TCFD, whilst the Remuneration Committee has continued to receive regular market updates from its remuneration consultant. Senior managers also 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, members of our Green Transition team joined our annual Board strategy session to update us on regulatory and market developments which are driving change in our industry in relation to climate change and decarbonisation in particular, and how the Group is responding.

A typical induction

Purpose	Who with?	Areas for discussion
To provide an insight into the key issues facing the Group from the Board's perspective.	Board Directors	– Purpose, strategy and priorities – Financial position and performance – Key stakeholders – ESG matters
To provide an overview of corporate governance at the Company.	Group Company Secretary	– Listed company governance and best practice – Key Board procedures (including the governance framework and Board calendar) – Board resources
To build an understanding of the context within which the Group operates.	Principal advisors (as appropriate): – External Auditor – Corporate brokers – Financial public relations advisor – Remuneration consultant – Corporate legal partner	– Audit plan and approach – Major shareholders and perceptions of the Company – Remuneration framework – Directors' duties in a listed company
To provide an overview of the business and establish links with key personnel.	Business MDs and senior leaders across all four divisions	– Challenges and opportunities – Competitive environment – Key risks – Client matters – History
To discuss the principal focus areas of the functions and how they support the strategy, whilst building relationships with key leaders.	Functional leaders: – Group Head of HR – Group Financial Controller (and Compliance Officer) – Group Finance Director – General Counsel – MD, Group IT – Chief Security Officer	– Values and culture – Employee engagement initiatives – Reward framework – Financial operations – Risk management and compliance – Legal matters – IT development – Cyber security
Site visits, to build a deeper understanding of the business from an on-the-ground perspective.	Local MDs and employees as appropriate	– Business operations – Local matters relating to the business and functions as above

Audit and Risk Committee Report
At a glance

Committee highlights

Review of the process and outcome of work to report under TCFD for the first time
Read more: pages 119 and 123

Further strengthening of our risk and controls environment through the implementation of a Minimum Controls Framework
Read more: pages 119 and 123

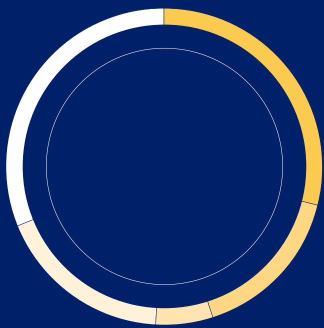
Implementation of the first phase of our new finance system
Read more: pages 119 and 123

Meeting attendance

	Scheduled meetings
Sue Harris (Chair)	**4/4**
Peter Backhouse	**4/4**
Martine Bond[1]	**3/3**
Laurence Hollingworth	**4/4**
Heike Truol	**4/4**

1 Appointed on 26 March 2021.

How the Audit and Risk Committee spent its time



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.

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.

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

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

Risk management and internal controls
Strengthening the internal control framework, implementation of phase 1 of a new financial reporting system and TCFD reporting, as well as regular updates on risk management, compliance and litigation.

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.
- Marie-Louise Clayton stepped down as a member on 31 January 2021. Laurence Hollingworth also stepped down as a member on his appointment as Chair of the Company on 2 March 2022.
- Regular attendees at meetings include the CFO & COO, Group Financial Controller, Group Company Secretary, the External Auditor (PwC) and the internal auditor (Grant Thornton). Representatives of the Norwegian businesses are regularly invited to meetings to provide insight on matters relating to those businesses.
- At least once per year, the Audit and Risk Committee meets privately with the External Auditor without management present in order to discuss their remit and any issues they may wish to raise.

Annual review of the Audit and Risk Committee's effectiveness
Page 115

The Audit and Risk Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/about-us/board-of-directors

Dear Shareholder

I am pleased to present our Audit and Risk Committee Report for the year ended 31 December 2021.

The Report sets out our work over the year and how we have fulfilled our responsibilities in relation to the integrity of the financial statements, audit, risk management and internal control. We have continued to manage our duties effectively against the ongoing backdrop of the COVID-19 pandemic, and I am conscious that our ability to do this is underpinned by the strength of the Committee's relationships with management, PwC as our External Auditor and Grant Thornton as our outsourced internal audit partner, as well as their relationships with each other. We all benefit from these transparent and open working relationships, which are similarly reflected across the Group and underpin Clarksons' culture and success.

One of the Committee's most vital roles is to review the integrity of the Group's financial reporting and provide assurance to the Board in this regard. During the year, the Committee, PwC and management worked together to ensure the delivery of an effective audit despite the continued uncertainty created by the pandemic. PwC's independence from both the Committee and management is the key principle on which our relationship with them is based, and which allows them to effectively challenge management. We therefore review this carefully to ensure that it has not been compromised, and are satisfied that this remains the case. The challenge provided by the Committee is driven by its collective experience and expertise. I am pleased that this has been augmented through the appointment to the Committee of Martine Bond who brings extensive experience of technology solutions.

We have had regular meetings with PwC to oversee the audit plan, approach and their findings in respect of the 2021 financial statements. Both the Committee and the External Auditor have carefully considered our going concern and viability statements.

We continue to have a robust programme of internal audits, performed by Grant Thornton as our outsourced partner. The Committee monitors both the outcomes of their programme and management's response, which continues to be open and responsive.

Management works continuously to enhance and embed risk processes within the business. This is crucial to ensure we can undertake our commercial operations effectively and safely and to execute our strategy. A decision was taken in 2021 to implement a new risk management system later this year. This will provide us with further assurance regarding the strength of these processes. We review key risks regularly, and this year we have been particularly cognisant of emerging and evolving threats relative to cyber security, the geopolitical environment and climate change. We are reporting against the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD') for the first time this year. Climate change is affecting our industry, which is coming under increasing pressure to take action to decarbonise. It is crucial that we continue to identify and review the risks and opportunities arising from climate change, and how they may impact our business model, strategy, and financial planning, to be able to continue to build a business strategy resilient to their impacts. We have welcomed the increased focus that TCFD has given us on helping our stakeholders to understand both our resilience in the face of a changing market landscape and our conclusion that climate change presents both risks and opportunities.

We have continued to focus on our internal control framework and we made further progress in strengthening it in 2021. This included formalising our existing delegated authorities and implementing a Minimum Controls Framework. We have 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. Further phases will be completed by the end of 2022. The Committee has received regular updates on this project, and PwC has performed audit procedures over the data migration to the new system as part of their year-end external audit process.

I would like to thank all members of the Committee for their work this year.

I will be attending our AGM on 11 May 2022 and I look forward to answering any questions about the work of the Audit and Risk Committee.

Sue Harris
Audit and Risk Committee Chair
4 March 2022

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 customers, 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 £12.9m 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 the original investment in Clarksons Platou AS (formerly RS Platou ASA) 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 not to take an impairment charge on the investment.

Financial reporting

The Audit and Risk Committee has assessed whether suitable accounting policies have been adopted and whether management has made appropriate judgements and estimates.

In respect of the Company's half year and annual financial statements, the Audit and Risk Committee considered the significant issues set out in the table on the previous page to ensure that appropriate rigour was applied. 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.

All accounting policies can be found in note 2 on pages 160 to 168 of the consolidated financial statements.

The Company is required to comply with the European Single Electronic Format ('ESEF') regulation for the first time this year. ESEF requires the Annual Report to be filed in a 'tagged' format. The Finance team (who undertake 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 2021 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 and co-ordination 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.
- Each section of the Annual Report was prepared by a member of management with appropriate knowledge, seniority and experience.
- An extensive verification process was undertaken to ensure factual accuracy.
- The Group Company Secretary completed a review of the minutes of all Board and Board Committee meetings to ensure that all significant matters were appropriately reflected and given due prominence in narrative reporting.
- Members of senior management and the External Auditor undertook comprehensive reviews of drafts of the Annual Report.
- Board members received drafts of the Annual Report for their review 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 the drafts with both management and the External Auditor; and to challenge the disclosures where appropriate.
- The Audit and Risk Committee discussed management's views on each of the key judgements and estimates considered in the period, and satisfied 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 the information and disclosures in the report in relation to key risks, financial review, strategy, TCFD and section 172 reporting. On the basis of the process put in place by management and its own review 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 2021 Annual Report was 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 147.

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, Chris 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 annually 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 2021 financial statements are set out on page 120. 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 2021, 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 legacy non-audit services already approved by the Audit and Risk Committee and certain prescribed exceptions. The exceptions relate to where services are required by statute; or exceptionally, the local statute law permits the provision of such services, and/or 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 170 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, scope and level of fees for the audit;
- Evaluating delivery and performance against the audit plan, including feedback from the CFO & COO;
- Assessing the qualifications, experience and expertise of the audit team assigned to conduct the audit; their availability to conduct a comprehensive, timely and effective audit; and their knowledge of the Company and the environment in which the Group operates;
- Considering whether PwC are 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, management's responsiveness to requests from PwC for information, and the extent to which PwC 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 their transparency with the Committee;
- Reviewing compliance with the Non-Audit Services Policy and other procedures designed to safeguard PwC's independence and objectivity; 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 2022 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 include:

- A comprehensive system of financial reporting and business planning.
- 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.
- An organisational structure with clearly defined levels of authority, which are documented through a matrix of delegated authorities.
- Documented policies and procedures, which have been communicated across the Group.
- Promotion of staff awareness of key policies 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.
- An internal audit plan focused on key risk areas, and Audit and Risk Committee oversight of the outcomes, including that any actions have been satisfactorily completed.
- Reports from the External Auditor on internal 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 adoption of a Minimum Controls Framework which sets out the minimum level of financial controls that should be operated throughout the Group.
- The implementation of phase 1 of a new global financial system which will provide significant improvements, efficiency and transparency in our financial control and reporting processes.
- The completion of actions arising from an internal audit of financial controls in the port services business.

Details of the risk management structures in place to enable the risks facing the business to be identified, documented, assessed and monitored are provided within the Risk management section on pages 87 to 95.

Principal risks

The Audit and Risk Committee regularly reviews the principal risks and actions to mitigate them. In 2021 particular attention was paid to the impact of evolving threats relative to cyber security and the geopolitical environment on our principal and emerging risks, as well as the potential impact on those risks of Brexit and climate change. With regard to these latter two items, we concluded that neither have yet had a material impact on the principal risks. Following this review, we increased the risk factor of the following principal risks:

- Loss of key personnel – Board members, reflecting the risks arising from shareholders not appreciating the context of the Directors' Remuneration Policy and its alignment with and continuing importance to the success of the Group's strategy.
- Economic factors, in light of both the ongoing geopolitical uncertainty and the as yet unclear impact of inflation on the global economy and world trade.
- Cyber risk and data security, reflecting increasing cyber criminality.

Risks associated with climate change are increasingly an area of focus for the Group's stakeholders. Whilst such risks already formed part of our risk management processes, the implementation of TCFD for this reporting year has resulted in the Audit and Risk Committee sharpening its focus in this area. The Audit and Risk Committee received an update on the actions being taken to support disclosing against the TCFD recommendations for the first time. The key risks and opportunities facing the Group as a result of climate change, which were to be used to complete the required climate scenario analysis, were debated by the Audit and Risk Committee. The conclusion of both the work undertaken by management and our discussions was that, aligned with disclosures in previous years, 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 pages 72 to 75.

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 90 to 94.

The annual review of risk, controls and risk management processes was overseen by the Audit and Risk Committee. During the year, a project was undertaken to select a risk management system which will be implemented in 2022, helping to further embed risk management in the business.

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. Management prepared sensitivity testing 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. 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 95.

Viability statement
The Audit and Risk Committee recommended to the Board the approval of the viability statement (which is set out on pages 94 and 95). 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.

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 84 and 85.

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. 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.

The 2021 plan was adapted in response to the COVID-19 pandemic, and those audits which would have required site visits were deferred until such time as they could be safely carried out. Audits were carried out on Health & Safety Compliance, Key Financial Controls (UK Port Services), Information Governance, HR Systems – Recruitment and Onboarding, Credit Control and Business Continuity and Crisis Management. 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 2021, 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 Platou 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 2021, Deloitte 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.

Following review, management recommended a change of internal auditor from Deloitte to KPMG, which took effect from the start of the 2022 reporting year.

Annual statement – Remuneration Committee Chair

Dear Shareholder

On behalf of the Board, I am pleased to introduce the Directors' Remuneration Report for the year ended 31 December 2021.

Wider context

During 2021, COVID-19 continued to impact all aspects of life and the economy, with an ever-changing backdrop of government guidance and restrictions for all our staff globally. Nevertheless, Clarksons reported underlying profit before tax[1] of £69.4m – an increase of £24.7m on 2020, and 43% higher than market expectations at the time of last year's results. Quite simply, 2021 was a record year for underlying profits and provided a forward order book 42% higher than last year at US$165m. This is the result of the long-term strategy developed and implemented by management, and the expertise and commitment of everyone throughout Clarksons who have stepped up to deliver those results.

In 2021, the Company again took no government loans, no staff were furloughed, all suppliers were paid in good time and the dividends have been paid throughout, maintaining our 19-year progressive dividend policy.

Whilst we recognise that our executive pay arrangements do not accord with the norm for the FTSE 250, they are proven to work in the context of our business and competitive environment, delivering outstanding shareholder value, and incentivising and retaining our exceptional and long-serving Executive Directors.

Performance and reward

Our full year performance bonuses were, as in previous years, based on a bonus pool linked to stretching Group underlying profit before tax[1] targets. At the beginning of 2021, there were substantial fears of market slowdown, consensus was low and significant uncertainty persisted due to the pandemic extending far beyond initial predictions with much of the world in a third lockdown. Against this backdrop, and having increased thresholds in 2020 prior to the start of the pandemic, the Remuneration Committee assessed and froze the threshold levels for 2021.

The Executive Directors, as in recent years, with the intention to retain key staff in the highly competitive markets we operate in and 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 2021, they sacrificed 8.5% of the bonuses they were eligible to receive (2020: 20%).

As in previous years, 10% of the bonus will be deferred on a voluntary basis into shares which will vest after four years.

The awards granted to Executive Directors under the Long Term Incentive Plan ('LTIP') on 18 April 2019 were subject to challenging absolute EPS and relative TSR performance targets. The 2021 EPS exceeded the upper vesting target and thus achieved a 100% vesting on that component of the LTIP (2020: 0%), and the Company's relative TSR was above the upper quartile company and thus achieved a 100% vesting of that component of the LTIP (2020: 35.4%). The vesting outcome overall was therefore 100% (2020: 17.7%).

This is the first time during the tenure of our current Executive Directors that the LTIP has 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 pre-COVID-19. On assessing the outturn, the Remuneration Committee was satisfied that this was appropriate.

Implementation of Directors' Remuneration Policy ('Policy') in 2022

The Policy will be implemented in 2022 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.

1 Classed as an APM. See pages 218 and 219 for further information.

- **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 180p to a stretch target of 210p in 2024. 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 2022 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 37 times and 10 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 129 to 142) which describes how the shareholder-approved Policy was implemented for the year ended 31 December 2021 and how we intend for the Policy to apply for the year ending 31 December 2022.

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 76% of our global employees. We continue to strive to give as many colleagues as possible the opportunity to become shareholders in the Company.

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 Directors' Remuneration Report at the 2022 AGM and look forward to your support.

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

Dr Tim Miller
Remuneration Committee Chair
4 March 2022

Directors' Remuneration Report
Remuneration Committee at a glance

Committee highlights

Review of enhanced data on workforce remuneration and related policies
Read more: page 106

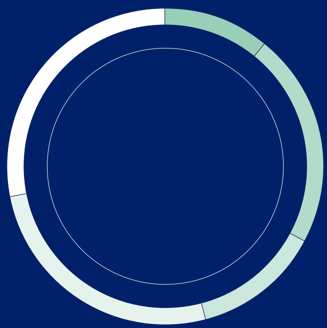
Planning for engagement with shareholders ahead of the vote at the 2022 AGM on the 2021 Directors' Remuneration Report
Read more: page 127

Meeting attendance

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

1 Unable to attend two meetings due to illness.

How the Remuneration Committee spent its time



Individual remuneration arrangements
Confirmation of remuneration outcomes in respect of 2020 for the Executive Directors, including the non-discretionary bonus outturn and the assessment of non-financial objectives for the CFO & COO.

Performance-related incentive schemes
Including 2020 bonus outturn, performance measures and targets for the 2021 performance year, and parameters and quantum of awards to be made under the LTIP in 2021.

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

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

Strategy (including shareholder engagement)
Review of the Company's remuneration arrangements in the context of the wider market and shareholder engagement strategy ahead of and following the 2021 AGM.

Key activities

- 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.

Annual review of the Remuneration Committee's effectiveness
Page 115

The Remuneration Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/about-us/board-of-directors

Annual Report on Remuneration

Implementation of the Directors' Remuneration Policy for 2022

Base salary

No changes have been made to the base salaries of the Executive Directors for 2022, and salaries therefore remain as set out below:

	1 January 2022 £000	1 January 2021 £000	% change
Andi Case	**550**	550	0%
Jeff Woyda	**350**	350	0%

Taxable benefits

The taxable benefits received by the Executive Directors in 2021 included a car allowance, private medical insurance and club memberships. No material changes to taxable benefits are proposed for 2022.

Annual bonus for 2022

The annual bonus opportunity for 2022 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 2021, 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 2022 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 2022

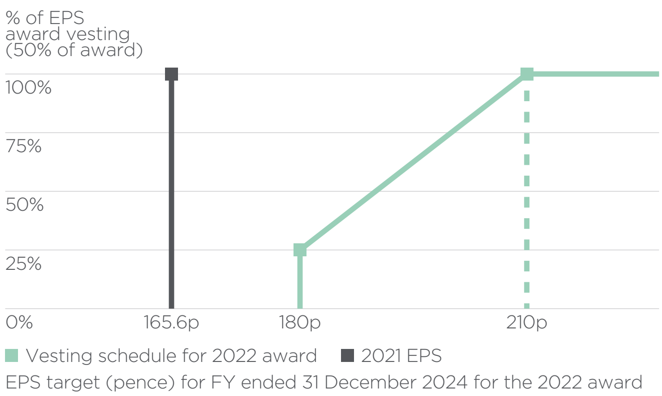
Consistent with past practice, it is envisaged that:

- Executive Directors will receive LTIP awards over shares worth up to 150% of salary in 2022;
- The vesting of 50% of the awards will be determined by the Company's Earnings Per Share ('EPS') for 31 December 2024, as shown in chart (i) below. The EPS for 2021 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 2022 to 31 December 2024 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.

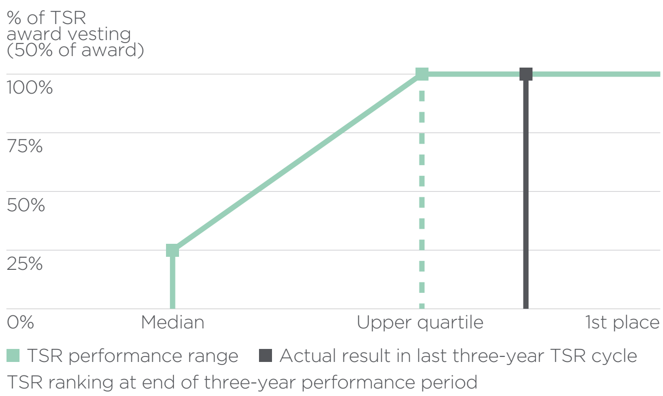
EPS and relative TSR are considered to be the most appropriate measures of long-term performance for the Group, in that they ensure executives are incentivised and rewarded for the earnings performance of the Group as well as returning value to shareholders.

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

(i) EPS target range for 2022 award (50% of award)



(ii) TSR target range for 2022 award (50% of award)



The Remuneration Committee has considered carefully the EPS range for the 2022 award and believes the 180p to 210p range is stretching against market consensus and the actual 2021 EPS delivered.

Fees for the Non-Executive Directors

Fees for the Non-Executive Directors (including the Chair) for 2022 are as set out below. Supplementary fees are paid in respect of certain additional duties. No changes to fees for 2022 have been proposed.

	2022 £000	2021 £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%

1 Supplementary fee payable to the Chairs of the Audit and Risk Committee and the Remuneration Committee, the Senior Independent Director and the Employee Engagement Director.

Single total figure tables (audited)

The following tables set out the total remuneration paid to the Directors for the years ended 31 December 2021 and 31 December 2020. We consider key management personnel to be Clarkson PLC Directors.

Executive Directors

2021	**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**	**74**	**640**	**4,726**	**1,422**	**6,149**	**6,788**
Jeff Woyda	**350**	**12**	**46**	**408**	**1,222**	**905**	**2,127**	**2,535**
Total	**900**	**28**	**120**	**1,048**	**5,948**	**2,327**	**8,276**	**9,323**

2020	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	2,383	147	2,529	3,170
Jeff Woyda	350	12	46	408	616	93	709	1,117
Total	900	28	120	1,048	2,999	240	3,238	4,287

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 129.
2 Pension paid as a cash supplement. Further details are included on page 136.
3 Performance-related bonus represents the value of the total bonus, prior to any sums being deferred into shares. See pages 131 and 132 for further detail on the 2021 bonus outcome. The bonus reflects the 55.3% increase in underlying profit before tax and is after a waiver of 8.5% of their entitlement. Underlying profit before tax is classed as an APM (see pages 218 and 219 for further information).
4 Further details regarding the vesting outcome are included on page 133.
5 In the year ended 31 December 2021, 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 £7.6m.
6 The vesting outcome has been restated based on the actual share price on the date of vesting (14 May 2021, £28.40), having been estimated in the 2020 Annual Report based on the average share price over the period 1 October 2020 to 31 December 2020.

Non-Executive Directors

	Appointment date (if later than 1 January 2020)	Resignation date (if earlier than 31 December 2021)	Fees[1] £000 2021	Fees[1] £000 2020
Current Directors				
Peter Backhouse			**76**	76
Martine Bond	26 Mar 21		**44**	–
Sue Harris	7 Oct 20		**76**	17
Laurence Hollingworth	23 Jul 20		**58**	25
Dr Tim Miller			**91**	91
Birger Nergaard			**58**	58
Heike Truol	31 Jan 20		**58**	53
Former Directors				
Marie-Louise Clayton		31 Jan 21	**6**	76
Sir Bill Thomas			**185**	185
Total			**652**	581

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 2021 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 < £30.21m	0%
If profit > £30.21m then £0m – £60.43m	8%
If profit > £60.43m then £60.43m – £70.45m	12%
If profit > £70.45m then on profits > £70.45m	13%

This formula generates a pool, with the CEO entitled to 79.5% of the pool and the CFO & COO entitled to 17.1%–20.5% of the pool (dependent on delivery of his personal objectives). The pool has 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 2021 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
Management of the response to the COVID-19 pandemic	Ongoing leadership of the Group's management of the COVID-19 pandemic, delivering operational excellence and uninterrupted performance of the business in a record year.
CSR	Chairing the Group CSR Committee, delivering a global charity day and a priority focus on employee fundraising efforts and volunteering. Acting as Chair and Trustee of The Clarkson Foundation in its first full year, established the funding and support principles.
Sea/	Significant annualised growth in **Sea/contracts** and Recap Manager, extended broker participation to more than 445 corporate entities, launched **Sea/trade** and **SeaCarbon/**, steady growth in sales and key client adoption, launched corporate partnerships with Veson, Rightship and Windward.
Group opportunities, operating model and management evolution	Led multiple strategic projects to evolve Group capabilities and ways of working, supported development and hiring of key leadership roles.
Risk, compliance and cyber security	Oversaw project to ensure Group compliance with the Baltic Exchange compliance regime, and supported global compliance team ongoing professional development and education.

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 12 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 2021, each of the Executive Directors agreed to waive 8.5% of their entitlement (£0.55m (2020: £0.75m)). This is shown as follows:

Actual underlying profit before taxation[1]	£69.4m
Actual underlying profit before taxation for bonus calculation after deducting the minority interest of pre-tax profit, adding back the cost of bonus	£74.1m
Formulaic executive bonus pool (pre-waiver)	£6.5m
Executive bonus pool (post-waiver)	£5.9m
% of executive bonus pool allocated to Executive Directors (after 8.5% voluntary sacrifice by Directors)	91.5%

1 Classed as an APM. See pages 218 and 219 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 18 April 2019 which vest in April 2022 based on performance over the three-year period to 31 December 2021. 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	121p	149p	165.6p	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	Upper quartile	50
Total vesting (out of 100%)					100

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	34,854	34,854	–	1,422
Jeff Woyda	22,179	22,179	–	905

1 The estimated value of the vested shares is based on the average share price over the three-month period from 1 October 2021 to 31 December 2021 (£38.46). Cash accrued in respect of dividend equivalents payable on vested shares is also included in the estimated value. The awards will vest on 18 April 2022. 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 2022 Annual Report.

2 The awards were granted on 18 April 2019 based on the average share price over the period 15-17 April 2019 (£23.67) although the award measures performance over the 2019-2021 financial period. Using the same basis period as the TSR calculation, the starting share price was £23.59 and the final share price £38.44 creating a gain of 63% over the period (with a further 16% reflecting dividends to create a total return of 78%) and so the proportion of the award reflecting share price growth would have been circa 39%.

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 23 to the consolidated financial statements.

Executive share plan participation

Type of award[1]	Date of grant	No. of shares under award (01/01/21)	Granted during 2021	Vested during 2021[2]	Lapsed during 2021	Exercised during 2021	No. of shares under award (31/12/21)	Face value[3]	% vesting at threshold[4]	Performance period ends	Vesting date	Holding period ends
Andi Case												
Performance Award	17 Apr 15	11,208	–	–	–	11,208	–	£251,620	25%	31 Dec 17	16 Apr 18	N/A
Performance Award	18 Apr 17	9,033	–	–	–	9,033	–	£249,943	25%	31 Dec 19	17 Apr 20	N/A
Deferred Award	18 Apr 17	10,618	–	10,618	–	–	–	£293,800	N/A	N/A	18 Apr 21	N/A
Performance Award	14 May 18	4,775	–	–	–	4,775	–	£146,020	25%	31 Dec 20	14 May 21	14 May 23
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	–	–	34,854[5]	£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	–	–	–	–	34,351	£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
Jeff Woyda												
Performance Award	17 Apr 15	5,094	–	–	–	5,094	–	£114,360	25%	31 Dec 17	16 Apr 18	N/A
Performance Award	18 Apr 17	5,748	–	–	–	5,748	–	£159,047	25%	31 Dec 19	17 Apr 20	N/A
Deferred Award	18 Apr 17	2,288	–	2,288	–	–	–	£63,309	N/A	N/A	18 Apr 21	N/A
Performance Award	14 May 18	3,038	–	–	–	3,038	–	£92,902	25%	31 Dec 20	14 May 21	14 May 23
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	–	–	22,179[5]	£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	–	–	–	–	21,859	£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

1 Performance Awards are granted as nil-cost options, which lapse ten 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 2022 in respect of the deferral of 10% of their 2021 bonus.
2 Deferred Awards which vested during the year were valued at £367,176 (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 £1,394,422 (based on the closing share price on the date of exercise).
3 Face value 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 17 April 2015: £22.45 (14-16 April 2015)
- Awards made on 18 April 2017: £27.67 (11-13 April 2017)
- 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)

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 2021, the awards will formally vest on 18 April 2022.

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 2021	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options held at 31 December 2021	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 (i.e. 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 21	31 Dec 20	**31 Dec 21**	31 Dec 20	**31 Dec 21**	31 Dec 20	**31 Dec 21**	31 Dec 20	**31 Dec 21**	31 Dec 20	**31 Dec 21**	31 Dec 20
Andi Case	**533,312**	514,458	**200**	200	**62,927**[2]	69,205	**34,854**[2]	25,016	**37,084**	39,449	**–**	–
Jeff Woyda	**89,151**	80,602	**200**	200	**40,043**[2]	44,038	**22,179**[2]	13,880	**9,524**	9,678	**1,385**	813

1 Deferred bonus awards are granted as restricted share awards.
2 The award granted on 18 April 2019, which will formally vest on 18 April 2022, was based on performance over a three-year period to 31 December 2021. 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 133 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 2020)	Resignation date (if earlier than 31 December 2021)	**31 December 2021[1]**	31 December 2020
Current Directors				
Peter Backhouse			**10,912**	10,912
Martine Bond	26 Mar 21		**–**	–
Sue Harris	7 Oct 20		**1,724**	–
Laurence Hollingworth	23 Jul 20		**5,000**	5,000
Dr Tim Miller			**2,640**	–
Birger Nergaard[2]			**30,869**	30,869
Heike Truol	31 Jan 20		**1,607**	–
Former Directors				
Marie-Louise Clayton		31 Jan 21	**1,100**	1,100
Sir Bill Thomas			**5,714**	2,083

1 Shareholdings disclosed as at 31 December 2021, or date of resignation if earlier.
2 Ordinary shares held by Acane AS on behalf of Birger Nergaard and his connected persons.

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 NI), which is included in the single figure table on page 130 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 2021 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 2021.

Details of service contracts and letters of appointment

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.

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

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

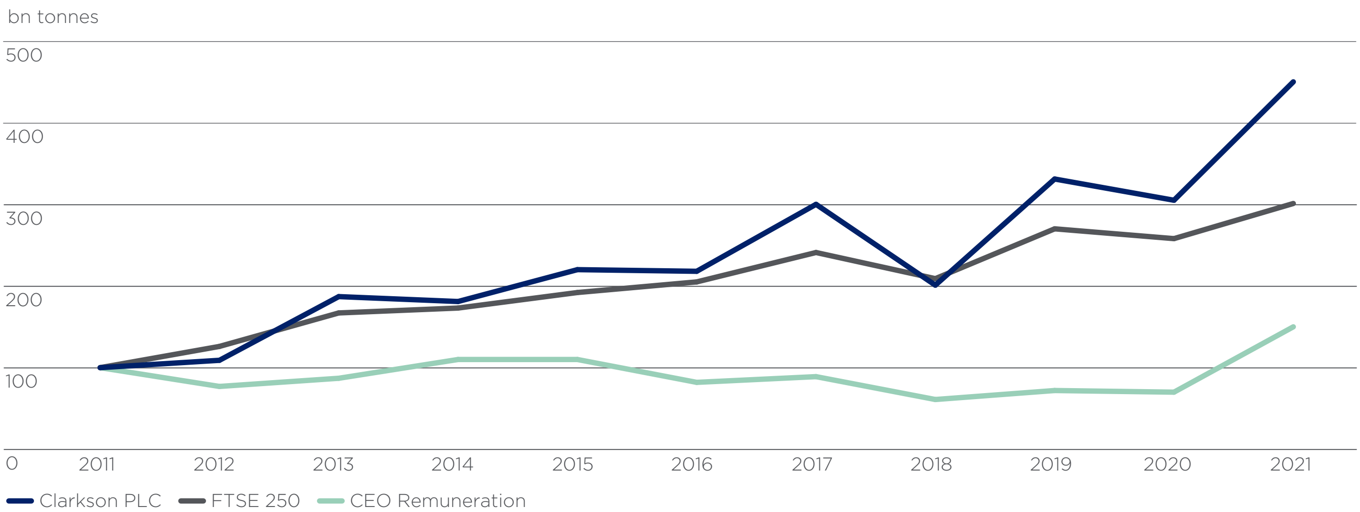
	Date of initial appointment	Date current term commenced	Unexpired term at 31 December 2021	Notice period
Laurence Hollingworth[1]	23 July 2020	2 March 2022	N/A	3 months
Peter Backhouse	12 September 2013	12 September 2019	9 months	3 months
Martine Bond	26 March 2021	26 March 2021	27 months	3 months
Sue Harris	7 October 2020	7 October 2020	21 months	3 months
Dr Tim Miller	22 May 2018	22 May 2021	29 months	3 months
Birger Nergaard	2 February 2015	2 February 2021	25 months	3 months
Heike Truol	31 January 2020	31 January 2020	13 months	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.

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.

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. The CEO's total remuneration, indexed from the same date, is also added for comparison.



Total remuneration table

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

CEO remuneration

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Single total figure of remuneration (£000)	**6,788**	3,170	3,265	2,758	4,043	3,706	4,958	4,970	3,944	3,486
Vested LTIP (as a % of maximum)	**100%**	18%	30%	0%	30%	15%	70%	69%	50%	47%

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 and 2021 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	
	2020/21	2019/20	**2020/21**	2019/20
Executive Directors				
Andi Case	**-0.15%**	+0.61%	**+98.34%**	-0.31%
Jeff Woyda	**+0.04%**	-0.06%	**+98.34%**	-0.31%
Current Non-Executive Directors				
Peter Backhouse	**0%**	0%	**N/A**	N/A
Martine Bond[1]	**N/A**	N/A	**N/A**	N/A
Sue Harris[2]	**0%**	N/A	**N/A**	N/A
Laurence Hollingworth[3]	**0%**	N/A	**N/A**	N/A
Dr Tim Miller	**0%**	0%	**N/A**	N/A
Birger Nergaard	**0%**	0%	**N/A**	N/A
Heike Truol[4]	**0%**	N/A	**N/A**	N/A
Former Non-Executive Directors				
Marie-Louise Clayton	**0%**	0%	**N/A**	N/A
Sir Bill Thomas	**0%**	0%	**N/A**	N/A
Employees				
Average employee	**+4.17%**	+3.83%	**+14.10%**	+1.97%

1 Appointed on 26 March 2021.
2 Appointed on 7 October 2020.
3 Appointed on 23 July 2020.
4 Appointed on 31 January 2020.

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 2021. Over time, disclosure over a rolling ten-year period will be built up.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
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 2021 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 2021 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 2021 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
2021	Total pay and benefits	£41,000	£71,000	£118,000
	Salary element of total pay and benefits	£35,000	£60,000	£100,000

Relative importance of spend on pay

The following table compares the total remuneration paid in respect of all employees of the Group in 2020 and 2021, underlying profit, and distributions made to shareholders in the same years:

	2021 £m	2020 £m	% change
Underlying profit for the year	**54.7**	35.2	55%
Dividends	**24.4**	23.7	3%
Employee remuneration costs, of which:	**292.5**	239.0	22%
Executive Directors' total pay excluding LTIP (continuing)	**7.0**	4.0	75%
Executive Directors' annual bonus (continuing)	**5.9**	3.0	97%

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 Remuneration Committee, 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 £29,991 (2020: £44,030). 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	5 May 2021	12,212,035	60.47	7,984,193	39.53	2,239,031

Details of the actions taken by the Board in response to the votes against these resolutions registered at the 2021 AGM are included in the Remuneration Committee Chair's statement on page 127.

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

Dr Tim Miller
Remuneration Committee Chair
4 March 2022

Appendix: Directors' Remuneration Policy

We include the main tables from the shareholder-approved Directors' Remuneration Policy. A full version of the Policy (which was approved by shareholders on 6 May 2020) can be found in the 2019 Annual Report (available on our website at www.clarksons.com).

As indicated in previous reports, the Remuneration 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 Remuneration 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.

	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
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, 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

	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
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 NI	– 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

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

Directors' Report

The Directors present their Report and the audited consolidated financial statements for the year ended 31 December 2021. The Directors' Report and the Strategic Report (pages 22 to 95) 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 24, 25 and 30 to 63
	An indication of the activities of the Company and its subsidiary undertakings in the field of research and development.	Strategic Report	Pages 24, 25 and 30 to 57
	Employment of disabled persons.	Strategic Report	Page 78
	Employee engagement (including participation in share plans).	Strategic Report	Pages 76, 77 and 109
	Engagement with suppliers, customers and others.	Strategic Report	Pages 64, 65 and 85
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 2021 Annual Report set out to the right:	Details of long-term incentive schemes.	Directors' Remuneration Report	Pages 129 to 142
	Any waiver of emoluments by a Director of the Company or any subsidiary undertaking.	Directors' Remuneration Report	Page 133
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 100 to 103
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 2022 Notice of AGM sets out the reasons why the Board believes each Director should be re-elected, or elected in the case of Martine Bond.	Corporate Governance Report	Page 114
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 2021 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 135
Share capital	At 31 December 2021, the Company's issued share capital consisted of 30,480,764 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 25 to the consolidated financial statements	Page 189

	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 2022 AGM. At the 2021 AGM, the Directors were authorised to allot shares up to an aggregate nominal amount of £2,533,815 or up to £5,067,631 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 £380,072.		
Purchase of own shares	At the 2021 AGM, the Company obtained shareholder approval to purchase up to 3,040,579 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 2022 AGM, the Directors will again seek authority to purchase the Company's own shares.		
Employee share scheme rights	The Company has established an Employee Share Trust ('EST') for the purpose of facilitating the operation of the Company's share plans. The EST 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 EST 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 2021, the Company had been notified under the Disclosure Guidance and Transparency Rules of the following holdings of voting rights in its issued share capital: Shareholder — % of total voting rights RS Platou Holding AS — 6.63 BlackRock, Inc. — 5.38 Invesco Ltd. — 5.15 Kames Capital plc — 3.57 Between 31 December 2021 and the date of this report, the Company received two notifications from BlackRock, Inc., the most recent of which was on 15 February 2022, 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 current Directors' Remuneration Policy (which is available on the Company's website in the 2019 Annual Report). 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.	2019 Annual Report	Pages 124 and 125
Dividend	The Directors recommend a final dividend of 57p per ordinary share for the year ended 31 December 2021. Subject to shareholder approval at the AGM, the final dividend will be paid on 27 May 2022 to shareholders on the register at the close of business on 13 May 2022. The interim dividend paid during the year was 27p which, together with the final dividend, will provide a total dividend of 84p per ordinary share for the year (2020: 79p).		
External Auditor	The Board recommend that PricewaterhouseCoopers LLP ('PwC') be reappointed as the Company's External Auditor with effect from the 2022 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 122
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 2021.		
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 28 to the consolidated financial statements	Pages 192 to 195
Emissions reporting	Details relating to required emissions reporting are set out within the Our impact section.	Our impact	Pages 70 and 71

	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 96 to 142
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 87 to 95
Annual General Meeting	The 2022 AGM will be held as a virtual video webcast on 11 May 2022. 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 109
Events since the balance sheet date	Since 31 December 2021, there have been no material items to report.		
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 145.	Directors' Report	Page 145
Branches	A number of the Company's subsidiary undertakings maintain branches outside of the UK.	Note W to the Parent Company financial statements	Page 212

By order of the Board:

Deborah Abrehart
Group Company Secretary
4 March 2022

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 and Parent Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed 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 Auditors are 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 auditors are aware of that information.

Laurence Hollingworth
Chair
4 March 2022

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 2021 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; 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 2021; 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 nineteen components (two of which are individually financially significant). This gave us coverage of 82% (2020: 94%) of the Group's underlying profit before taxation and 76% (2020: 91%) of the Group's revenue.
- There were no significant changes to the Group's operations during the year. This year we have specifically set out our consideration of the impact of climate change on the audit which is further explained below.
- As explained in the 'Our impact' section in the Strategic Report, the Group recognises that their operations have an environmental impact and they are committed to monitoring and reducing their impact on the environment year on year. We have considered the Group's risk assessment process in this area which was supported by an external sustainability consultant and we assessed the potential impact of climate change on the Group's financial statements. While climate change risk is expected to have a notable impact on the shipping industry, given the nature of the Group's operations, management has identified no significant adverse impact to the Group's business. We considered how climate change risks would impact the significant assumptions made by management to determine the future cashflow forecasts used in their goodwill impairment analysis. We also considered the consistency of the disclosures on climate change included in the other information in the Annual Report with the financial statements and our knowledge obtained from the audit.

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: £3,400,000 (2020: £2,200,000) based on 5% of profit before taxation, adjusted for exceptional items and acquisition related costs ('underlying profit before taxation').
- Overall Parent Company materiality: £2,869,000 (2020: £1,980,000) based on 1% of total assets.
- Performance materiality: £2,550,000 (2020: £1,650,000) (Group) and £2,152,000 (2020: £1,485,000) (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 'Impact of COVID-19 (Group and Parent Company)', which was a key audit matter last year, is no longer included because of the reduced impact of COVID-19 in relation to the going concern basis of preparation and the risk of material misstatement of the financial statements. Otherwise, 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 15 of the financial statements and note 2 for the Directors' disclosures of the related accounting policies, critical accounting judgements and estimates for further information. At the year end, the Group had trade receivables of £110.5m (2020: £72.4m) before a loss allowance for expected credit losses of £12.9m (2020: £12.3m). 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 calculation. 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 (both in terms of the Group's markets and territories where the receivables are due). From the work we performed we consider the level of impairment 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 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 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 that the goodwill is overstated in the Offshore broking and Securities CGUs and that an impairment charge may be required. Both the Offshore broking and Securities CGUs have been subject to impairment in both of the last two years. The Offshore broking and Securities CGUs have carrying values of £52.9m and £19.9m respectively, including goodwill. Management's impairment test determined that the recoverable amount of the CGUs including the goodwill was higher than the carrying value 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 14 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. At the year end, the Parent Company had investments in subsidiaries of £168.0m (2020: £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. 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. Based on management's assessment, no impairment in respect of the carrying value of investments in subsidiaries was identified as at 31 December 2021.	We obtained management's impairment of investment in subsidiaries assessment with supporting computations and: – 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 key assumptions used; 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. As a result of our work, we are satisfied that management's assessment is appropriate and that there are no indicators of impairment in respect of the carrying value of the Parent Company's investments in subsidiaries as at 31 December 2021. 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 nineteen components (two of which are individually financially significant). This gave us coverage of 82% (2020: 94%) of the Group's underlying profit before taxation and 76% (2020: 91%) 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.

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	£3,400,000 (2020: £2,200,000).	£2,869,000 (2020: £1,980,000).
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 £10,600 and £3,060,000. 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% (2020: 75%) of overall materiality, amounting to £2,550,000 (2020: £1,650,000) for the Group financial statements and £2,152,000 (2020: £1,485,000) 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 £170,000 (Group audit) (2020: £110,000) and £143,000 (Parent Company audit) (2020: £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. 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 2021 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 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.
- 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 13 years, covering the years ended 31 December 2009 to 31 December 2021.

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
4 March 2022

Consolidated income statement
for the year ended 31 December

	Notes	2021 Before acquisition-related costs £m	2021 Acquisition-related costs (note 6) £m	2021 After acquisition-related costs £m	2020 Before exceptional items and acquisition-related costs £m	2020 Exceptional items (note 5) £m	2020 Acquisition-related costs (note 6) £m	2020 After exceptional items and acquisition-related costs £m
Revenue	3, 4	**443.3**	**–**	**443.3**	358.2	–	–	358.2
Cost of sales		**(16.5)**	**–**	**(16.5)**	(13.3)	–	–	(13.3)
Trading profit		**426.8**	**–**	**426.8**	344.9	–	–	344.9
Administrative expenses		**(355.7)**	**(0.3)**	**(356.0)**	(298.5)	(60.6)	(0.5)	(359.6)
Operating profit/(loss)	3, 4	**71.1**	**(0.3)**	**70.8**	46.4	(60.6)	(0.5)	(14.7)
Finance income	3	**1.3**	**–**	**1.3**	1.2	–	–	1.2
Finance costs	3	**(3.1)**	**–**	**(3.1)**	(3.1)	–	–	(3.1)
Other finance income – pensions	3	**0.1**	**–**	**0.1**	0.2	–	–	0.2
Profit/(loss) before taxation		**69.4**	**(0.3)**	**69.1**	44.7	(60.6)	(0.5)	(16.4)
Taxation	7	**(14.7)**	**–**	**(14.7)**	(9.5)	–	0.1	(9.4)
Profit/(loss) for the year		**54.7**	**(0.3)**	**54.4**	35.2	(60.6)	(0.4)	(25.8)
Attributable to:								
Equity holders of the Parent Company		**50.4**	**(0.3)**	**50.1**	32.1	(60.6)	(0.4)	(28.9)
Non-controlling interests		**4.3**	**–**	**4.3**	3.1	–	–	3.1
Profit/(loss) for the year		**54.7**	**(0.3)**	**54.4**	35.2	(60.6)	(0.4)	(25.8)
Earnings/(loss) per share								
Basic	8	**165.6p**		**164.6p**	106.0p			(95.2p)
Diluted	8	**164.2p**		**163.2p**	105.8p			(95.2p)

Consolidated statement of comprehensive income
for the year ended 31 December

	Notes	2021 £m	2020 £m
Profit/(loss) for the year		**54.4**	(25.8)
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Actuarial gain on employee benefit schemes – net of tax	24	**7.2**	1.0
Changes in the fair value of equity instruments at fair value through other comprehensive income – net of tax		**(1.7)**	(2.1)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on retranslation of foreign operations		**0.5**	(2.9)
Foreign currency hedges recycled to profit or loss – net of tax	26	**(2.4)**	1.5
Foreign currency hedge revaluations – net of tax	26	**(0.8)**	1.6
Other comprehensive income/(loss)		**2.8**	(0.9)
Total comprehensive income/(loss) for the year		**57.2**	(26.7)
Attributable to:			
Equity holders of the Parent Company		**52.9**	(29.8)
Non-controlling interests		**4.3**	3.1
Total comprehensive income/(loss) for the year		**57.2**	(26.7)

Consolidated balance sheet
as at 31 December

	Notes	2021 £m	2020 £m
Non-current assets			
Property, plant and equipment	10	**22.5**	24.3
Investment properties	11	**1.2**	1.2
Right-of-use assets	12	**45.1**	47.0
Intangible assets	13	**183.2**	182.9
Trade and other receivables	15	**1.0**	3.1
Investments	16	**1.0**	2.9
Employee benefits	24	**25.8**	18.1
Deferred tax assets	7	**10.5**	10.6
		290.3	290.1
Current assets			
Inventories	17	**1.5**	1.3
Trade and other receivables	15	**117.4**	76.6
Income tax receivable		**1.0**	0.2
Investments	16	**10.3**	31.1
Cash and cash equivalents	18	**261.6**	173.4
		391.8	282.6
Current liabilities			
Trade and other payables	20	**(235.4)**	(160.6)
Lease liabilities	21	**(9.7)**	(8.4)
Income tax payable		**(11.6)**	(7.9)
Provisions	22	**(0.6)**	(0.5)
		(257.3)	(177.4)
Net current assets		**134.5**	105.2
Non-current liabilities			
Interest-bearing loans and borrowings	19	**–**	(0.1)
Trade and other payables	20	**(2.7)**	(2.7)
Lease liabilities	21	**(44.1)**	(47.7)
Provisions	22	**(1.6)**	(1.5)
Employee benefits	24	**(3.8)**	(6.1)
Deferred tax liabilities	7	**(11.0)**	(8.8)
		(63.2)	(66.9)
Net assets		**361.6**	328.4
Capital and reserves			
Share capital	25	**7.6**	7.6
Other reserves	26	**104.0**	104.6
Retained earnings		**245.3**	211.9
Equity attributable to shareholders of the Parent Company		**356.9**	324.1
Non-controlling interests		**4.7**	4.3
Total equity		**361.6**	328.4

The financial statements on pages 156 to 197 were approved by the Board on 4 March 2022, and signed on its behalf by:

Laurence Hollingworth
Chair

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Registered number: 1190238

Consolidated statement of changes in equity
for the year ended 31 December

	Notes	Attributable to equity holders of the Parent Company					
		Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2021		**7.6**	**104.6**	**211.9**	**324.1**	**4.3**	**328.4**
Profit for the year		**–**	**–**	**50.1**	**50.1**	**4.3**	**54.4**
Other comprehensive income/(loss)		**–**	**(2.7)**	**5.5**	**2.8**	**–**	**2.8**
Total comprehensive income/(loss) for the year		**–**	**(2.7)**	**55.6**	**52.9**	**4.3**	**57.2**
Transactions with owners:							
Share issues	26	**–**	**1.8**	**–**	**1.8**	**–**	**1.8**
Employee share schemes	26	**–**	**0.3**	**(0.1)**	**0.2**	**–**	**0.2**
Tax on other employee benefits	7	**–**	**–**	**2.3**	**2.3**	**–**	**2.3**
Dividend paid	9	**–**	**–**	**(24.4)**	**(24.4)**	**(3.9)**	**(28.3)**
Total transactions with owners		**–**	**2.1**	**(22.2)**	**(20.1)**	**(3.9)**	**(24.0)**
Balance at 31 December 2021		**7.6**	**104.0**	**245.3**	**356.9**	**4.7**	**361.6**

	Notes	Attributable to equity holders of the Parent Company					
		Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2020		7.6	158.4	211.5	377.5	3.1	380.6
(Loss)/profit for the year		–	–	(28.9)	(28.9)	3.1	(25.8)
Other comprehensive income/(loss)		–	0.2	(1.1)	(0.9)	–	(0.9)
Total comprehensive income/(loss) for the year		–	0.2	(30.0)	(29.8)	3.1	(26.7)
Transfer from merger reserve		–	(54.7)	54.7	–	–	–
Transactions with owners:							
Share issues	26	–	0.6	–	0.6	–	0.6
Employee share schemes	26	–	0.1	(0.5)	(0.4)	–	(0.4)
Tax on other employee benefits	7	–	–	(0.2)	(0.2)	–	(0.2)
Tax on other items in equity	7	–	–	0.1	0.1	–	0.1
Dividend paid	9	–	–	(23.7)	(23.7)	(1.8)	(25.5)
Contributions to non-controlling interests		–	–	–	–	(0.1)	(0.1)
Total transactions with owners		–	0.7	(24.3)	(23.6)	(1.9)	(25.5)
Balance at 31 December 2020		7.6	104.6	211.9	324.1	4.3	328.4

Consolidated cash flow statement
for the year ended 31 December

	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Profit/(loss)before taxation		**69.1**	(16.4)
Adjustments for:			
Foreign exchange differences	3	**(3.2)**	2.8
Depreciation	3, 10, 11, 12	**13.3**	13.7
Share-based payment expense	23	**1.8**	1.4
Gain on sale of property, plant and equipment		**(0.6)**	–
Loss on sale of investments		**–**	0.1
Amortisation of intangibles	3, 13	**1.6**	0.8
Impairment of intangibles	3, 13	**–**	60.6
Difference between pension contributions paid and amount recognised in the income statement		**(0.1)**	0.3
Finance income	3	**(1.3)**	(1.2)
Finance costs	3	**3.1**	3.1
Other finance income – pensions	3	**(0.1)**	(0.2)
Increase in inventories	17	**(0.2)**	(0.2)
(Increase)/decrease in trade and other receivables		**(38.7)**	0.3
Increase in bonus accrual		**49.1**	7.9
Increase in trade and other payables		**29.1**	3.4
Increase in provisions		**0.1**	0.2
Cash generated from operations		**123.0**	76.6
Income tax paid		**(9.2)**	(10.7)
Net cash flow from operating activities		**113.8**	65.9
Cash flows from investing activities			
Interest received		**0.2**	0.5
Purchase of property, plant and equipment	10	**(3.7)**	(3.5)
Purchase of intangible assets	13	**(2.9)**	(6.3)
Proceeds from sale of investments		**9.4**	8.7
Proceeds from sale of property, plant and equipment		**1.6**	0.4
Purchase of investments		**(3.5)**	(7.9)
Transfer from current investments (cash on deposit and government bonds)	16	**20.0**	–
Transfer to current investments (cash on deposit and government bonds)	16	**(6.8)**	(20.3)
Proceeds from sale of investments in associates		**–**	0.5
Acquisition of subsidiaries, including deferred consideration	13	**–**	(1.1)
Cash acquired on acquisitions	13	**–**	0.7
Dividends received from investments	3	**–**	0.2
Net cash flow from investing activities		**14.3**	(28.1)
Cash flows from financing activities			
Interest paid and other charges		**(2.3)**	(2.7)
Dividend paid	9	**(24.4)**	(23.7)
Dividend paid to non-controlling interests		**(3.9)**	(1.8)
Repayments of borrowings		**(0.1)**	(1.2)
Payments of lease liabilities		**(9.1)**	(8.9)
Proceeds from shares issued		**1.8**	0.6
Contributions to non-controlling interests		**–**	(0.1)
ESOP shares acquired		**(1.9)**	(0.1)
Net cash flow from financing activities		**(39.9)**	(37.9)
Net increase/(decrease) in cash and cash equivalents		**88.2**	(0.1)
Cash and cash equivalents at 1 January		**173.4**	175.7
Net foreign exchange differences		**–**	(2.2)
Cash and cash equivalents at 31 December	18	**261.6**	173.4

Notes to the consolidated financial statements

1 Corporate information

The Group and Parent Company financial statements of Clarkson PLC for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 4 March 2022. Clarkson PLC is a Public Limited Company, listed on the London Stock Exchange, incorporated in the UK, registered in England and Wales and domiciled in the UK.

The term 'Company' refers to Clarkson PLC and 'Group' refers to the Company, its consolidated subsidiaries and the relevant assets and liabilities of the share purchase trusts.

Copies of the Annual Report will be circulated to all shareholders and will also be available from the registered office of the Company at Commodity Quay, St Katharine Docks, London E1W 1BF.

2 Statement of accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. Additional accounting policies for the Parent Company are set out in note A.

The financial statements are presented in pounds sterling and all values are rounded to the nearest one hundred thousand pounds sterling (£0.1m) except when otherwise indicated.

The consolidated income statement is shown in columnar format to assist with understanding the Group's results by presenting profit for the year before exceptional items and acquisition-related costs; this is referred to as 'underlying profit'. When there are items which are non-recurring in nature and considered to be material in size, these are shown as 'exceptional items'. The column 'acquisition-related costs' includes the amortisation of acquired intangible assets and the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on acquisitions. These notes form an integral part of the financial statements on pages 156 to 197.

Statement of compliance

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Clarkson PLC transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements of the Clarkson PLC group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and fair value through other comprehensive income.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying profit and good cash inflow. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop and emerging geopolitical tension. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Three different scenarios were considered:

- Management modelled the impact of a reduction in profitability to £30m (a level of profit the Group has exceeded in every year since 2013), whilst taking no mitigating actions: the Group remained cash generative before dividends.
- Management assessed the impact of a significant reduction in world seaborne trade similar to that experienced in the global financial crisis in 2008 and the pandemic in 2020: seaborne trade recovered in 2009 and 2021 along with the profitability of the Group. Since 1990 no two consecutive years have seen reductions in world seaborne trade.
- Management undertook a reverse stress test over a period of three years to determine what it might take for the Group to encounter financial difficulties. This test was based on current levels of overhead, the cash position at 31 December 2021, the collection of debts and the invoicing and collection of the forward order book. This determined that, in the absence of any management action which would be applied in these circumstances, no new business would be required to remain cash positive for at least the next 12 months.

Under the first two scenarios, the Group is able to generate profits and cash, and has positive net cash and available funds[1] available to it. In the third scenario, current net cash and available funds[1] together with the collection of debts and the forward order book and no new business would leave sufficient cash resources to cover at least the next 12 months.

Accordingly, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for at least the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Except where noted, the accounting policies set out in this note have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The Group's consolidated financial statements incorporate the results and net assets of Clarkson PLC and all its subsidiary undertakings made up to 31 December each year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are unconsolidated from the date that control ceases.

See note W to the Parent Company financial statements for full details on subsidiaries.

1 Classed as an APM. See pages 218 and 219 for further information.

2 Statement of accounting policies continued

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation, however for the purposes of segmental reporting, internal recharges are included within the appropriate segments.

2.2 Changes in accounting policy and disclosures

New and amended standards adopted by the Group

There are no new standards, amendments or interpretations, effective for the first time for the year beginning on or after 1 January 2021, that had a material impact on the Group or Parent Company.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2021 and not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group's financial statements in the current or future reporting periods.

2.3 Critical accounting judgements and estimates

The following are the critical accounting judgements, apart from those involving estimations (dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgements

Revenue recognition

IFRS 15 'Revenue from Contracts with Customers' requires the Group to assess its revenue streams, including whether the recognition of revenue should be at a 'point in time' or 'over time'. Where revenue is at a point in time, a judgement is also required as to at what point this is. The Group has defined and determined its performance obligations, which continues to be the successful satisfaction of the negotiated contract between counterparties and therefore recognises revenue at this point in time. This is a critical judgement, since if the performance obligation was deemed to be satisfied at an earlier point or over time, the revenue recognition would differ.

In addition, for certain clients, the Group considers that there is uncertainty at the time of invoicing as to whether the clients are capable of settling their invoices due to Clarksons. The Group continues to trade with such clients which are deemed to be key market participants or preferred counterparties for certain transactions. At the point of revenue recognition, these amounts are invoiced but provisions are made which directly offset against revenue, on the basis consideration is not certain. See note 2.19 for further details.

Alternative performance measures

The Group excludes adjusting items (exceptional items and acquisition-related costs) from its underlying earnings measure. The Directors believe that alternative performance measures can provide users of the financial statements with a better understanding of the Group's underlying financial performance, if used properly. If improperly used and presented, these measures could mislead the users of the financial statements by obscuring the real profitability and financial position of the Group. Directors' judgement is required as to what items qualify for this classification. Further details are included on pages 218 and 219.

Recognition of software assets

A judgement is made regarding the decision to capitalise expenditure on the balance sheet relating to the development of software assets across the Group per IAS 38. This includes considering if the future economic benefit from the asset can be readily identified and estimated and will flow to the relevant entity in the Group. Once capitalised, a further judgement is made to determine the point at which the software becomes fully operational and thus when the asset will begin to be amortised through the income statement over its useful economic life.

IFRS 16 'Leases'

Key judgements made in calculating the initial measurement include determining the lease term where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), such as for options with renewal dates in the next 12 months.

Estimates include calculating the discount rate which is based on the incremental borrowing rate, using a series of inputs including government bond yields and adjustments to take into account entity-specific risk-profiles.

A judgement is made at the commencement of a lease as to whether elements of the contract are lease components or non-lease components. If an element does not convey the right to control the use of an identified asset for a period of time in exchange for consideration then this is treated as a non-lease component. The most significant non-lease component attributable to the Group are service charges.

Estimation uncertainty

The assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

2 Statement of accounting policies continued

Impairment of trade receivables

Trade receivables are amounts due from customers in the ordinary course of business. Trade receivables are classified as current assets if collection is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current assets. The provision for impairment of receivables represents management's best estimate of expected credit losses to arise on trade receivables at the balance sheet date. Determining the amount of the provision includes analysis of specific customers' creditworthiness which may be impaired as indicated by the age of the invoice, the existence of any disputes, recent historical payment patterns and any known information regarding the client's financial position. In a limited number of circumstances, where doubt exists as to the ability to collect payment, a provision is made at the time of invoicing (see Judgements: Revenue recognition above). For clients where a specific provision is not recognised, management is required to estimate expected credit losses in accordance with IFRS 9 'Financial Instruments'. This estimate takes into account the Group's history of bad debt write-offs and extended unpaid invoices for each of its segments and also views on market conditions both for certain business lines and territories. Determining the amount of a provision for impairment is inherently challenging and in a given year there is a risk this estimate may materially change in the following year, either due to successful, unforeseen collections or sudden deterioration or failures of clients. This is therefore deemed to be a critical accounting estimate. See note 15 for further details.

Impairment testing of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which assets on the balance sheet have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates.
As determining such assumptions is inherently uncertain and subject to future factors, there is the potential that these may differ in subsequent periods, however, this is not subject to a significant risk of material change in the next 12 months. See note 14 for further details.

Employee benefits

The determination of the Group's defined benefit obligation depends on certain assumptions, such as the selection of the discount rate, inflation rates and mortality rates. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's financial statements within the next year. See note 24 for further details.

2.4 Property, plant and equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, is stated on the balance sheet at its historic cost.

Freehold and long leasehold properties, leasehold improvements, office furniture and equipment and motor vehicles are recorded at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset.

Land is not depreciated. Depreciation on other assets is charged on a straight-line basis over the estimated useful life (after allowing for estimated residual value based on current prices) of the asset, and is charged from the time an asset becomes available for its intended use. Estimated useful lives are as follows:

Freehold and long leasehold properties	10–60 years
Leasehold improvements	Over the period of the lease
Office furniture and equipment	2–10 years
Motor vehicles	4–5 years

Estimates of useful lives and residual scrap values are assessed annually.

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

2.5 Investment properties

Land and buildings held for long-term investment and to earn rental income are classified as investment properties. Investment properties are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset, and is charged from the time an asset becomes available for its intended use. Estimated useful lives are as follows:

Investment properties	60 years

In addition to historical cost accounting, the Directors have also presented, through additional narrative, the fair value of the investment properties in note 11.

2.6 Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

All transaction costs are expensed in the income statement as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the income statement. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 Statement of accounting policies continued

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units identified according to operating segment.

2.7 Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Costs incurred on development projects, relating to the introduction or design of new systems or improvement of the existing systems, are only capitalised as intangible assets if capitalisation criteria under IAS 38 'Intangible Assets' are met, that is, where the related expenditure is separately identifiable, the costs are measurable and management is satisfied as to the ultimate technical and commercial viability of the project such that it will generate future economic benefits based on all relevant available information. Capitalised development costs are amortised from the date the system is fully operational over their expected useful lives (not exceeding five years). Other costs linked to development projects that do not meet the above criteria such as data population, research expenditure and staff training costs are recognised within administrative expenses as incurred.

Costs incurred in the provision and implementation of Software as a Service ('SaaS') agreements, including subscriptions, software configuration and customisation, data migration, testing and training are expensed in the income statement as incurred. To the extent that a SaaS agreement has a separately identifiable intangible asset that is material, the costs are capitalised until the software application use commences and then amortised over their expected useful life (not exceeding five years).

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement within administrative expenses.

Intangible assets are amortised as follows:

Trade name and non-contractual commercial relationships

Amortisation is calculated using estimates of revenues generated by each asset over their estimated useful lives of up to five years.

Forward order book on acquisition

Amortisation is calculated based on expected future cash flows estimated to be up to five years.

Development costs

Amortisation is calculated based on estimated useful life, which will not exceed five years, when ready for use.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually.

Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

2 Statement of accounting policies continued

2.9 Investments and other financial assets

Classification

Financial assets within the scope of IFRS 9 'Financial Instruments' are classified as financial assets at fair value through profit or loss ('FVPL'), financial assets at fair value through other comprehensive income ('FVOCI'), held-to-maturity financial assets and financial assets at amortised cost.

The Group determines the classification of its financial assets on initial recognition, taking into account the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss (FVPL)

These assets are measured at fair value. Net gains and losses are recognised in profit or loss in finance revenue or finance costs. Any interest or dividend income are recognised in profit or loss in finance revenue or finance costs. No assets were designated at initial recognition of IFRS 9.

Financial assets at fair value through other comprehensive income (FVOCI)

These assets are measured at fair value. Dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in the income statement unless they clearly represent recovery of a part of the cost of the investment. Changes in fair value are recognised in other comprehensive income and are never recycled to the income statement, even if the asset is sold or impaired. The Group elected to treat its investment in CargoMetrics Technologies LLC as a FVOCI asset based on the business model for that asset and, as it is an equity investment not held for trading, has made an irrevocable election to present fair value gains and losses on revaluation in other comprehensive income.

Recognition and measurement

Fair value

The fair value of investments in equity instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's-length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis, or other valuation models.

Amortised cost

Loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

2.10 Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

Impairment losses for trade receivables are recognised within revenue. A provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due. The provision is determined with reference to specific analysis of increased credit loss risk for clients and lifetime expected credit losses applied to all other trade receivables (the simplified approach). The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of between one day and three months.

2.13 Derivative financial instruments and hedge accounting

The Group uses various derivative financial instruments to reduce exposure to foreign exchange movements. These can include foreign currency contracts and currency options. All derivative financial instruments are initially recognised on the balance sheet at their fair value adjusted for transaction costs.

The fair values of financial instrument derivatives are determined by reference to quoted prices in an active market.

The method of recognising the movements in the fair value of the derivative depends on whether the instrument has been designated as a hedging instrument (determined with reference to IFRS 9 'Financial Instruments') and, if so, the cash flow being hedged. To qualify for hedge accounting, the terms of the hedge must be clearly documented at inception and there must be an expectation that the derivative will be highly effective in offsetting changes in the cash flow of the hedged risk. Hedge effectiveness is tested throughout the life of the hedge and if at any point it is concluded that the relationship can no longer be expected to remain highly effective in achieving its objective, the hedge relationship is terminated. The Group designates the hedged risk as movements in the spot rate, with changes in the forward rate recognised in other comprehensive income.

Gains and losses on financial instrument derivatives which qualify for hedge accounting are recognised according to the nature of the hedge relationship and the item being hedged.

2 Statement of accounting policies continued

Cash flow hedges: derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to changes in cash flows attributable to a particular asset or liability or a highly probable forecast transaction. Gains or losses on designated cash flow hedges are recognised directly in equity in other comprehensive income, to the extent that they are determined to be effective. Any remaining portion of the gain or loss is recognised immediately in the income statement. On recognition of the hedged asset or liability, any gains or losses that had previously been recognised directly in equity are included in the initial measurement of the fair value of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there and is recognised in the income statement when the forecast transaction is ultimately recognised. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Where financial instrument derivatives do not qualify for hedge accounting, changes in the fair market value are recognised immediately in the income statement.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Employee benefits

The Group operates various post-employment schemes, including both defined contribution and defined benefit pension plans.

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension arrangements on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset/liability recognised in the balance sheet in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the end of the reporting period and the fair value of plan assets. Where the Group does not have an unconditional right to a scheme's surplus, this asset is not recognised in the balance sheet. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income.

The net interest revenue/cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This revenue/cost is included in other finance revenue – pensions in the income statement.

2.17 Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby consideration is received in the form of equity instruments for services rendered (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of these awards were valued using either a Monte Carlo valuation model or a Black-Scholes model, depending on the type of award being valued. See note 23 for further details.

2 Statement of accounting policies continued

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share. See note 8 for further details.

The social security contributions payable in connection with the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

2.18 Share capital

Ordinary shares are recognised in equity as share capital at their nominal value. The difference between consideration received and the nominal value is recognised in the share premium account, except when applying the merger relief provision of the Companies Act 2006.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Company shares held in trust in connection with the Group's employee share schemes are deducted from consolidated shareholders' equity. Purchases, sales and transfers of the Company's shares are disclosed as changes in consolidated shareholders' equity. The assets and liabilities of the trusts are consolidated in full into the Group's consolidated financial statements.

2.19 Revenue recognition

Revenue is recognised in accordance with satisfaction of performance obligations of contracts.

Broking

Shipbroking and offshore revenue consists of commission receivable and is predominantly recognised at a point in time. The point in time is deemed to be when the underlying parties to the transaction have completed their respective obligations and successfully fulfilled the contract between them as brokered and overseen by Clarksons.

The transaction price is fixed and determined with reference to the contracted commission rate for the broker. Broking revenue contracts vary, with certain contracts having a single performance obligation and others, such as newbuilds, containing multiple performance obligations. In the case of single performance obligation contracts, the transaction is allocated wholly against that performance obligation. In the case of multiple performance obligation contracts, the transaction price is allocated with reference to the agreed stages of completion in the underlying contract. The price for such stages is agreed between the underlying counterparties and Clarksons' commission is derived as a percentage of this. The stage of completion is deemed a reasonable proxy for the allocation of the total consideration transaction price to performance obligations in the contract.

Time charter commission revenue is recognised over time in line with the period of time for which the vessel is being chartered, which is deemed to be the most faithful representation of the service provided over the period of the contract. The transaction price is apportioned evenly over the life of the charter per the contract.

Futures broking commissions are recognised when the services have been performed.

Financial

Revenue consists of commissions and fees receivable from financial services activities. Fees from investment banking activities, syndication and other financial solutions are recognised at a point in time, on a success basis, when certain criteria in applicable agreements have been met. Financial revenue usually involves a single performance obligation (being successful execution of the relevant financial services activity). The transaction price is allocated wholly to the point in time when this performance obligation is satisfied. The transaction price usually is determined as a fixed percentage of the underlying financial services transaction.

Support

Agency income is recognised at a point in time when vessels arrive in port. The transaction price is clearly defined in the contract as the fee for providing the service and an agreed charge is made for disbursements, if applicable.

Revenue from the sale of goods is recognised on delivery of goods to the customer. The transaction price is clearly defined in the sales order for each product ordered.

Port services income is recognised on the vessel load or discharge completion date and stores rent on an over time basis. The transaction price is clearly defined in the contract as the fee per tonne of product loaded, stored or discharged.

Freight forwarding income is recognised on the date of despatch of goods or services. The transaction price is clearly defined as per the quote provided to the customer for the storage or transportation of goods.

The transaction price is allocated wholly to the performance obligation.

2 Statement of accounting policies continued

Research

Revenue comprises both fees for one-off projects, which are recognised as and when services are performed, and sales of shipping publications and other information, which is recognised when the research products are delivered. Subscriptions to periodicals and other information are recognised over time, which is determined with reference to the subscription period and therefore the most faithful representation of how the client consumes the benefit. The transaction price is agreed in the contract and is on a per product basis and either recognised wholly at a point in time, or in the case of subscriptions, it is spread evenly over the subscription period. The transaction price is allocated wholly to the performance obligation.

Contract assets/liabilities

Except for Research, which is generally invoiced in advance, invoicing typically aligns with the timing that performance obligations are satisfied. Payment terms are set out in note 15.

At the year-end, there may be amounts where invoices have not been raised but performance obligations are deemed satisfied. These are recognised as contract assets and mainly arise in Broking and Financial. In Research, amounts invoiced ahead of performance obligations being satisfied are included as contract liabilities.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group considers the executive members of the Company's Board to be the chief operating decision-maker.

Transactions between operating segments are at arm's length.

2.21 Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into pounds sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period as an approximation of rates prevailing at the date of the transaction. Exchange differences arising, if any, are recognised in the consolidated statement of comprehensive income and transferred to the Group's currency translation reserve. Such translation differences are recognised as income or expense in the period in which an operation is disposed of. Cumulative translation differences have been set to zero at the date of transition to IFRSs.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.22 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax is recognised in the income statement, except on items relating to equity, in which case the related current income tax is recognised directly in equity.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2 Statement of accounting policies continued

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority, where there is an intention to settle the balances on a net basis.

2.23 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the lessee's incremental borrowing rate, as the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is based on the rate payable for loans of a similar term and asset value or from a series of inputs including government bond yields and adjustments to take into account entity-specific risk profiles.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable; variable lease payments that depend on an index or rate; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) if one of the following occur:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Non-lease components are charged to the income statement in line with the services being provided.

The right-of-use assets comprise the initial measurement of the corresponding lease liability less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation.

Whenever the Group incurs an obligation for costs to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 with a corresponding entry within the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset and starts at the commencement date of the lease. See note 2.8 for the policy on impairment.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

All of the Group's leases are classified as operating leases with rental income from these leases recognised on a straight-line basis over the term of the relevant lease.

2.24 Exceptional items

Exceptional items are significant items of a non-recurring nature and considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's financial performance.

3 Revenue and expenses

	2021 £m	2020 £m
Revenue		
Revenue from contracts with customers	**443.0**	357.9
Revenue from other sources: rental income	**0.3**	0.3
	443.3	358.2

Revenue is disaggregated further in note 4, which is the level at which it is analysed within the business. Further information on the timing of transfer of goods and services for revenue streams is included in note 2. The forward order book comprises contracts where the Group's performance obligations are not satisfied and accordingly, no revenue is recognised. The Directors' best estimate of the deliverable forward order book for 2022 is US$165m/£122m (2020 for 2021: US$116m/£85m). Revenue is net of movements in the loss allowance for trade receivables. Included in revenue is £6.8m (2020: £6.2m) that was included in the contract liability balance at the beginning of the year.

	2021 £m	2020 £m
Finance income		
Bank interest income	**0.1**	0.5
Dividend income	**–**	0.2
Other finance income	**1.2**	0.5
	1.3	1.2

	2021 £m	2020 £m
Finance costs		
Bank interest charges	**0.2**	0.1
Interest expenses on lease liabilities	**2.0**	2.1
Other finance costs	**0.9**	0.9
	3.1	3.1

	2021 £m	2020 £m
Other finance income – pensions		
Net benefit income	**0.1**	0.2

Operating profit/(loss)

Operating profit/(loss) from continuing operations is stated after charging/(crediting):

	2021 £m	2020 £m
Depreciation	**13.3**	13.7
Amortisation of intangible assets	**1.6**	0.8
Impairment of intangible assets	**–**	60.6
Net foreign exchange (gains)/losses	**(3.2)**	2.8
Research and development	**15.1**	13.2
Short-term lease expense	**0.3**	0.4

3 Revenue and expenses continued

	2021 £000	2020 £000
Auditor's remuneration		
Fees payable to the Company's Auditor for the audit of the Company's and Group financial statements	**348**	265
Fees payable to the Company's Auditor and their associates for other services:		
The auditing of financial statements of subsidiaries of the Company	**327**	288
Audit-related assurance services	**83**	79
Other services	**–**	12
	758	644

Audit-related assurance services consists of £44,500 (2020: £40,000) in relation to the half year review and £38,000 (2020: £39,000) of other audit-related services. Other services relate to the provision of an attestation in relation to restructuring in Norway, required by law.

	2021 £m	2020 £m
Employee compensation and benefits expense		
Wages and salaries	**258.5**	211.9
Social security costs	**23.8**	17.7
Expense of share-based payments	**1.8**	1.4
Pension costs – defined contribution plans	**8.4**	8.0
	292.5	239.0

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Directors' Remuneration Report in the Directors' emoluments and compensation table on pages 130 and 131.

The average monthly number of persons employed by the Group during the year, including Executive Directors, is analysed below:

	2021	2020
Broking	**1,194**	1,184
Financial	**102**	110
Support	**266**	238
Research	**124**	119
	1,686	1,651

4 Segmental information

The Group considers the executive members of the Company's Board to be the chief operating decision-maker. The Board receives segmental operating and financial information on a regular basis. The segments are determined by the class of business the Company provides and are Broking, Financial, Support and Research. This is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting.

Clarksons' Broking division represents services provided to shipowners and charterers in the transportation by sea of a wide range of cargoes. It also represents services provided to buyers and sellers/yards relating to sale and purchase transactions. Also included is a futures broking operation which arranges principal-to-principal cash-settled contracts for differences based upon standardised freight contracts.

The Financial division represents full-service investment banking, specialising in the maritime, oil services and natural resources sectors. Clarksons also provides structured asset finance services and structured projects in the shipping, offshore and real estate sectors.

Support includes port and agency services representing ship agency services provided throughout the UK and Egypt.

Research services encompass the provision of shipping-related information and publications.

All areas of the business work closely together to provide the best possible service to our clients. Internal recharges are included within the appropriate segments. Segment revenue represents revenue from external customers.

The Group is not reliant on any major customer that contributes more than 10% of Group revenue.

4 Segmental information continued

Business segments

	Revenue 2021 £m	Revenue 2020 £m	Results 2021 £m	Results 2020 £m
Broking	**340.0**	282.6	**73.6**	55.4
Financial	**56.0**	33.9	**13.3**	2.5
Support	**29.6**	24.9	**3.3**	1.7
Research	**17.7**	16.8	**6.1**	5.6
Segment revenue/profit	**443.3**	358.2	**96.3**	65.2
Head office costs			**(25.2)**	(18.8)
Operating profit before exceptional items and acquisition-related costs			**71.1**	46.4
Exceptional items			**–**	(60.6)
Acquisition-related costs			**(0.3)**	(0.5)
Operating profit/(loss) after exceptional items and acquisition-related costs			**70.8**	(14.7)
Finance income			**1.3**	1.2
Finance costs			**(3.1)**	(3.1)
Other finance income – pensions			**0.1**	0.2
Profit/(loss)before taxation			**69.1**	(16.4)
Taxation			**(14.7)**	(9.4)
Profit/(loss) for the year			**54.4**	(25.8)

Business segments

	Assets 2021 £m	Assets 2020 £m	Liabilities 2021 £m	Liabilities 2020 £m
Broking	**479.8**	403.2	**201.0**	163.9
Financial	**107.3**	74.5	**50.5**	21.9
Support	**37.3**	33.1	**14.7**	13.3
Research	**18.8**	11.5	**12.0**	10.6
Segment assets/liabilities	**643.2**	522.3	**278.2**	209.7
Unallocated assets/liabilities	**38.9**	50.4	**42.3**	34.6
	682.1	572.7	**320.5**	244.3

Unallocated assets predominantly relate to head office cash balances and cash on deposit, the pension scheme surplus and tax assets. Unallocated liabilities include the pension scheme deficit, tax liabilities and head office accruals.

Business segments

	Non-current asset additions				Depreciation		Amortisation and impairment	
	Property, plant and equipment 2021 £m	**Intangible assets 2021 £m**	Property, plant and equipment 2020 £m	Intangible assets 2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Broking	**7.5**	**2.9**	5.4	7.5	**9.4**	11.4	**1.6**	*18.3
Financial	**0.1**	**–**	0.3	–	**1.9**	1.1	**–**	*43.1
Support	**3.0**	**–**	0.7	–	**1.6**	1.0	**–**	–
Research	**0.2**	**–**	–	–	**0.4**	0.2	**–**	–
	10.8	**2.9**	6.4	7.5	**13.3**	13.3	**1.6**	61.4

* Includes an impairment charge of £17.5m for Broking and £43.1m for Financial.

4 Segmental information continued

Geographical segments – by origin of invoice

	Revenue	
	2021 £m	2020 £m
Europe, Middle East and Africa*	**330.9**	275.8
Americas	**18.9**	19.6
Asia Pacific	**93.5**	62.8
	443.3	358.2

Geographical segments – by location of assets

	Non-current assets**	
	2021 £m	2020 £m
Europe, Middle East and Africa*	**232.8**	237.8
Americas	**8.6**	8.8
Asia Pacific	**12.6**	14.8
	254.0	261.4

* Includes revenue for the UK of £198.0m (2020: £170.4m) and non-current assets for the UK of £115.6m (2020: £118.8m).
** Non-current assets exclude deferred tax assets and employee benefits.

5 Exceptional items

As a result of the impairment testing of goodwill, no impairment charge was recognised in 2021. An impairment was recognised in 2020 of £60.6m. See note 13 for further details.

6 Acquisition-related costs

Included in acquisition-related costs is £0.2m (2020: £0.3m) relating to amortisation of intangibles acquired as part of the Martankers acquisition in 2020 and cash charges of £0.1m (2020: £0.1m) relating to that acquisition. The cash charges are contingent on employees remaining in service and are therefore spread over the service period.

Also included is £nil (2020: £0.1m) of cash and share-based payment charges in relation to previous acquisitions. See note 13 for further details.

7 Taxation

Tax charged in the consolidated income statement is as follows:

	2021 £m	2020 £m
Current tax		
Tax on profits for the year	**13.1**	11.1
Adjustments in respect of prior years	**(0.6)**	(2.1)
	12.5	9.0
Deferred tax		
Origination and reversal of temporary differences	**2.5**	0.4
Impact of change in tax rates	**(0.3)**	–
	2.2	0.4
Total tax charge in the income statement	**14.7**	9.4

7 Taxation continued

Tax relating to items (credited)/charged to equity is as follows:

		2021 £m	2020 £m
Current tax			
Employee benefits	– other employee benefits	**(0.3)**	–
Other items in equity		**–**	(0.1)
		(0.3)	(0.1)
Deferred tax			
Employee benefits	– on pension benefits	**3.1**	0.1
	– other employee benefits	**(2.0)**	0.2
Foreign currency contracts		**(0.8)**	0.7
		0.3	1.0
Total tax charge in the statement of changes in equity		**–**	0.9

Reconciliation of tax charge

The tax charge in the consolidated income statement for the year is higher (2020: higher) than the average standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £m	2020 £m
Profit/(loss) before taxation	**69.1**	(16.4)
Profit/(loss) at UK average standard rate of corporation tax of 19% (2020: 19%)	**13.1**	(3.1)
Effects of:		
Impairment charge not deductible for tax purposes	**–**	11.5
Expenses not deductible for tax purposes	**2.1**	1.7
Non-taxable income	**–**	(0.4)
Lower tax rates on overseas earnings	**(1.0)**	(0.9)
Tax losses not recognised	**0.5**	0.9
Adjustments relating to prior year	**(0.5)**	(0.6)
Adjustments relating to changes in tax rates	**(0.3)**	–
Other adjustments	**0.8**	0.3
Total tax charge in the income statement	**14.7**	9.4

Deferred tax

Deferred tax charged in the consolidated income statement is as follows:

	2021 £m	2020 £m
Employee benefits	**(0.7)**	(0.1)
In relation to earnings of overseas subsidiaries	**0.7**	0.3
Intangible assets	**1.2**	0.5
Other temporary differences	**1.0**	(0.3)
Deferred tax charge in the income statement	**2.2**	0.4

7 Taxation continued

Deferred tax included in the balance sheet is as follows:

		2021 £m	2020 £m
Deferred tax assets			
Employee benefits	– on pension benefits	**0.9**	1.2
	– other employee benefits	**10.3**	7.6
Tax losses		**–**	0.5
Foreign currency contracts		**0.2**	–
Other temporary differences		**1.4**	1.3
Deferred tax assets before offset		**12.8**	10.6
Offset against deferred tax liabilities		**(2.3)**	–
Deferred tax assets in the balance sheet		**10.5**	10.6
Deferred tax liabilities			
Employee benefits	– on pension benefits	**(6.5)**	(3.4)
In relation to earnings of overseas subsidiaries		**(2.3)**	(1.6)
Foreign currency contracts		**(0.2)**	(0.9)
Intangible assets		**(2.3)**	(1.3)
Other temporary differences		**(2.0)**	(1.6)
Deferred tax liabilities before offset		**(13.3)**	(8.8)
Offset against deferred tax assets		**2.3**	–
Deferred tax liabilities in the balance sheet		**(11.0)**	(8.8)

Deferred tax assets and liabilities are offset and reported net where appropriate within territories.

Included in the above are deferred tax assets of £2.5m (2020: £2.7m) and deferred tax liabilities of £0.3m (2020: £0.1m) which are due within one year. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

All deferred tax movements arise from the origination and reversal of temporary differences. The Group did not recognise a deferred tax asset of £3.3m (2020: £3.2m) in respect of unused tax losses, which predominantly have either no expiry date or expiry dates of ten years or more.

Deferred taxes at the balance sheet date have been measured using the appropriate enacted tax rates and are reflected in these financial statements.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These included confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

8 Earnings/(loss) per share

	2021 Underlying £m	2021 Reported £m	2020 Underlying £m	2020 Reported £m
Profit/(loss) for the year attributable to equity holders of the Parent Company	**50.4**	**50.1**	32.1	(28.9)

	2021 Underlying Million	2021 Reported Million	2020 Underlying Million	2020 Reported Million
Weighted average number of ordinary shares (excluding share purchase trusts' shares) – basic	**30.4**	**30.4**	30.3	30.3
Dilutive effect of share options	**0.3**	**0.3**	0.1	0.1
Weighted average number of ordinary shares (excluding share purchase trusts' shares) – diluted	**30.7**	**30.7**	30.4	30.4

	2021 Underlying	2021 Reported	2020 Underlying	2020 Reported
Basic earnings/(loss) per share	**165.6p**	**164.6p**	106.0p	(95.2p)
Diluted earnings/(loss) per share	**164.2p**	**163.2p**	105.8p	(95.2p)

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The calculation of diluted earnings/(loss) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

The share awards relating to Directors, where the performance conditions have not yet been met at the balance sheet date, are not included in the above numbers. The weighted average number of these shares was nil (2020: 113,243).

The number of options in relation to the employee ShareSave scheme which are not included because they are anti-dilutive were 66,313 (2020: nil). These options could potentially dilute basic earnings per share in the future.

9 Dividends

	2021 £m	2020 £m
Declared and paid during the year:		
Final dividend for 2020 of 54p per share (interim dividend for 2020*: 53p per share)	**16.4**	16.1
Interim dividend for 2021 of 27p per share (2020: 25p per share)	**8.0**	7.6
Dividend paid	**24.4**	23.7
Proposed for approval at the AGM (not recognised as a liability at 31 December):		
Final dividend for 2021 proposed of 57p per share (2020: 54p per share)	**17.4**	16.4

* The 2020 interim dividend of 53p per share was equivalent to the deferred 2019 final dividend. The resolution for the final 2019 dividend was withdrawn from the AGM in March 2020 with confirmation of the amount and timing deferred until the Board had clarity on the impact of COVID-19 on maritime markets. Following the June 2020 interim results, this interim dividend was declared on 10 August 2020.

10 Property, plant and equipment

31 December 2021

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
Original cost					
At 1 January 2021	**9.2**	**18.7**	**25.6**	**1.6**	**55.1**
Additions	**1.0**	**0.6**	**1.8**	**0.3**	**3.7**
Disposals	**(0.8)**	**(0.6)**	**(3.9)**	**(0.6)**	**(5.9)**
Foreign exchange differences	**–**	**–**	**(0.1)**	**–**	**(0.1)**
At 31 December 2021	**9.4**	**18.7**	**23.4**	**1.3**	**52.8**
Accumulated depreciation					
At 1 January 2021	**1.9**	**8.9**	**19.0**	**1.0**	**30.8**
Charged during the year	**0.3**	**1.4**	**2.6**	**0.2**	**4.5**
Disposals	**(0.3)**	**(0.5)**	**(3.6)**	**(0.5)**	**(4.9)**
Foreign exchange differences	**–**	**–**	**(0.1)**	**–**	**(0.1)**
At 31 December 2021	**1.9**	**9.8**	**17.9**	**0.7**	**30.3**
Net book value at 31 December 2021	**7.5**	**8.9**	**5.5**	**0.6**	**22.5**

31 December 2020

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
Original cost					
At 1 January 2020	9.3	18.5	23.3	1.5	52.6
Additions	–	0.2	3.0	0.3	3.5
Disposals	–	–	(0.5)	(0.2)	(0.7)
Foreign exchange differences	(0.1)	–	(0.2)	–	(0.3)
At 31 December 2020	9.2	18.7	25.6	1.6	55.1
Accumulated depreciation					
At 1 January 2020	1.7	7.4	17.0	0.9	27.0
Charged during the year	0.2	1.5	2.8	0.3	4.8
Disposals	–	–	(0.3)	(0.2)	(0.5)
Foreign exchange differences	–	–	(0.5)	–	(0.5)
At 31 December 2020	1.9	8.9	19.0	1.0	30.8
Net book value at 31 December 2020	7.3	9.8	6.6	0.6	24.3

At 31 December 2021 there was £4.0m included in the above figures relating to fully depreciated property, plant and equipment that is still in use (2020: £2.8m).

11 Investment properties

	2021 £m	2020 £m
Cost		
At 1 January and 31 December	**2.1**	2.1
Accumulated depreciation		
At 1 January	**0.9**	0.9
Charged during the year*	**0.0**	0.0
At 31 December	**0.9**	0.9
Net book value at 31 December	**1.2**	1.2

* The depreciation charged during the year was less than £0.1m.

The fair value of the investment properties at 31 December 2021 was £2.2m (2020: £2.2m). This was based on valuations from external independent valuers who have the appropriate professional qualifications and recent experience of valuing properties in the location and of the type being valued.

12 Right-of-use assets

	Leasehold properties 2021 £m	Leasehold properties 2020 £m
Cost		
As at 1 January	**63.4**	61.5
Additions	**7.1**	2.9
Additions arising from acquisitions	**–**	0.1
Disposals	**(0.8)**	(0.5)
Foreign exchange differences	**(0.2)**	(0.6)
At 31 December	**69.5**	63.4
Accumulated depreciation		
As at 1 January	**16.4**	8.1
Charged during the year	**8.8**	8.9
Disposals	**(0.7)**	(0.4)
Foreign exchange differences	**(0.1)**	(0.2)
At 31 December	**24.4**	16.4
Net book value at 31 December	**45.1**	47.0

13 Intangible assets

31 December 2021

	Goodwill £m	Development costs £m	Other intangible assets £m	Total £m
Cost				
At 1 January 2021	**287.4**	**16.4**	**30.9**	**334.7**
Additions	**–**	**2.9**	**–**	**2.9**
Foreign exchange differences	**(2.6)**	**–**	**(0.3)**	**(2.9)**
At 31 December 2021	**284.8**	**19.3**	**30.6**	**334.7**
Accumulated amortisation and impairment				
At 1 January 2021	**120.6**	**0.8**	**30.4**	**151.8**
Charged during the year	**–**	**1.4**	**0.2**	**1.6**
Foreign exchange differences	**(1.7)**	**–**	**(0.2)**	**(1.9)**
At 31 December 2021	**118.9**	**2.2**	**30.4**	**151.5**
Net book value at 31 December 2021	**165.9**	**17.1**	**0.2**	**183.2**

31 December 2020

	Goodwill £m	Development costs £m	Other intangible assets £m	Total £m
Cost				
At 1 January 2020	288.2	10.1	30.3	328.6
Additions	0.5	6.3	0.7	7.5
Foreign exchange differences	(1.3)	–	(0.1)	(1.4)
At 31 December 2020	287.4	16.4	30.9	334.7
Accumulated amortisation and impairment				
At 1 January 2020	59.9	0.3	30.2	90.4
Charged during the year	–	0.5	0.3	0.8
Impairment	60.6	–	–	60.6
Foreign exchange differences	0.1	–	(0.1)	–
At 31 December 2020	120.6	0.8	30.4	151.8
Net book value at 31 December 2020	166.8	15.6	0.5	182.9

Development costs are amortised based on their estimated useful life, which will not exceed five years, when ready for use.

All intangible assets are held in the currency of the businesses acquired and are subject to foreign exchange retranslations to the closing rate at each year-end.

In 2020 the Group made acquisitions, which are detailed below, resulting in goodwill of £0.5m.

In 2020, the other intangible asset additions of £0.7m relate to the forward order book and customer relationships in relation to an acquisition made in that year.

Acquisitions – 2020

On 1 February 2020, the Group acquired 100% of the share capital of Madrid-based shipbroker Martankers I, S.L.U., which subsequently changed its name to Clarksons Martankers, S.L.U. ('Martankers'). The acquisition provides an established opening for Clarksons in Spain and will help the Group gain share in the bulk chemicals and gas markets, strengthening our global market-leading position.

Cash consideration of £1.1m was paid on the acquisition date. The goodwill of £0.5m is attributable to the acquired team and the synergies that will arise as part of the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

13 Intangible assets continued
In addition, a further £0.1m will be payable in cash to key employees contingent on them remaining in employment for four years.

An additional sum up to £1.4m will also be payable in four years subject to the same service conditions and Martankers achieving certain earnings targets over the four years. For both of the above, the cost will be charged to the income statement over the service period. For the year ended 31 December 2020, this cost was £0.1m.

The following table summarises the consideration paid, the fair value of the assets acquired and the liabilities assumed relating to the acquisition:

Recognised amounts of identifiable assets acquired and liabilities assumed:	Total £m
Intangible assets	0.7
Right-of-use assets	0.1
Trade and other receivables	0.3
Cash and cash equivalents	0.7
Total assets	1.8
Trade and other payables	(0.8)
Income tax payable	(0.1)
Lease liability	(0.1)
Deferred tax liability	(0.2)
Total liabilities	(1.2)
Total identifiable net assets	0.6
Goodwill	0.5
Total consideration paid in cash	1.1

The revenue included in the consolidated income statement since 1 February 2020 contributed by Martankers was £1.3m. Martankers contributed profit after taxation of £0.2m over the same period.

Had Martankers been consolidated from 1 January 2020, the consolidated income statement would show revenue of £358.4m and profit before taxation and exceptional items and acquisition-related costs of £44.7m. This information is not necessarily indicative of the 2020 results of the combined Group had the purchases actually been made at the beginning of the period presented, or indicative of the future consolidated performance given the nature of the business acquired.

14 Impairment testing of goodwill
Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to operating division.

The carrying amount of goodwill acquired through business combinations is as follows:

	2021 £m	2020 £m
Dry cargo chartering	**12.0**	12.0
Container chartering	**1.8**	1.8
Tankers chartering	**10.6**	10.7
Specialised products chartering	**12.9**	12.9
Gas chartering	**2.7**	2.7
Sale and purchase broking	**45.8**	46.4
Offshore broking	**47.1**	47.1
Securities	**14.1**	14.1
Project finance	**12.7**	12.9
Port and agency services	**2.9**	2.9
Research services	**3.3**	3.3
	165.9	166.8

The movement in the aggregate carrying value is analysed in more detail in note 13.

14 Impairment testing of goodwill continued

Goodwill is allocated to CGUs which are tested for impairment at least annually. The goodwill arising in each CGU is similar in nature and thus the testing for impairment uses the same approach.

The recoverable amounts of the CGUs are assessed using a value-in-use model. Value-in-use is calculated as the net present value of the projected risk-adjusted cash flows of the CGU to which the goodwill is allocated.

The key assumptions used for value-in-use calculations are as follows:

- the pre-tax discount rate for the chartering and broking CGUs is 11.3% (2020: 10.5%), port and agency services is 11.3% (2020: 10.5%), research services is 11.3% (2020: 10.5%) and for securities and project finance is 11.9% (2020: 11.0%). As all broking and chartering CGUs have operations that are global in nature and similar risk profiles, the same discount rate has been used;
- these discount rates are based on the Group's weighted average cost of capital ('WACC') and adjusted for CGU-specific risk factors. The Group's WACC is a function of the Group's cost of equity, derived using a Capital Asset Pricing Model. The cost of equity includes a number of variables to reflect the inherent risk of the business being evaluated; and
- the cash flow projections are based on financial budgets and strategic plans approved by the Board, extrapolated over a five-year period. These assume a level of revenue and profits which are based on both past performance and expectations for future market development and take into account the cyclicality of the business in which the CGU operates. The effect on cash flows of climate change was considered but assessed to have little or no impact at this time. Cash flows beyond the five-year period are extrapolated in perpetuity using a conservative growth rate of 1.7% (2020: 1.7%) across all CGUs.

The results of the Directors' review of goodwill indicate remaining headroom for all CGUs.

				2021			2020
	Reportable segment	Goodwill impairment £m	Recoverable amount (value-in-use) £m	Discount rate %	Goodwill impairment £m	Recoverable amount (value-in-use) £m	Discount rate %
CGU							
Offshore broking	Broking	–	59.3	11.3	17.5	52.6	10.5
Securities	Financial	–	22.2	11.9	43.1	20.5	11.0
At 31 December		–	81.5		60.6	73.1	

In 2020, recognising the challenging trading conditions in the offshore broking and securities markets, the Directors revised the estimate of future cash flows expected from these CGUs. Following these revisions, an impairment loss was recognised, shown as an exceptional item (note 5).

As the offshore broking and securities CGUs were subject to impairment in the prior year, sensitivity analysis has been carried out using reasonably possible changes to key assumptions, none of which cause an impairment. An increase in the discount rate of 0.5% would decrease value-in-use by £3.5m for offshore broking and £1.0m for securities. A decrease in total pre-tax cash flows of 5% would decrease value-in-use by £3.0m for offshore broking and £1.1m for securities. For the other CGUs, there are no reasonably possible changes in key assumptions that would result in an impairment.

In light of continuing, global macro-economic and geopolitical uncertainty, the Board keeps the carrying value of goodwill under constant review and continually monitors for any potential indicators of impairment.

15 Trade and other receivables

	2021 £m	2020 £m
Non-current		
Other receivables	1.0	1.1
Foreign currency contracts	–	2.0
	1.0	3.1
Current		
Trade receivables	97.6	60.1
Other receivables	7.6	7.8
Foreign currency contracts	1.3	2.6
Prepayments	5.5	4.7
Contract assets	5.4	1.4
	117.4	76.6

15 Trade and other receivables continued

Trade receivables are non-interest bearing and are generally on terms payable within 90 days. As at 31 December 2021, the allowance for impairment of trade receivables was £12.9m (2020: £12.3m). The allowance is based on experience and ongoing market information about the creditworthiness of specific counterparties and expected credit losses in respect of the remaining balances.

The Group has unconditional rights to consideration in respect of trade receivables, except for £1.6m (2020: £1.4m) which relates to amounts invoiced in respect of subscriptions where revenue is recognised over time and the right to payment is conditional on satisfying this performance obligation. These amounts are deferred as revenue and included within the contract liability balance. See note 20.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of invoices over a period of 36 months before 1 January 2021 and the corresponding historical credit losses experienced within this period. These are then adjusted, if necessary, to reflect current and forward-looking information, such as the general economic condition of the market in which the counterparty operates.

The following table shows the exposure to credit risk and expected credit losses of trade receivables as at 31 December:

	2021			2020		
	Expected loss rate	**Gross carrying amount £m**	**Loss allowance £m**	Expected loss rate	Gross carrying amount £m	Loss allowance £m
0 – 3 months	**3.2%**	**89.4**	**2.9**	2.5%	52.7	1.3
3 – 12 months	**23.4%**	**14.5**	**3.4**	30.4%	12.5	3.8
Over 12 months	**100.0%**	**6.6**	**6.6**	100.0%	7.2	7.2
		110.5	**12.9**		72.4	12.3

Movements in the loss allowance for trade receivables were as follows:

	2021 £m	2020 £m
At 1 January	**12.3**	14.2
Release of loss allowance	**(6.6)**	(7.2)
Receivables written off during the year as uncollectible	**(2.0)**	(3.0)
Increase in loss allowance	**9.2**	8.7
Foreign exchange differences	**–**	(0.4)
At 31 December	**12.9**	12.3

Included within the movements in the loss allowance were amounts which were provided at the time of invoicing for which no revenue has been recognised, because collectability was not considered probable; see note 2. The other classes within trade and other receivables do not include any impaired items.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2021 £m	2020 £m
US dollar	**74.9**	42.6
Sterling	**11.2**	11.1
Norwegian krone	**7.7**	4.7
Other currencies	**3.8**	1.7
	97.6	60.1

16 Investments

	2021 £m	2020 £m
Non-current		
Financial assets at fair value through profit or loss	**1.0**	1.2
Financial assets at fair value through other comprehensive income	**–**	1.7
	1.0	2.9
Current		
Cash on deposit	**2.8**	22.8
Government bonds	**6.8**	–
Financial assets at fair value through profit or loss	**0.7**	8.3
	10.3	31.1

The non-current financial assets at fair value through profit or loss relate to equity and other investments. The financial asset at fair value through other comprehensive income represented an investment in CargoMetrics Technologies LLC. The Group held deposits totalling £2.8m (2020: £22.8m) with maturity periods greater than three months and £6.8m held-to-maturity government bonds (2020: £nil). Current financial assets at fair value through profit or loss relate to convertible bonds in the Financial segment.

17 Inventories

	2021 £m	2020 £m
Finished goods	**1.5**	1.3

The cost of inventories recognised as an expense and included in cost of sales amounted to £9.6m (2020: £8.2m).

18 Cash and cash equivalents

	2021 £m	2020 £m
Cash at bank and in hand	**260.7**	172.4
Short-term deposits	**0.9**	1.0
	261.6	173.4

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £261.6m (2020: £173.4m).

Included in cash at bank and in hand is £3.4m (2020: £4.1m) of restricted funds relating to employee taxes and other commitments.

19 Interest-bearing loans and borrowings

	2021 £m	2020 £m
Non-current		
Bank loans	**–**	0.1

Non-current bank loans were repaid during the year.

20 Trade and other payables

	2021 £m	2020 £m
Current		
Trade payables	**39.4**	17.0
Other payables	**8.3**	10.1
Other tax and social security	**6.7**	6.8
Deferred consideration	**–**	0.1
Accruals	**172.8**	119.6
Deferred income	**–**	0.1
Contract liabilities	**8.2**	6.9
	235.4	160.6
Non-current		
Other payables	**2.0**	2.7
Foreign currency contracts	**0.7**	–
	2.7	2.7

Included in accruals are bonuses which will be paid out subsequent to the year-end.

Trade payables and other payables are non-interest bearing and are normally settled on demand.

21 Lease liabilities

	2021 £m	2020 £m
Current		
Lease liabilities	**9.7**	8.4
Non-current		
Lease liabilities	**44.1**	47.7

A maturity analysis of undiscounted lease liability payments is included within note 28.

Included within lease liabilities are £11.9m (2020: £13.6m) of leases where payments are linked to an index. The liabilities in relation to these leases are only adjusted as and when the change in rental cash flows takes effect.

22 Provisions

	2021 £m	2020 £m
Current		
At 1 January	**0.5**	0.3
Arising during the year	**0.1**	0.2
At 31 December	**0.6**	0.5
Non-current		
At 1 January	**1.5**	1.5
Utilised during the year	**0.1**	–
At 31 December	**1.6**	1.5

Provisions have been recognised for the dilapidation of various leasehold premises which will be utilised on cessation of the lease and for certain employee benefits. Provisions have been recognised for the dilapidation of various leasehold premises of £1.5m (2020: £1.5m) which will be utilised on cessation of the lease and £0.7m (£0.5m) in relation to provisions for employee benefits.

23 Share-based payment plans

	2021 £m	2020 £m
Expense arising from equity-settled share-based payment transactions	**1.8**	1.4

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2021 or 2020.

Share options

Long-term incentive awards

Details of the long-term incentive awards are included in the Directors' Remuneration Report on page 141. Awards made to the Directors are given in the Directors' Remuneration Report on page 134. The fair value of awards that are not subject to a market-based performance condition were valued using a Black-Scholes model. The fair value of awards subject to a market-based performance condition were valued using a Monte Carlo model. For awards subject to a holding period a Chaffe protective put method was used to estimate a discount for the lack of marketability.

ShareSave scheme

The ShareSave scheme (or local equivalent) enables eligible employees to acquire options to purchase ordinary shares in the Company at a discount. To participate in the scheme, the employees are required to save a set amount each month, up to a maximum of £500 per month, for a period of 24–36 months, depending on their jurisdiction. Under the terms of the scheme, at the end of the savings period the employees are entitled to purchase shares using their savings at a price of 15–20% (depending on jurisdiction) below the market price at grant date. Only employees that remain in service at the end of the savings period and make the required savings from their monthly salary for the savings period will become entitled to purchase the shares. Employees who cease their employment, do not save the required amount from their monthly salary, or elect not to exercise their option to purchase shares will be refunded their full savings. The fair value of these awards was valued using a Black-Scholes model.

Movements in the year

The following table illustrates the number of, and movements in, share options during the year:

	Outstanding at 1 January 2021	Granted in year	Lapsed in year	Exercised in year	Outstanding at 31 December 2021	Exercisable at 31 December 2021	Weighted average contractual life Years
Long-term incentive awards[1]	**155,178**	**46,760**	**–**	**(41,935)**	**160,003**	**–**	**8.25**
2017 ShareSave[2]	**35,638**	**–**	**(8,907)**	**(26,731)**	**–**	**–**	**–**
2018 ShareSave[3]	**65,274**	**–**	**(2,865)**	**(45,191)**	**17,218**	**17,218**	**0.33**
2019 ShareSave[4]	**188,770**	**–**	**(15,494)**	**(8,492)**	**164,784**	**–**	**1.33**
2020 ShareSave[5]	**129,101**	**–**	**(14,919)**	**(181)**	**114,001**	**–**	**2.29**
2021 ShareSave[6]	**–**	**68,545**	**(2,232)**	**–**	**66,313**	**–**	**3.24**
	573,961	**115,305**	**(44,417)**	**(122,530)**	**522,319**	**17,218**	

The range of exercise prices for share options outstanding at the year-end are: [1] £nil, [2] £22.50, [3] £22.12, [4] £18.30-£20.74, [5] £19.28–£19.87, [6] £31.44–£32.18.

The weighted average exercise price for each movement in share options are as follows:

	Outstanding at 1 January 2021 £	Granted in year £	Lapsed in year £	Exercised in year £	Outstanding at 31 December 2021 £	Exercisable at 31 December 2021 £
Long-term incentive awards	**–**	**–**	**–**	**–**	**–**	**–**
ShareSave	**19.61**	**31.48**	**20.41**	**22.08**	**21.21**	**22.12**
Total	**14.31**	**18.72**	**20.41**	**14.53**	**14.71**	**22.12**

The weighted average share price at the date of exercise was £35.93.

23 Share-based payment plans continued

The following table illustrates the number of, and movements in, share options for the previous year:

	Outstanding at 1 January 2020	Granted in year	Lapsed in year	Exercised in year	Outstanding at 31 December 2020	Exercisable at 31 December 2020	Weighted average contractual life Years
Long-term incentive awards[1]	154,977	56,210	(50,261)	(5,748)	155,178	31,083	8.00
2016 ShareSave[2]	4,413	–	–	(4,413)	–	–	–
2017 ShareSave[3]	61,618	–	(3,293)	(22,687)	35,638	35,638	0.24
2018 ShareSave[4]	77,486	–	(10,790)	(1,422)	65,274	–	1.33
2019 ShareSave[5]	215,066	–	(25,456)	(840)	188,770	–	2.25
2020 ShareSave[6]	–	131,008	(1,907)	–	129,101	–	3.29
	513,560	187,218	(91,707)	(35,110)	573,961	66,721	

The range of exercise prices for outstanding share options are: [1] £nil, [2] £17.19, [3] £22.50, [4] £22.12, [5] £18.30–£20.74, [6] £19.28–£19.87.

The weighted average exercise price for each movement in share options are as follows:

	Outstanding at 1 January 2020 £	Granted in year £	Lapsed in year £	Exercised in year £	Outstanding at 31 December 2020 £	Exercisable at 31 December 2020 £
Long-term incentive awards	–	–	–	–	–	–
ShareSave	19.90	19.29	19.75	21.56	19.61	22.50
Total	13.90	13.50	8.93	18.03	14.31	12.02

The weighted average share price at the date of exercise was £26.01.

Significant inputs

The inputs into the models used to value options granted in the period fell within the following ranges:

	2021	2020
Share price at date of grant (£)	**29.00-38.90**	23.00–24.00
Exercise price (£)	**0.00-32.18**	0.00–19.87
Expected term (years)	**2.0-3.3**	2.0–3.3
Risk-free interest rate (%)	**0.2-0.4**	(0.1)–0.0
Expected dividend yield (%)	**0.0-2.1**	0.0–3.4
Expected volatility (%)	**35.1-37.5**	36.1–36.5

Expected volatility is calculated using historical data, where available, over the period of time commensurate with the remaining performance period for long-term incentive awards and the expected award term for the ShareSave scheme, as at the date of grant.

Other employee incentives

During the year, 264,634 shares (2020: 285,941 shares) at a weighted average price of £28.87 (2020: £23.57) were awarded to employees in settlement of 2020 (2019) cash bonuses. There was no expense in 2021 nor 2020 as a result of these awards.

The fair value of these shares was determined based on the market price at the date of grant.

24 Employee benefits

The Group operates three final salary defined benefit pension schemes, being the Clarkson PLC scheme, the Plowrights scheme and the Stewarts scheme, all within the UK. The schemes are all registered as occupational pension schemes with HMRC and are subject to UK legislation and oversight from the Pensions Regulator. These are funded by the payment of contributions to separate trusts administered by Trustees who are required to act in the best interests of the schemes' beneficiaries. Responsibility for governance of each scheme lies with the respective board of trustees in accordance with the rules applicable to that scheme. Currently each board of trustees includes a representative of the relevant principal employer. The schemes' assets are invested in a range of pooled pension investment funds managed by professional fund managers.

Defined benefit pension arrangements give rise to open ended commitments and liabilities for the sponsoring company. As a consequence, the Company closed its original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004. This section was closed to further accrual for all existing members as from 31 March 2006. The Plowrights scheme was closed to further accrual from 1 January 2006. The Stewarts scheme was closed to further accrual on 1 January 2004.

Every three years, a pension scheme must obtain from an actuary a report containing a valuation and a recommendation on rates of contribution. UK legislation requires that pension schemes are funded prudently and must adhere to the statutory funding objective. Triennial valuations for all the schemes have been prepared as detailed below.

The valuation of the Clarkson PLC scheme showed a pension surplus on an ongoing basis of £6.6m (105%) as at 31 March 2019. Following the 2016 valuation, Clarkson PLC and the Trustees had agreed to cease funding with effect from 1 October 2016.

The valuation of the Plowrights scheme showed a pension surplus on an ongoing basis of £2.1m (105%) as at 31 March 2019. Clarkson PLC and the Trustees agreed to cease funding with effect from 1 December 2019. The expenses for the scheme will be met from the surplus assets.

The valuation of the Stewarts scheme showed a pension deficit on an ongoing basis of £0.9m as at 1 September 2018. The September 2021 valuation report is underway however has yet to be finalised. Clarksons Platou (Offshore) Limited will continue to pay contributions of £0.4m per annum, which will include scheme expenses, until such time that the trustees evaluate the findings of the latest valuation and agree a payment contribution schedule to clear the deficit.

The Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. The largest two schemes have de-risked by replacing their equity holdings with less volatile investments.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation. The majority of the schemes' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

Other pension arrangements

Overseas pension arrangements have been determined in accordance with local practice and regulations. One such defined benefit arrangement is in Greece whereby the employer is obligated to pay an indemnity to employees on retirement.

During the year, the Council of Greek Auditors considered the Interpretation Committee Agenda Decision of IFRIC and the agreement of the IFRS Board – Agenda Paper 2: 'Attributing Benefit to Periods of Service (IAS 19 Employee Benefits)'. A Working Group (consisting of experts in the field), was set up to review and examine Greek Legislation (and whether it was in 'harmony' with the Interpretation of IFRIC and could be applied to each Defined Benefit Plan). As a result of this review, an actuarial gain of £0.6m has been included in these financial statements.

The Group also operates various other defined contribution pension arrangements. Where required, the Group also makes contributions to these schemes.

24 Employee benefits continued

The Group incurs no material expenses in the provision of post-retirement benefits other than pensions.

The following information relates to the sum of the three separate UK schemes.

Recognised in the balance sheet

	2021 £m	2020 £m
Fair value of schemes' assets	201.5	204.5
Present value of funded defined benefit obligations	(174.2)	(188.6)
	27.3	15.9
Effect of asset ceiling in relation to the Plowrights scheme	(5.3)	(3.9)
Net benefit asset recognised in the balance sheet	**22.0**	12.0

The net benefit asset disclosed above is the combined total of the three UK schemes. The Clarkson PLC scheme has a surplus of £25.8m (2020: £18.1m), the Plowrights scheme has a surplus of £nil (2020: £nil) and the Stewarts scheme has a deficit of £3.8m (2020: £6.1m). As there is no right of set-off between the schemes, the benefit asset of £25.8m (2020: £18.1m) is disclosed separately on the balance sheet from the benefit liability of £3.8m (2020: £6.1m).

The surplus in the Clarkson PLC scheme is recognised, as there are future economic benefits available in the form of a reduction in future contributions to the defined contribution section of the scheme and, in the event of wind up, excess surplus is refundable to the Group. There are no such future economic benefits in respect of the Plowrights scheme and therefore the surplus of £5.3m (2020: £3.9m) cannot be recognised.

A deferred tax asset on the benefit liability amounting to £0.9m (2020: £1.2m) and a deferred tax liability on the benefit asset of £6.5m (2020: £3.4m) is shown in note 7.

Recognised in the income statement

	2021 £m	2020 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	2.8	3.9
Interest cost on benefit obligation and asset ceiling	(2.7)	(3.7)
Recognised in administrative expenses:		
Past service costs	–	(0.4)
Scheme administrative expenses	(0.3)	(0.3)
Net benefit charge recognised in the income statement	**(0.2)**	(0.5)

Recognised in the statement of comprehensive income

	2021 £m	2020 £m
Actual return on schemes' assets	3.6	22.2
Less: expected return on schemes' assets	(2.8)	(3.9)
Actuarial gain on schemes' assets	0.8	18.3
Actuarial gain/(loss) on defined benefit obligations	10.2	(17.2)
Actuarial gain recognised in the statement of comprehensive income	11.0	1.1
Tax charge on actuarial gain	(2.0)	(0.1)
Effect of asset ceiling in relation to the Plowrights scheme	(1.3)	–
Tax credit on asset ceiling	0.2	–
Tax charge on change in tax rates	(1.3)	–
Net actuarial gain on employee benefit obligations	**6.6**	1.0
Cumulative amount of actuarial gains/(losses) recognised in the statement of comprehensive income	**9.3**	(1.7)

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24 Employee benefits continued

Schemes' assets

	2021 %	2021 £m	2020 %	2020 £m
Equities*	**2.7**	**5.4**	2.8	5.7
Government bonds*	**44.0**	**88.6**	39.4	80.5
Corporate bonds*	**28.3**	**57.1**	32.8	67.1
Investment funds*	**23.7**	**47.7**	24.2	49.5
Cash and other assets	**1.3**	**2.7**	0.8	1.7
	100.0	**201.5**	100.0	204.5

* Based on quoted market prices.

Net defined benefit asset

Changes in the fair value of the net defined benefit asset are as follows:

31 December 2021

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2021	**(188.6)**	**204.5**	**15.9**	**(3.9)**	**12.0**
Expected return on assets	**–**	**2.8**	**2.8**	**–**	**2.8**
Interest costs	**(2.5)**	**–**	**(2.5)**	**(0.1)**	**(2.6)**
Employer contributions	**–**	**0.4**	**0.4**	**–**	**0.4**
Administrative expenses	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**
Benefits paid	**6.7**	**(6.7)**	**–**	**–**	**–**
Actuarial gain/(loss)	**10.2**	**0.8**	**11.0**	**(1.3)**	**9.7**
At 31 December 2021	**(174.2)**	**201.5**	**27.3**	**(5.3)**	**22.0**

31 December 2020

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2020	(179.9)	194.7	14.8	(3.8)	11.0
Expected return on assets	–	3.9	3.9	–	3.9
Interest costs	(3.6)	–	(3.6)	(0.1)	(3.7)
Employer contributions	–	0.4	0.4	–	0.4
Administrative expenses	–	(0.3)	(0.3)	–	(0.3)
Past service costs	(0.4)	–	(0.4)	–	(0.4)
Benefits paid	12.5	(12.5)	–	–	–
Actuarial (loss)/gain	(17.2)	18.3	1.1	–	1.1
At 31 December 2020	(188.6)	204.5	15.9	(3.9)	12.0

The Group expects, based on the valuations and funding requirements including expenses, to contribute £0.4m to its defined benefit pension schemes in 2022 (2020 for 2021: £0.3m).

The principal weighted average valuation assumptions are as follows:

	2021 %	2020 %
Rate of increase in pensions in payment	**3.3**	3.0
Price inflation (RPI)	**3.4**	3.0
Price inflation (CPI)	**3.1**	2.0
Discount rate for scheme liabilities	**1.8**	1.4

24 Employee benefits continued

The mortality assumptions used to assess the defined benefit obligations at 31 December 2021 and 31 December 2020 are based on the 'SAPS' standard mortality tables (SP3A for the Clarkson PLC scheme with a scheme specific adjustment of 95% (31 December 2020: 90%), SP3A Light for the Plowrights scheme and SP2A for the Stewarts scheme). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2021 (31 December 2020: model published in 2020). Examples of the assumed future life expectancy are given in the table below:

		Additional years 2021 £m	Additional years 2020 £m
Post-retirement life expectancy on retirement at age 65:			
Pensioners retiring in the year	– male	**21.8–23.4**	21.8–23.4
	– female	**23.8–24.9**	23.7–25.1
Pensioners retiring in 20 years' time	– male	**23.1–24.6**	23.1–24.6
	– female	**25.3–26.3**	25.3–26.6

Experience adjustments

	2021 £m	2020 £m
Experience gain on schemes' assets	**0.8**	18.3
Gain on schemes' liabilities due to changes in demographic assumptions	**2.8**	0.4
Gain/(loss) on schemes' liabilities due to changes in financial assumptions	**4.3**	(17.6)
Gain on schemes' liabilities due to experience adjustments	**3.1**	–
Loss on asset ceiling	**(1.3)**	–
Actuarial gain	**9.7**	1.1
Income tax on actuarial gain	**(3.1)**	(0.1)
Actuarial gain – net of tax	**6.6**	1.0

Sensitivities

The table below shows the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The impact of changes to each assumption is shown in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. A change of 0.25% is deemed appropriate given the movement in assumptions during the current and previous years. The sensitivities have been calculated using the same methodology as the main calculations. The weighted average duration of the defined obligation is 18 years.

	2021		2020	
	Change in assumption	**Change in defined benefit obligation**	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	**+0.25%**	**(4.0%)**	+0.25%	(4.1%)
	(0.25%)	**4.3%**	(0.25%)	4.3%
Price inflation (RPI)	**+0.25%**	**3.2%**	+0.25%	3.4%
	(0.25%)	**(3.0%)**	(0.25%)	(3.2%)

An increase of one year in the assumed life expectancy for both males and females would increase the benefit obligation by 4.6% (2020: 4.6%).

25 Share capital

Ordinary shares of 25p each, issued and fully paid:

	Number of shares	2021 £m	Number of shares	2020 £m
At 1 January	**30,399,893**	**7.6**	30,370,776	7.6
Additions	**80,871**	**–**	29,117	–
At 31 December	**30,480,764**	**7.6**	30,399,893	7.6

During the year, the Company issued 80,871 shares (2020: 29,117) in relation to the ShareSave scheme. The difference between the exercise price (ranging from £18.30-£22.50 (2020: £17.19-£22.50)) and the nominal value of £0.25 was taken to the share premium account, see note 26.

Shares held by employee trusts

The trustees have waived their right to dividends on the unallocated shares held in the employee share trust.

26 Other reserves

31 December 2021

	Share premium £m	ESOP reserve £m	Employee benefits reserve £m	Capital redemption reserve £m	Hedging reserve £m	Merger reserve £m	Currency translation reserve £m	Total £m
At 1 January 2021	**32.1**	**(0.7)**	**3.8**	**2.0**	**3.7**	**55.7**	**8.0**	**104.6**
Other comprehensive (loss)/income:								
Foreign exchange differences on retranslation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**0.5**	**0.5**
Foreign currency hedges recycled to profit or loss – net of tax	**–**	**–**	**–**	**–**	**(2.4)**	**–**	**–**	**(2.4)**
Foreign currency hedge revaluations – net of tax	**–**	**–**	**–**	**–**	**(0.8)**	**–**	**–**	**(0.8)**
Total other comprehensive (loss)/income	**–**	**–**	**–**	**–**	**(3.2)**	**–**	**0.5**	**(2.7)**
Share issues	**1.8**	**–**	**–**	**–**	**–**	**–**	**–**	**1.8**
Employee share schemes:								
Share-based payments expense	**–**	**–**	**1.8**	**–**	**–**	**–**	**–**	**1.8**
Transfer to profit and loss on vesting	**–**	**1.9**	**(1.7)**	**–**	**–**	**–**	**–**	**0.2**
Net ESOP shares acquired	**–**	**(1.7)**	**–**	**–**	**–**	**–**	**–**	**(1.7)**
Total employee share schemes	**–**	**0.2**	**0.1**	**–**	**–**	**–**	**–**	**0.3**
At 31 December 2021	**33.9**	**(0.5)**	**3.9**	**2.0**	**0.5**	**55.7**	**8.5**	**104.0**

31 December 2020

	Share premium £m	ESOP reserve £m	Employee benefits reserve £m	Capital redemption reserve £m	Hedging reserve £m	Merger reserve £m	Currency translation reserve £m	Total £m
At 1 January 2020	31.5	–	3.0	2.0	0.6	110.4	10.9	158.4
Other comprehensive income/(loss):								
Foreign exchange differences on retranslation of foreign operations	–	–	–	–	–	–	(2.9)	(2.9)
Foreign currency hedges recycled to profit or loss – net of tax	–	–	–	–	1.5	–	–	1.5
Foreign currency hedge revaluations – net of tax	–	–	–	–	1.6	–	–	1.6
Total other comprehensive income/(loss)	–	–	–	–	3.1	–	(2.9)	0.2
Transfer to profit and loss	–	–	–	–	–	(54.7)	–	(54.7)
Share issues	0.6	–	–	–	–	–	–	0.6
Employee share schemes:								
Share-based payments expense	–	–	1.4	–	–	–	–	1.4
Transfer to profit and loss on vesting	–	0.5	(0.6)	–	–	–	–	(0.1)
Net ESOP shares acquired	–	(1.2)	–	–	–	–	–	(1.2)
Total employee share schemes	–	(0.7)	0.8	–	–	–	–	0.1
At 31 December 2020	32.1	(0.7)	3.8	2.0	3.7	55.7	8.0	104.6

26 Other reserves continued

Nature and purpose of other reserves

ESOP reserve

The ESOP reserve in the Group represents 13,905 shares (2020: 27,982 shares) held by the share purchase trusts to meet obligations under various incentive schemes. The shares are stated at cost. The market value of these shares at 31 December 2021 was £0.5m (2020: £0.8m). At 31 December 2021 none of these shares were under option (2020: none). During the year the share purchase trusts acquired 389,411 shares at a weighted average price of £33.93 (2020: 371,200 shares at £24.94), offset with shares utilised to settle employee incentives; see note 23 for further details of share incentive schemes. For the purposes of the cash flow statement, £11.3m (2020: £9.1m) of the above are netted within the movements in bonus accrual.

Employee benefits reserve

The employee benefits reserve is used to record the value of equity-settled share-based payments provided to employees. Details are included in note 23.

Capital redemption reserve

The capital redemption reserve arose on previous share buy-backs by Clarkson PLC.

Hedging reserve

This reserve comprises the effective portion of the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred. Realised hedges are recycled to the statement of comprehensive income. Movements are net of tax. Further details on hedging are shown in note 28.

Merger reserve

This comprises the premium on the share placing in November 2014 and the shares issued in February 2015 as part of the acquisition of Clarksons Platou AS (formerly RS Platou ASA). No share premium is recorded in the financial statements, through the operation of the merger relief provisions of the Companies Act 2006. In 2020, the Company impaired its investment in relation to this acquisition. As a result, corresponding transfers were made out of this reserve to retained earnings. The transfer from merger reserve is different from the impairment charge recognised in the Group due to the relative carrying values recorded in the Group and Parent Company accounts.

Currency translation reserve

The currency translation reserve represents the currency translation differences arising from the consolidation of foreign operations.

27 Financial commitments and contingencies

Contingencies

The Group has given no financial commitments to suppliers (2020: none).

The Group has given no guarantees (2020: none).

From time to time, the Group is engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance.

There is currently no litigation that is expected to have a material adverse financial impact on the Group's consolidated results or net assets.

The Group also maintained throughout the financial year Directors' and Officers' liability insurance in respect of its Directors.

28 Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables and lease liabilities. The Group's principal financial assets are trade receivables, investments and cash and cash equivalents and short-term deposits, which arise directly from its operations.

The Group has not entered into derivative transactions other than the forward currency contracts explained later in this section. It is, and has been throughout 2021 and 2020, the Group's policy that no trading in derivatives shall be undertaken for speculative purposes.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Group seeks to trade only with recognised, creditworthy third parties. Credit risk arises when debtors fail to pay their obligations. Receivable balances are monitored on an ongoing basis and any potential bad debts identified at an early stage. The maximum exposure is the carrying amounts as disclosed in note 15; based on experience and ongoing market information about the creditworthiness of counterparties, we reasonably expect to collect all amounts unimpaired. There are no significant concentrations of credit risk within the Group, due to the large number of customers comprising the Group's customer base.

Trade receivables are written off when there is no reasonable expectation of recovery, such as the commencement of legal proceedings, financial difficulties of the counterparty, or a significant time period has elapsed since the debt was due. Impairment losses on trade receivables are presented within revenue. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets are written off when there is no reasonable expectation of recovery, such as the commencement of legal proceedings, financial difficulties of the counterparty, or a significant time period has elapsed since the debt was due.

With respect to credit risk arising from cash and cash equivalents and deposits held as current investments, these are considered low risk as the financial institutions used are closely monitored by the Group treasury function to ensure they are held with creditworthy institutions and to ensure there is no over-exposure to any one institution.

For all financial assets held, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

28 Financial risk management objectives and policies continued

Liquidity risk

The Group seeks to ensure that sufficient liquidity exists in the right locations to meet the Group's financial obligations and related funding requirements in a timely manner, including dividends and taxes, and provide funds for capital expenditure and investment opportunities as they arise. Cash and cash equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements are monitored by the Group's Finance function with cash flow forecasting performed at both an entity and Group level. As a normal part of its operations, the Group could face liquidity issues if it experienced a sustained reduction in profitability, problems in the collection of debts from clients or unplanned expenditure.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

31 December 2021	**Less than 3 months £m**	**3 to 12 months £m**	**1 to 5 years £m**	**5 to 10 years £m**	**Over 10 years £m**	**Total £m**
Trade and other payables	**47.7**	**–**	**2.0**	**–**	**–**	**49.7**
Gross settled foreign currency contracts:						
Outflow	**7.4**	**33.4**	**40.9**	**–**	**–**	**81.7**
Inflow	**(7.7)**	**(34.4)**	**(40.2)**	**–**	**–**	**(82.3)**
Lease liabilities	**3.5**	**8.7**	**44.1**	**25.3**	**0.5**	**82.1**
	50.9	**7.7**	**46.8**	**25.3**	**0.5**	**131.2**

31 December 2020	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	5 to 10 years £m	Over 10 years £m	Total £m
Interest-bearing loans and borrowings	–	–	0.1	–	–	0.1
Trade and other payables	27.1	–	2.7	–	–	29.8
Deferred consideration	–	0.1	–	–	–	0.1
Gross settled foreign currency contracts:						
Outflow	9.1	31.1	32.8	–	–	73.0
Inflow	(9.7)	(33.1)	(34.8)	–	–	(77.6)
Lease liabilities	2.8	7.6	36.7	17.5	–	64.6
	29.3	5.7	37.5	17.5	–	90.0

The following table shows the total liabilities arising from financing activities.

	2021			2020		
	Interest-bearing loans and borrowings £m	**Lease liabilities £m**	**Total £m**	Interest-bearing loans and borrowings £m	Lease liabilities £m	Total £m
At 1 January	**0.1**	**56.1**	**56.2**	1.2	62.3	63.5
Cash flows – principal	**(0.1)**	**(9.1)**	**(9.2)**	(1.2)	(8.9)	(10.1)
Cash flows – interest	**–**	**(2.0)**	**(2.0)**	–	(2.1)	(2.1)
Interest charges	**–**	**2.0**	**2.0**	–	2.1	2.1
Other non-cash movements	**–**	**7.1**	**7.1**	–	2.9	2.9
Foreign exchange adjustment	**–**	**(0.3)**	**(0.3)**	0.1	(0.2)	(0.1)
At 31 December	**–**	**53.8**	**53.8**	0.1	56.1	56.2

Other non-cash movements include the net impact of additions, modifications and terminations during the year.

28 Financial risk management objectives and policies continued

Foreign exchange risk

The Group has transactional currency exposures arising from revenues and expenses in currencies other than its functional currency, which can significantly impact results and cash flows. The Group's revenue is mainly denominated in US dollars and the majority of expenses are denominated in local currencies. The Group also has balance sheet exposures, either at the local entity level where monetary assets and liabilities are held in currencies other than the functional currency, or at a Group level on the retranslation of non-sterling balances into the Group's functional currency.

Our aim is to manage this risk by reducing the impact of any fluctuations. The Group hedges currency exposure through forward sales of US dollar revenues. US dollars are also sold on the spot market to meet local currency expenditure requirements. Rates of exchange, non-sterling balances and asset exposures by currency are continually assessed.

The Group is most sensitive to changes in the US dollar exchange rates. The sensitivity analysis assumes an instantaneous 5% change in the US dollar exchange rates from their levels at 31 December 2021, with all other variables held constant. The following table demonstrates the sensitivity to a reasonably possible change in this rate, with all other variables held constant, of the Group's profit before taxation and equity.

	Strengthening/ (weakening) in rate	Effect on profit before taxation £m	Effect on equity £m
2021	**5%**	**1.6**	**(1.9)**
	(5%)	**(1.4)**	**1.7**
2020	5%	1.0	(2.1)
	(5%)	(0.9)	1.9

Derivative financial instruments

It is the Group's policy to cover or hedge a proportion of its future transactional US dollar revenues in the UK with foreign currency contracts. The strategy is to protect the Group against a significant weakening of the US dollar. See note 4 for total revenues generated in the UK which are predominantly US dollar-denominated. The Group considers the hedge to be effective if each forward contract is settled with the bank and the US dollars sold represent collections from previous months' invoicing. Should the hedging ratio be greater than one (that is, contracted sales are greater than US dollar revenues) then the hedge is deemed to be ineffective. Where these are designated and documented as hedging instruments in the context of IFRS 9 and are demonstrated to be effective, mark-to-market gains and losses are recognised directly in equity (see note 26). These are transferred to the income statement, within revenue, upon receipt of cash and conversion to sterling of the underlying item being hedged. All of the contracts settled during the year were effective. There were no contracts deemed ineffective during the year.

The fair value of foreign currency contracts at 31 December are as follows:

	Assets		Liabilities	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Foreign currency contracts	**1.3**	4.6	**0.7**	–

At 31 December 2021 the Group had forward contracts of US$55m due for settlement in 2022 at an average rate of US$1.31/£1, US$30m due for settlement in 2023 at an average rate of US$1.37/£1 and US$25m due for settlement in 2024 at an average rate of US$1.37/£1 (2020: US$55m due for settlement in 2021 at an average rate of US$1.28/£1 and US$45m due for settlement in 2022 at an average rate of US$1.29/£1).

28 Financial risk management objectives and policies continued

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated as equity as shown in the consolidated balance sheet.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2021 or 31 December 2020. These financial statements are prepared on the going concern basis and the Group continues to pay dividends.

A number of the Group's trading entities are subject to regulation by the Norwegian FSA, the FCA in the UK, the MAS in Singapore and the NFA, SEC and FINRA in the US. Regulatory capital at an entity level depends on the jurisdiction in which it is incorporated. In each case, the approach is to hold an appropriate surplus over the local minimum requirement. Each regulated entity complied with their regulatory capital requirements throughout the year.

29 Financial instruments

Fair values

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December.

	Level 1		Level 2		Level 3	
	2021 £m	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Assets						
Investments at fair value through profit or loss ('FVPL')	**0.5**	0.5	**1.2**	9.0	**–**	–
Investments at fair value through other comprehensive income ('FVOCI')	**–**	–	**–**	–	**–**	1.7
Foreign currency contracts	**–**	–	**1.3**	4.6	**–**	–
	0.5	0.5	**2.5**	13.6	**–**	1.7
Liabilities						
Other payables	**–**	2.8	**–**	–	**–**	–
Foreign currency contracts	**–**	–	**0.7**	–	**–**	–
	–	2.8	**0.7**	–	**–**	–

FVPL investments are valued based on quoted prices in an active market (Level 1) or based on quoted prices for similar assets (Level 2); FVOCI investments are categorised as Level 3 as the shares are not listed on an exchange and there were no recent observable arm's-length transactions in the shares. The fair value of the foreign currency contracts are calculated by management based on external valuations received. These valuations are calculated based on forward exchange rates at the balance sheet date. Other payables relates to short sales of equity investments and are valued using quoted prices in an active market.

Investment properties are not measured at fair value, but the fair value is disclosed in note 11.

29 Financial instruments continued

The classification of financial assets and financial liabilities at 31 December is as follows:

Financial assets

	2021				2020				
	Hedging instruments £m	**Fair value through profit or loss £m**	**Amortised cost £m**	**Total £m**	Hedging instruments £m	Fair value through profit or loss £m	Fair value through other compre-hensive income £m	Amortised cost £m	Total £m
Other receivables	**–**	**–**	**8.6**	**8.6**	–	–	–	8.9	8.9
Investments	**–**	**1.7**	**9.6**	**11.3**	–	9.5	1.7	22.8	34.0
Trade receivables	**–**	**–**	**97.6**	**97.6**	–	–	–	60.1	60.1
Foreign currency contracts	**1.3**	**–**	**–**	**1.3**	4.6	–	–	–	4.6
Cash and cash equivalents	**–**	**–**	**261.6**	**261.6**	–	–	–	173.4	173.4
	1.3	**1.7**	**377.4**	**380.4**	4.6	9.5	1.7	265.2	281.0

Financial liabilities

	2021			2020		
	Hedging instruments £m	**Amortised cost £m**	**Total £m**	Fair value through profit or loss £m	Amortised cost £m	Total £m
Interest-bearing loans and borrowings	**–**	**–**	**–**	–	0.1	0.1
Trade payables	**–**	**39.4**	**39.4**	–	17.0	17.0
Other payables	**–**	**10.3**	**10.3**	2.8	10.0	12.8
Foreign currency contracts	**0.7**	**–**	**0.7**	–	–	–
Deferred consideration	**–**	**–**	**–**	–	0.1	0.1
Lease liabilities	**–**	**53.8**	**53.8**	–	56.1	56.1
	0.7	**103.5**	**104.2**	2.8	83.3	86.1

The carrying value of current and non-current financial assets and liabilities is deemed to equate to the fair value at 31 December 2021 and 2020.

Net gains/(losses) on financial assets at fair value through profit or loss amounted to £1.3m (2020: (£0.4m)). Net losses on financial assets at fair value through other comprehensive income were £1.7m (2020: £2.1m). Net losses on financial liabilities at fair value through profit or loss amounted to £0.3m (2020: £0.3m). Gains/(losses) on trade receivables (measured at amortised cost) are shown in note 15.

30 Related party transactions

As in 2020, the Group did not enter into any related party transactions during the year, except as noted below.

Compensation of key management personnel (including Directors)

There were no key management personnel in the Group apart from the Clarkson PLC Directors. Details of their compensation are set out below.

	2021 £m	2020 £m
Short-term employee benefits	**7.5**	4.5
Post-employment benefits	**0.1**	0.1
Share-based payments	**1.0**	0.4
	8.6	5.0

Full remuneration details are provided in the Directors' Remuneration Report on pages 126 to 142.

As mentioned in the Board of Directors on page 102, Sue Harris is a Non-Executive Director of Schroder & Co. Limited and Chair of the Audit and Risk Committee of the Wealth Management Division. Another Schroder Group company is one of the investment managers of the defined benefit section of the Clarkson PLC pension scheme. In 2020, Jeff Woyda was appointed to the Board of Trustees of The Clarkson Foundation.

31 Non-controlling interest

The non-controlling interest relates to 14 entities based in Norway, in the Financial segment.

Set out below is summarised financial information for the subsidiaries that have a non-controlling interest that are material to the Group.

	Clarksons Platou Project Finance AS* 2021 £m	Clarksons Platou Project Sales AS* 2020 £m	Clarksons Platou Real Estate AS* 2020 £m
Summarised balance sheet			
Non-current assets	**0.1**	0.1	0.7
Current assets	**10.0**	2.9	6.0
Current liabilities	**(6.6)**	(1.8)	(3.6)
Net current assets	**3.4**	1.1	2.4
Net assets	**3.5**	1.2	3.1
Accumulated non-controlling interest	**2.4**	0.8	2.2
Non-controlling equity interest	**68.98%**	68.98%	68.98%
Summarised statement of comprehensive income			
Revenue	**14.8**	2.7	8.5
Profit for the period	**4.7**	0.6	3.0
Profit attributable to non-controlling interest	**3.2**	0.4	2.1
Dividends paid to non-controlling interest	**(2.5)**	–	(1.0)
Summarised statement of cash flows			
Cash flows from operating activities	**7.0**	(1.1)	3.4
Cash flows from investing activities	**(2.5)**	–	–
Cash flows from financing activities	**(6.7)**	–	(2.0)
Total net cash (outflow)/inflow	**(2.2)**	(1.1)	1.4

*Clarksons Platou Project Sales AS merged with Clarksons Platou Real Estate AS in 2021, changing the company name to Clarksons Platou Project Finance AS.

Parent Company balance sheet
as at 31 December

	Notes	2021 £m	2020 £m
Non-current assets			
Property, plant and equipment	C	**11.1**	12.6
Investment properties	D	**0.3**	0.3
Right-of-use assets	E	**19.7**	19.9
Investments in subsidiaries	F	**168.0**	168.0
Employee benefits	P	**25.8**	18.1
Deferred tax assets	G	**–**	1.6
		224.9	220.5
Current assets			
Trade and other receivables	H	**57.6**	18.7
Income tax receivable		**1.7**	0.6
Investments	I	**0.5**	20.5
Cash and cash equivalents	J	**0.1**	0.1
		59.9	39.9
Current liabilities			
Trade and other payables	K	**(17.1)**	(13.1)
Lease liabilities	L	**(3.7)**	(2.9)
		(20.8)	(16.0)
Net current assets		**39.1**	23.9
Non-current liabilities			
Lease liabilities	L	**(22.4)**	(24.0)
Provisions	M	**(1.1)**	(1.0)
Deferred tax liabilities	N	**(5.4)**	(4.4)
		(28.9)	(29.4)
Net assets		**235.1**	215.0
Capital and reserves			
Share capital	Q	**7.6**	7.6
Other reserves	R	**95.5**	93.6
Retained earnings		**132.0**	113.8
Total equity		**235.1**	215.0

The Company's profit for the year was £37.5m (2020: £14.3m loss).

The financial statements on pages 198 to 217 were approved by the Board on 4 March 2022, and signed on its behalf by:

Laurence Hollingworth
Chair

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Registered number: 1190238

Parent Company statement of changes in equity
for the year ended 31 December

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
		Attributable to equity holders of the Parent Company			
Balance at 1 January 2021		**7.6**	**93.6**	**113.8**	**215.0**
Profit for the year		**–**	**–**	**37.5**	**37.5**
Other comprehensive income:					
Actuarial gain on employee benefit schemes – net of tax	P	**–**	**–**	**4.6**	**4.6**
Total comprehensive income for the year		**–**	**–**	**42.1**	**42.1**
Transactions with owners:					
Share issues	R	**–**	**1.8**	**–**	**1.8**
Employee share schemes		**–**	**0.1**	**(0.1)**	**–**
Tax on other employee benefits		**–**	**–**	**0.6**	**0.6**
Dividend paid	B	**–**	**–**	**(24.4)**	**(24.4)**
Total transactions with owners		**–**	**1.9**	**(23.9)**	**(22.0)**
Balance at 31 December 2021		**7.6**	**95.5**	**132.0**	**235.1**

	Notes	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
		Attributable to equity holders of the Parent Company			
Balance at 1 January 2020		7.6	146.5	95.2	249.3
Loss for the year		–	–	(14.3)	(14.3)
Other comprehensive income:					
Actuarial gain on employee benefit schemes – net of tax	P	–	–	2.3	2.3
Total comprehensive loss for the year		–	–	(12.0)	(12.0)
Transfer from merger reserve		–	(54.7)	54.7	–
Transactions with owners:					
Share issues	R	–	0.6	–	0.6
Employee share schemes		–	1.2	(0.4)	0.8
Dividend paid	B	–	–	(23.7)	(23.7)
Total transactions with owners		–	1.8	(24.1)	(22.3)
Balance at 31 December 2020		7.6	93.6	113.8	215.0

Parent Company cash flow statement
for the year ended 31 December

	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Profit/(loss) before taxation		**34.2**	(15.2)
Adjustments for:			
Foreign exchange differences		**0.1**	(0.3)
Depreciation	C, D, E	**4.2**	4.3
Share-based payment expense		**1.0**	0.4
Impairment of investment in subsidiaries	F	**–**	56.2
Difference between pension contributions paid and amount recognised in the income statement		**0.2**	0.6
Finance income		**(50.0)**	(48.2)
Finance costs		**0.7**	0.8
Other finance income – pensions		**(0.3)**	(0.3)
Increase in trade and other receivables		**(39.7)**	(0.4)
Increase in bonus accrual		**3.1**	1.1
Increase in trade and other payables		**0.9**	0.6
Cash utilised from operations		**(45.6)**	(0.4)
Income tax received		**2.2**	0.5
Net cash flow from operating activities		**(43.4)**	0.1
Cash flows from investing activities			
Interest received		**–**	0.1
Purchase of property, plant and equipment	C	**(0.4)**	(1.7)
Transfer from/(to) current investments (cash on deposit)	I	**20.0**	(20.0)
Dividends received from investments		**50.0**	48.1
Net cash flow from investing activities		**69.6**	26.5
Cash flows from financing activities			
Interest paid		**(0.8)**	(0.8)
Dividend paid	B	**(24.4)**	(23.7)
Payments of lease liabilities		**(2.8)**	(2.7)
Proceeds from shares issued		**1.8**	0.6
Net cash flow from financing activities		**(26.2)**	(26.6)
Net increase in cash and cash equivalents		**–**	–
Cash and cash equivalents at 1 January		**0.1**	0.1
Cash and cash equivalents at 31 December	J	**0.1**	0.1

Notes to the Parent Company financial statements

A Statement of accounting policies

The accounting policies applied in the preparation of the Parent Company financial statements are the same as those set out in note 2 to the consolidated financial statements, and have been applied consistently to all periods.

Statement of compliance

The financial statements of Clarkson PLC have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS) and the applicable legal requirements of the Companies Act 2006.

The Parent Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement or statement of comprehensive income. The profit for the Parent Company for the year was £37.5m (2020: £14.3m loss).

Changes in accounting policy and disclosures

As stated in note 2 to the consolidated financial statements, there were no new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2021, that had a material impact on the Parent Company.

Critical accounting judgements and estimates

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the subsidiary. 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 uncertain and subject to future factors, there is the potential these may differ in subsequent periods and therefore materially change the conclusions reached.

Investments in subsidiaries

The Parent Company recognises its investments in subsidiaries at cost less provision for impairment. The Parent Company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the Parent Company estimates the investment's recoverable amount. An investment's recoverable amount is the higher of its fair value less costs to sell and its value-in-use and is determined for an individual investment. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the investment is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the investment in prior years.

Share-based payment transactions

The fair value of the compensation given to subsidiaries in respect of share-based payments is recognised as a capital contribution over the vesting period, reduced by any payments received from subsidiaries.

B Dividends

	2021 £m	2020 £m
Declared and paid during the year:		
Final dividend for 2020 of 54p per share (interim dividend for 2020*: 53p per share)	16.4	16.1
Interim dividend for 2021 of 27p per share (2020: 25p per share)	8.0	7.6
Dividend paid	**24.4**	23.7
Proposed for approval at the AGM (not recognised as a liability at 31 December):		
Final dividend for 2021 proposed of 57p per share (2020: 54p per share)	17.4	16.4

* The 2020 interim dividend of 53p per share was equivalent to the deferred 2019 final dividend. In March 2020, the resolution for the 2019 final dividend was withdrawn from the 2020 AGM and deferred until the financial impact of COVID-19 could be assessed. The dividend was later declared as an interim dividend as part of the announcement of the 2020 interim results, and paid in September 2020.

C Property, plant and equipment

31 December 2021

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Total £m
Original cost				
At 1 January 2021	**1.9**	**14.4**	**9.0**	**25.3**
Additions	**–**	**–**	**0.4**	**0.4**
Disposals	**–**	**–**	**(1.0)**	**(1.0)**
At 31 December 2021	**1.9**	**14.4**	**8.4**	**24.7**
Accumulated depreciation				
At 1 January 2021	**0.5**	**5.5**	**6.7**	**12.7**
Charged during the year	**0.1**	**1.0**	**0.8**	**1.9**
Disposals	**–**	**–**	**(1.0)**	**(1.0)**
At 31 December 2021	**0.6**	**6.5**	**6.5**	**13.6**
Net book value at 31 December 2021	**1.3**	**7.9**	**1.9**	**11.1**

31 December 2020

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Total £m
Original cost				
At 1 January 2020	1.9	14.4	7.3	23.6
Additions	–	–	1.7	1.7
At 31 December 2020	1.9	14.4	9.0	25.3
Accumulated depreciation				
At 1 January 2020	0.5	4.5	5.7	10.7
Charged during the year	–	1.0	1.0	2.0
At 31 December 2020	0.5	5.5	6.7	12.7
Net book value at 31 December 2020	1.4	8.9	2.3	12.6

D Investment properties

	2021 £m	2020 £m
Cost		
At 1 January and 31 December	**0.6**	0.6
Accumulated depreciation		
At 1 January	**0.3**	0.3
Charged during the year*	**0.0**	0.0
At 31 December	**0.3**	0.3
Net book value at 31 December	**0.3**	0.3

* The depreciation charged during the year was less than £0.1m.

The fair value of the investment property at 31 December 2021 was £1.0m (2020: £1.0m). This was based on a valuation from an external independent valuer who has the appropriate professional qualification and recent experience of valuing properties in the location and of the type being valued.

E Right-of-use assets

	2021 £m	2020 £m
Cost		
At 1 January	**24.4**	24.1
Additions	**2.1**	0.3
At 31 December	**26.5**	24.4
Accumulated depreciation		
At 1 January	**4.5**	2.2
Charged during the year	**2.3**	2.3
At 31 December	**6.8**	4.5
Net book value at 31 December	**19.7**	19.9

F Investments in subsidiaries

	2021 £m	2020 £m
Cost		
At 1 January	**168.0**	224.2
Impairment	**–**	(56.2)
At 31 December	**168.0**	168.0

In 2020, due to the continued challenging trading conditions in the offshore broking and securities markets, the Company revised the recoverable amount of its investment in Clarksons Platou AS, resulting in an impairment of £54.7m. The recoverable amount continues to be subject to sensitivities. An increase in the pre-tax discount rate of 0.5% would decrease value-in-use by £6.5m and a decrease in pre-tax cash flows of 5% would decrease value-in-use by £6.5m. A further impairment was taken in Clarksons Platou Italia Srl of £1.5m.

G Deferred tax assets

	2021 £m	2020 £m
Employee benefits – other employee benefits	**1.9**	1.3
Other temporary differences	**0.4**	0.3
Deferred tax assets before offset	**2.3**	1.6
Offset with deferred tax liabilities	**(2.3)**	–
Deferred tax assets in the balance sheet	**–**	1.6

Deferred tax assets and liabilities are offset and reported net where appropriate within territories, see note N.

Included in the above are deferred tax assets of £0.9m (2020: £0.7m) which are expected to be utilised within one year. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. All deferred tax movements arise from the origination and reversal of temporary differences.

H Trade and other receivables

	2021 £m	2020 £m
Prepayments and accrued income	**0.8**	0.7
Owed by Group companies	**56.8**	18.0
	57.6	18.7

The Company has no trade receivables (2020: none). All amounts owed by Group companies are payable on demand with no interest being charged. As at 31 December 2021, the Company calculated the expected credit loss of amounts owed by Group companies to be £nil (2020: £0.1m). Further details of related party receivables are included in note V.

I Investments

	2021 £m	2020 £m
Cash on deposit	**0.5**	20.5

The Company held £0.5m (2020: £20.5m) in a deposit with a 95-day notice period. This deposit is held with an A-rated financial institution.

J Cash and cash equivalents

	2021 £m	2020 £m
Cash at bank and in hand	**0.1**	0.1

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £0.1m (2020: £0.1m).

K Trade and other payables

	2021 £m	2020 £m
Owed to Group companies	**1.6**	1.5
Accruals	**14.8**	10.6
Deferred income	**0.7**	1.0
	17.1	13.1

All amounts owed to Group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Further details of related party payables are included in note V.

L Lease liabilities

	2021 £m	2020 £m
Current		
Lease liabilities	**3.7**	2.9
Non-current		
Lease liabilities	**22.4**	24.0

M Provisions

	2021 £m	2020 £m
Non-current		
At 1 January and 31 December	**1.1**	1.0

Provisions have been recognised for the dilapidation of various leasehold premises which will be utilised on cessation of the lease. A maturity analysis of undiscounted lease liability payments is included within note T. None of the leases contain extension options and rentals are not linked to any index.

N Deferred tax liabilities

	2021 £m	2020 £m
Employee benefits – on pension benefit asset	**6.5**	3.4
Other temporary differences	**1.2**	1.0
Deferred tax liabilities before offset	**7.7**	4.4
Offset with deferred tax assets	**(2.3)**	–
Deferred tax liabilities in the balance sheet	**5.4**	4.4

Deferred tax assets and liabilities are offset and reported net where appropriate within territories, see note G.

None of the above deferred tax liabilities are due within one year.

All deferred tax movements arise from the origination and reversal of temporary differences.

O Share-based payment plans

	2021 £m	2020 £m
Expense arising from equity-settled share-based payment transactions	**1.0**	0.4

For more information on the Parent Company share-based payment plans, see note 23 of the consolidated financial statements.

P Employee benefits

The Company operates two final salary defined benefit pension schemes, being the Clarkson PLC scheme and the Plowrights scheme, both within the UK. The schemes are all registered as occupational pension schemes with HMRC and are subject to UK legislation and oversight from the Pensions Regulator. These are funded by the payment of contributions to separate trusts administered by Trustees who are required to act in the best interests of the schemes' beneficiaries. Responsibility for governance of each scheme lies with the respective board of trustees in accordance with the rules applicable to that scheme. Currently each board of trustees includes a representative of the relevant principal employer. The schemes' assets are invested in a range of pooled pension investment funds managed by professional fund managers.

Defined benefit pension arrangements give rise to open ended commitments and liabilities for the sponsoring company. As a consequence, the Company closed its original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004. This section was closed to further accrual for all existing members as from 31 March 2006. The Plowrights scheme was closed to further accrual from 1 January 2006.

Every three years, a pension scheme must obtain from an actuary a report containing a valuation and a recommendation on rates of contribution. UK legislation requires that pension schemes are funded prudently and must adhere to the statutory funding objective. Triennial valuations for both schemes have been prepared as detailed below.

The valuation of the Clarkson PLC scheme showed a pension surplus on an ongoing basis of £6.6m (105%) as at 31 March 2019. Following the 2016 valuation, Clarkson PLC and the Trustees had agreed to cease funding with effect from 1 October 2016.

The valuation of the Plowrights scheme showed a pension surplus on an ongoing basis of £2.1m (105%) as at 31 March 2019. Clarkson PLC and the Trustees agreed to cease funding with effect from 1 December 2019. The expenses for the scheme will be met from the surplus assets.

The Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit. The two schemes have de-risked by replacing their equity holdings with less volatile investments.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Company pension obligations are linked to inflation. The majority of the schemes' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

Other pension arrangements

The Company operates a defined contribution pension scheme. Where required, the Company also makes contributions to this scheme.

The Company incurs no material expenses in the provision of post-retirement benefits other than pensions.

The following information relates to the sum of the two separate schemes.

P Employee benefits continued

The following tables summarise amounts recognised in the balance sheet and the components of net benefit charge recognised in the income statement:

Recognised in the balance sheet

	2021 £m	2020 £m
Fair value of schemes' assets	**187.7**	191.6
Present value of funded defined benefit obligations	**(156.6)**	(169.6)
	31.1	22.0
Effect of asset ceiling in relation to the Plowrights scheme	**(5.3)**	(3.9)
Net benefit asset recognised in the balance sheet	**25.8**	18.1

The net benefit asset disclosed above is the combined total of the two schemes. The Clarkson PLC scheme has a surplus of £25.8m (2020: £18.1m) and the Plowrights scheme has a surplus of £nil (2020: £nil).

The surplus in the Clarkson PLC scheme is recognised, as there are future economic benefits available in the form of a reduction in future contributions to the defined contribution section of the scheme and, in the event of wind up, excess surplus is refundable to the Company. There are no such future economic benefits in respect of the Plowrights scheme and therefore the surplus of £5.3m (2020: £3.9m) cannot be recognised.

A deferred tax liability on the benefit asset of £6.5m 2020: £3.4m) is shown in note N.

Recognised in the income statement

	2021 £m	2020 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	**2.7**	3.6
Interest cost on benefit obligation and asset ceiling	**(2.4)**	(3.3)
Recognised in administrative expenses:		
Past service cost	**–**	(0.4)
Scheme administrative expenses	**(0.2)**	(0.2)
Net benefit income/(charge) recognised in the income statement	**0.1**	(0.3)

Recognised in the statement of comprehensive income

	2021 £m	2020 £m
Actual return on schemes' assets	**2.6**	21.5
Less: expected return on schemes' assets	**(2.7)**	(3.6)
Actuarial (loss)/gain on schemes' assets	**(0.1)**	17.9
Actuarial gain/(loss) on defined benefit obligations	**9.0**	(14.9)
Actuarial gain recognised in the statement of comprehensive income	**8.9**	3.0
Tax charge on actuarial gains	**(1.6)**	(0.7)
Effect of asset ceiling in relation to the Plowrights scheme	**(1.3)**	–
Tax credit on asset ceiling	**0.2**	–
Tax charge on change in tax rates	**(1.6)**	–
Net actuarial gain on employee benefit obligations	**4.6**	2.3
Cumulative amount of actuarial gains recognised in the statement of comprehensive income	**10.1**	1.2

Schemes' assets

	2021 %	2021 £m	2020 %	2020 £m
Government bonds*	**45.9**	**86.2**	41.3	79.1
Corporate bonds*	**28.4**	**53.2**	33.0	63.3
Investment funds*	**24.3**	**45.7**	24.8	47.5
Cash and other assets	**1.4**	**2.6**	0.9	1.7
	100.0	**187.7**	100.0	191.6

* Based on quoted market prices.

P Employee benefits continued

Net defined benefit asset

Changes in the fair value of the net defined benefit asset are as follows:

31 December 2021

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2021	(169.6)	191.6	22.0	(3.9)	18.1
Expected return on assets	–	2.7	2.7	–	2.7
Interest costs	(2.3)	–	(2.3)	(0.1)	(2.4)
Administration expenses	–	(0.2)	(0.2)	–	(0.2)
Past service costs	–	–	–	–	–
Benefits paid	6.3	(6.3)	–	–	–
Actuarial gain/(loss)	9.0	(0.1)	8.9	(1.3)	7.6
At 31 December 2021	**(156.6)**	**187.7**	**31.1**	**(5.3)**	**25.8**

31 December 2020

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2020	(163.1)	182.4	19.3	(3.8)	15.5
Expected return on assets	–	3.6	3.6	–	3.6
Interest costs	(3.3)	–	(3.3)	(0.1)	(3.4)
Administration expenses	–	(0.2)	(0.2)	–	(0.2)
Past service costs	(0.4)	–	(0.4)	–	(0.4)
Benefits paid	12.1	(12.1)	–	–	–
Actuarial (loss)/gain	(14.9)	17.9	3.0	–	3.0
At 31 December 2020	(169.6)	191.6	22.0	(3.9)	18.1

The Company expects, based on the valuations and funding requirements including expenses, to contribute £nil to its defined benefit pension schemes in 2022 (2020 for 2021: £nil).

The principal valuation assumptions are as follows:

	2021 %	2020 %
Rate of increase in pensions in payment	2.9	2.8
Price inflation (RPI)	3.4	3.0
Price inflation (CPI)	3.1	2.0
Discount rate for scheme liabilities	1.8	1.4

The mortality assumptions used to assess the defined benefit obligations at 31 December 2021 and 31 December 2020 are based on the 'SAPS' standard mortality tables (SP3A for the Clarkson PLC scheme with a scheme specific adjustment of 95% (31 December 2020: 90%) and SP3A Light for the Plowrights scheme). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2021 (31 December 2020: model published in 2020). Examples of the assumed future life expectancy are given in the table below:

		Additional years 2021	Additional years 2020
Post-retirement life expectancy on retirement at age 65:			
Pensioners retiring in the year	– male	22.5–23.4	22.9–23.4
	– female	24.8–24.9	24.8–25.1
Pensioners retiring in 20 years' time	– male	23.8–24.6	24.2–24.6
	– female	26.2–26.3	26.2–26.6

P Employee benefits continued

Experience adjustments

	2021 £m	2020 £m
Experience (loss)/gain on schemes' assets	**(0.1)**	17.9
Gain on schemes' liabilities due to changes in demographic assumptions	**2.7**	0.3
Gain/(loss) on schemes' liabilities due to changes in financial assumptions	**3.2**	(15.2)
Gain on schemes' liabilities due to experience adjustments	**3.1**	–
Loss on asset ceiling	**(1.3)**	–
Actuarial gain	**7.6**	3.0
Income tax on actuarial gain	**(3.0)**	(0.7)
Actuarial gain – net of tax	**4.6**	2.3

Sensitivities

The table below shows the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The impact of changes to each assumption is shown in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. A change of 0.25% is deemed appropriate given the movement in assumptions during the current and previous years. The sensitivities have been calculated using the same methodology as the main calculations. The weighted average duration of the defined obligation is 18 years.

	2021		2020	
	Change in assumption	Change in defined benefit obligation	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	**+0.25%**	**(4.0%)**	+0.25%	(4.0%)
	(0.25%)	**+4.2%**	(0.25%)	+4.3%
Price inflation (RPI)	**+0.25%**	**+3.5%**	+0.25%	+3.8%
	(0.25%)	**(3.3%)**	(0.25%)	(3.6%)

An increase of one year in the assumed life expectancy for both males and females would increase the defined benefit obligation by 4.5% (2020: 4.5%).

Q Share capital

Ordinary shares of 25p each, issued and fully paid:

	Number of shares	2021 £m	Number of shares	2020 £m
At 1 January	**30,399,893**	**7.6**	30,370,776	7.6
Additions	**80,871**	**–**	29,117	–
At 31 December	**30,480,764**	**7.6**	30,399,893	7.6

During the year, the Company issued 80,871 shares (2020: 29,117) in relation to the ShareSave scheme. The difference between the exercise price (ranging from £18.30-£22.50) and the nominal value of £0.25 was taken to the share premium account, see note R.

R Other reserves

31 December 2021

	Share premium £m	Employee benefits reserve £m	Capital redemption reserve £m	Merger reserve £m	Total £m
At 1 January 2021	**32.1**	**3.8**	**2.0**	**55.7**	**93.6**
Share issues	**1.8**	**–**	**–**	**–**	**1.8**
Employee share schemes:					
Share-based payments expense	**–**	**1.8**	**–**	**–**	**1.8**
Transfer to profit and loss on vesting	**–**	**(1.7)**	**–**	**–**	**(1.7)**
Total employee share schemes	**–**	**0.1**	**–**	**–**	**0.1**
At 31 December 2021	**33.9**	**3.9**	**2.0**	**55.7**	**95.5**

31 December 2020

	Share premium £m	Employee benefits reserve £m	Capital redemption reserve £m	Merger reserve £m	Total £m
At 1 January 2020	31.5	2.6	2.0	110.4	146.5
Transfer to profit and loss	–	–	–	(54.7)	(54.7)
Share issues	0.6	–	–	–	0.6
Employee share schemes:					
Share-based payments expense	–	1.3	–	–	1.3
Transfer to profit and loss on vesting	–	(0.1)	–	–	(0.1)
Total employee share schemes	–	1.2	–	–	1.2
At 31 December 2020	32.1	3.8	2.0	55.7	93.6

Nature and purpose of other reserves

Employee benefits reserve

The employee benefits reserve is used to record the value of equity-settled share-based payments provided to employees.

Capital redemption reserve

The capital redemption reserve arose on previous share buy-backs by the Company.

Merger reserve

This comprises the premium on the share placing in November 2014 and the shares issued in February 2015 as part of the acquisition of Clarksons Platou AS (formerly RS Platou ASA). No share premium is recorded in the financial statements, through the operation of the merger relief provisions of the Companies Act 2006. In 2020, the Company impaired its investment in this entity. As a result, corresponding transfers were made out of this reserve to retained earnings.

S Financial commitments and contingencies

Contingencies

The Company has given no financial commitments to suppliers (2020: none).

The Company has given no guarantees (2020: none).

From time to time the Company may be engaged in litigation in the ordinary course of business. The Company carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Company's results or net assets.

The Company maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

T Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans from Group companies and lease liabilities. The Company has various financial assets such as current asset investments, loans to Group companies and cash and cash equivalents, which arise directly from its operations.

The Company has not entered into any derivative transactions.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

Credit risk

With respect to credit risk arising from cash and cash equivalents and current investments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Company monitors its risk to a shortage of funds using projected cash flows from operations.

The tables below summarise the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments.

31 December 2021	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	5 to 10 years £m	Total £m
Lease liabilities	**1.5**	**2.8**	**15.6**	**14.5**	**34.4**

31 December 2020	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	5 to 10 years £m	Total £m
Lease liabilities	0.9	2.7	14.2	12.3	30.1

The following table shows the total liabilities arising from financing activities.

	2021		2020	
	Lease liabilities £m	**Total £m**	Lease liabilities £m	Total £m
At 1 January	**26.9**	**26.9**	29.3	29.3
Cash flows – principal	**(2.8)**	**(2.8)**	(2.7)	(2.7)
Cash flows – interest	**(0.7)**	**(0.7)**	(0.8)	(0.8)
Interest charges	**0.7**	**0.7**	0.8	0.8
Other non-cash movements	**2.0**	**2.0**	0.3	0.3
At 31 December	**26.1**	**26.1**	26.9	26.9

Other non-cash movements include the net impact of additions, modifications and terminations during the year.

Capital management

For information on the Parent Company capital management objectives, policies and processes, see note 28 of the consolidated financial statements.

U Financial instruments
The classification of financial assets and liabilities at 31 December is as follows:

Financial assets

	2021 Amortised cost £m	2021 Total £m	2020 Amortised cost £m	2020 Total £m
Owed by Group companies	**56.8**	**56.8**	18.0	18.0
Investments	**0.5**	**0.5**	20.5	20.5
Cash and cash equivalents	**0.1**	**0.1**	0.1	0.1
	57.4	**57.4**	38.6	38.6

Financial liabilities

	2021 Amortised cost £m	2021 Total £m	2020 Amortised cost £m	2020 Total £m
Owed to Group companies	**1.6**	**1.6**	1.5	1.5
Lease liabilities	**26.1**	**26.1**	26.9	26.9
	27.7	**27.7**	28.4	28.4

V Related party transactions
During the year, the Company entered into transactions, in the ordinary course of business, with related parties. Transactions with subsidiaries during the year were as follows:

	2021 £m	2020 £m
Management fees charged	**2.6**	2.7
Rent receivable	**6.7**	6.3
Dividends received	**50.0**	48.1

Balances with subsidiaries at 31 December were as follows:

	2021 £m	2020 £m
Amounts owed by related parties	**56.7**	18.0
Amounts owed to related parties	**(1.6)**	(1.5)
Deferred income	**(0.7)**	(1.0)

There were no terms or conditions attached to these balances.

Compensation of key management personnel (including Directors)
There were no key management personnel in the Company apart from the Clarkson PLC Directors. Details of their compensation are set out in note 30 to the consolidated financial statements.

As mentioned in the Board of Directors on page 102, Sue Harris is a Non-Executive Director of Schroder & Co. Limited and Chair of the Audit and Risk Committee of the Wealth Management Division. Another Schroder Group company is one of the investment managers of the defined benefit section of the Clarkson PLC pension scheme. In 2020, Jeff Woyda was appointed to the Board of Trustees of The Clarkson Foundation.

W Subsidiaries
The Parent Company had the following subsidiaries at 31 December 2021. All shares in subsidiary companies are ordinary share capital, unless otherwise stated.

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Afromar Properties (Pty) Limited	South Africa	23 Halifax Street, Bryanston, Johannesburg, 2191, South Africa		100%	Non-trading
Bonus Plus Investments Limited	Hong Kong	3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong		100%	Non-trading
Boxton Holding AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		100%	Non-trading
Calypso Shipping Investments Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Clarkson Australia Holdings Pty Ltd	Australia	Level 9, 16 St Georges Terrace, Perth WA 6000, Australia	100%		Holding company
Clarkson Capital Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Holding company
Clarkson Dry Cargo Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Clarkson Ewings Limited	United Kingdom	27-45 Lincoln Building Ground Floor, Great Victoria Street, Belfast, Northern Ireland, BT2 7SL, United Kingdom		100%	Dormant
Clarkson Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Holding company
Clarkson IQ Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Clarkson Logistics (HK) Limited	Hong Kong	3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong		100%	Non-trading
Clarkson Logistics Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Clarkson Market Analysis Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Clarkson Morocco S.A.R.L.	Morocco	8, Rue Ali Abderrazzak, 3è étage, Casablanca, 20000, Morocco		100%	Shipbroking
Clarkson Overseas Shipbroking Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Holding company
Clarkson Port Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Provision of ship agency and port services
Clarkson Property Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Non-trading
Clarkson Research Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Holding company
Clarkson Research Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Provision of research services and products relating to shipping and offshore
Clarkson Sale and Purchase Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Clarkson Shipbrokers Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Clarkson Shipbroking (Shanghai) Co. Limited	China	Room 111 Building 3 No.170, Huo Shan Road, Hongkou District, Shanghai, 200082, China		100%	Shipbroking
Clarkson Shipbroking Group Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Holding company
Clarkson Shipping Agency	Egypt	City Stars, Capital F2, G03, Nasr City, Egypt		100%	Shipping and maritime agency services
Clarkson Shipping Investments Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Dormant
Clarkson Shipping Services Acquisition USA LLC	United States	1333 West Loop South, Suite 1100, Houston TX 77027, United States		100%	Dormant
Clarkson Shipping Services India Private Limited	India	507-508 The Address, 1 Golf Course Road, Sector 56, Gurgaon, 122011, India		100%	Shipbroking
Clarkson Tankers Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Clarkson Valuations Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Provision of valuation services to the shipping industry
Clarksons Martankers, S.L.U.	Spain	Paseo del Pintor Rosales, 38, 28008, Madrid, Spain		100%	Shipbroking
Clarksons Platou (Africa) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Shipbroking
Clarksons Platou (Australia) Pty Limited	Australia	Level 9, 16 St Georges Terrace, Perth WA 6000, Australia		100%	Shipbroking
Clarksons Platou (Brasil) Ltda	Brazil	Avenida Rio Branco, 89-1601, Centro, Rio de Janeiro, 20040-004, Brazil		100%	Shipbroking
Clarksons Platou (Denmark) ApS	Denmark	Strandvejen 70, 2., 2900, Hellerup, Denmark		100%	Shipbroking
Clarksons Platou (Hellas) Ltd*	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH 96960, Marshall Islands		100%	Shipbroking
Clarksons Platou (Italia) Srl in liquidazione	Italy	Via San Vincenzo 2, 16121 Genoa, Italy	100%		Shipbroking
Clarksons Platou (Korea) Company Limited	Korea, Republic of	#602, 6F Shin-A, 50, Seosomun-ro 11-gil, Jung-gu, Seoul, 04515, Korea, Republic of		100%	Shipbroking
Clarksons Platou (Nederland) B.V.	Netherlands	De Coopvaert, 6th Floor, Blaak 522, 3011 TA, Rotterdam, Netherlands		100%	Shipbroking
Clarksons Platou (Offshore) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Shipbroking
Clarksons Platou (South Africa) (Pty) Limited	South Africa	23 Halifax Street, Bryanston, Johannesburg, 2191, South Africa		100%	Shipbroking

* Has a branch in Greece.

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Clarksons Platou (Sweden) AB	Sweden	Dragarbrunnsgatan 55, 753 20, Uppsala, Sweden		100%	Shipbroking
Clarksons Platou (USA) Inc.	United States	251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States		100%	Holding company
Clarksons Platou AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway	100%		Shipbroking
Clarksons Platou Asia Limited*	Hong Kong	3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong		100%	Shipbroking
Clarksons Platou Asia Pte. Limited	Singapore	1 Harbourfront Avenue, #14-07 Keppel Bay Tower, 098632, Singapore		100%	Shipbroking
Clarksons Platou Business Management AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		50.01%	Shipping and offshore project syndication
Clarksons Platou Commodities USA LLC	United States	Delaware: 251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States Texas: 211 East 7th Street, Suite 620, Austin TX 78701, United States		100%	Introducing broker for LPG swaps
Clarksons Platou DMCC	United Arab Emirates	Unit No: AU-14-A, Gold Tower (AU), JLT-PH1-I3A, Jumeirah Lakes Towers, Dubai, United Arab Emirates		100%	Shipbroking
Clarksons Platou Futures Limited**	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Brokerage of shipping-related derivative financial instruments
Clarksons Platou GmbH	Germany	Johannisbollwerk 20, 5.fl, 20459, Hamburg, Germany		100%	Shipbroking
Clarksons Platou Japan K.K.	Japan	Otemachi Financial City South Tower 15th Floor, 1-9-7 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan		100%	Shipbroking
Clarksons Platou Legal Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Provision of legal services to the shipping industry
Clarksons Platou Offshore (Asia) Pte. Ltd.	Singapore	12 Marina View, #29-01 Asia Square, Tower 2, 018961, Singapore		100%	Shipbroking
Clarksons Platou Project Development AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		34.37%***	Real estate project management
Clarksons Platou Project Finance AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		31.02%****	Shipping and offshore project syndication
Clarksons Platou Project Finance Shipping AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		50.01%	Shipping and offshore project syndication
Clarksons Platou Property Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Property holding company
Clarksons Platou Property Management AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		24.81%****	Provision of property-related services

* Has a branch in China.
** Has branches in Singapore and Switzerland.
*** The Group holds >50% of the voting rights.
**** Although the holding represents <50%, the Parent Company controls the entity through controlling interests in subsidiary companies.

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Clarksons Platou Real Estate Investment Management AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		34%*	Management of companies and funds that invest in private companies investing in real estate and associated businesses
Clarksons Platou Securities (Canada), Inc.	Canada	44 Chipman Hill, Suite 1000, Saint John NB E2L 2A9, Canada		100%	Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions
Clarksons Platou Securities AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		100%	Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions
Clarksons Platou Securities, Inc.	United States	280 Park Ave NY 10017, United States		100%	Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions
Clarksons Platou Shipbroking (Switzerland) SA	Switzerland	Rue de la Fontaine 1, 1204 Geneva, Switzerland, Switzerland		100%	Shipbroking
Clarksons Platou Shipping Services USA LLC	United States	211 East 7th Street, Suite 620, Austin TX 78701, United States		100%	Shipbroking
Clarksons Platou Structured Asset Finance Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Provision of advice on finance structuring for shipping-related projects
Coastal Shipping Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Company Event Management Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
CPPF Eiendom AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		50.02%	Holding company
Diligent Challenger Limited	Hong Kong	3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong		100%	Non-trading
Enship Limited	United Kingdom	303 King Street, Aberdeen, Scotland, AB24 5AP, United Kingdom		100%	Dormant

* The Group holds >50% of the voting rights.

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Genchem Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Holding company
Gibb Group (Netherlands) B.V.	Netherlands	De Coopvaert, 6th Floor, Blaak 522, 3011 TA, Rotterdam, Netherlands		100%	Supply of MRO, PPE and safety equipment for the energy and industrial sector
Gibb Group Ltd	United Kingdom	271 King Street, Aberdeen, Scotland, AB24 5AN, United Kingdom		100%	Supply of MRO, PPE and safety equipment for the energy and industrial sector
H. Clarkson & Company Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Shipbroking
Halcyon Shipping Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
J.O. Plowright & Co. (Holdings) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Dormant
LevelSeas Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
LNG Shipping Solutions Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Shipbroking
Manfin Consult AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		50.10%	Shipping and offshore project syndication
Marinet (Ship Agencies) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Maritech Development Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Development of digital products for the shipping industry
Maritech Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100%		Holding company
Maritech Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Support of digital products and services for the shipping industry
Maritech Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Sale of digital products and services to the shipping industry
Michael F. Ewings (Shipping) Limited	United Kingdom	27-45 Lincoln Building Ground Floor, Great Victoria Street, Belfast, Northern Ireland, BT2 7SL, United Kingdom		100%	Dormant
Norwegian Marine Services AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		50.01%	Shipping and offshore project syndication
Oilfield Publications Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
RS Platou Africa Limited	Jersey	1 Waverley Place, Union Street, St. Helier, JE4 8SG, Jersey		100%	Non-trading
RS Platou AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		100%	Dormant
RS Platou Economic Research AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		100%	Dormant
RS Platou Hellas Limited	Cyprus	Arch. Makarios III, 58, Iris Tower, Floor 8, Nicosia, 1075, Cyprus		100%	Non-trading
RS Platou Offshore AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		100%	Dormant
RS Platou Shipbrokers AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		100%	Dormant
Samuel Stewart & Co. (London) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Seafix Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Sale of digital products and services to the shipping industry
Shipvalue.net Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Small & Co. (Shipping) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Stewart Offshore Ghana Limited	Ghana	NALAG House, 2nd Floor, Gulf Street, South Legon, Accra, Ghana		75%	Non-trading
Stewart Offshore Services (Jersey) Limited	Jersey	1 Waverley Place, Union Street, St. Helier, JE4 8SG, Jersey		100%	Non-trading
Stewart Offshore Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
The Stewart Group Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100%	Dormant
Tokyo Shipping & Trading, Limited	Hong Kong	3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong		100%	Dormant
VAXA Drift AS	Norway	c/o Vaxa Property AS, Philip Pedersens vei 20, Lysaker, 1366, Norway		12.43%*	Operation cost management for property SPV
VAXA Group AS	Norway	c/o Vaxa Property AS, Philip Pedersens vei 20, Lysaker, 1366, Norway		12.43%*	Holding company
VAXA Økonomi AS	Norway	Philip Pedersens vei 20, Lysaker, 1366, Norway		6.23%*	Provision of accounting and financial advisory
VAXA Property AS	Norway	Philip Pedersens vei 20, Lysaker, 1366, Norway		12.43%*	Property management services
Waterfront Services Limited	United Kingdom	27-45 Lincoln Building Ground Floor, Great Victoria Street, Belfast, Northern Ireland, BT2 7SL, United Kingdom		100%	Dormant

No exemptions have been taken in respect of dormant subsidiaries from preparing and filing individual statutory accounts under s394A of the Companies Act 2006.

* Although the holding represents <50%, the Parent Company controls the entity through controlling interests in subsidiary companies.

Alternative performance measures

The Directors believe that alternative performance measures can provide users of the financial statements with a better understanding of the Group's underlying financial performance, if used properly. Directors' judgement is required as to what items qualify for this classification.

Adjusting items
The Group excludes adjusting items from its underlying earnings metrics with the aim of removing the impact of one-offs which may distort period-on-period comparisons.

The term 'underlying' excludes the impact of exceptional items and acquisition related costs, which are shown separately on the face of the income statement. Management separates these items due to their nature and size and believes this provides further useful information, in addition to statutory measures, to assist readers of the Annual Report to understand the results for the year.

Underlying profit before taxation

Reconciliation of reported profit before/(loss) taxation to underlying profit before taxation for the year.

	2021 £m	2020 £m
Reported profit/(loss) before taxation	**69.1**	(16.4)
Add back exceptional items	**–**	60.6
Add back acquisition-related costs	**0.3**	0.5
Underlying profit before taxation	**69.4**	44.7

Underlying effective tax rate

Reconciliation of reported effective tax rate to underlying effective tax rate.

	2021	2020
Reported effective tax rate	**21.3%**	(57.3%)
Add back exceptional items	**–**	78.6%
Add back acquisition-related costs	**(0.1%)**	–
Underlying effective tax rate	**21.2%**	21.3%

Underlying profit for the year attributable to equity holders of the Parent Company

Reconciliation of reported profit/(loss) attributable to equity holders of the Parent Company to underlying profit attributable to equity holders of the Parent Company.

	2021 £m	2020 £m
Reported profit/(loss) attributable to equity holders of the Parent Company	**50.1**	(28.9)
Add back exceptional items	**–**	60.6
Add back acquisition-related costs	**0.3**	0.4
Underlying profit attributable to equity holders of the Parent Company	**50.4**	32.1

Underlying basic earnings per share

Reconciliation of reported basic earnings/(loss) per share to underlying basic earnings per share.

	2021	2020
Reported basic earnings/(loss) per share	**164.6p**	(95.2p)
Add back exceptional items	**–**	199.9p
Add back acquisition-related costs	**1.0p**	1.3p
Underlying basic earnings per share	**165.6p**	106.0p

Underlying administrative expenses

Reconciliation of reported administrative expenses to underlying administrative expenses for the year.

	2021 £m	2020 £m
Reported administrative expenses	**356.0**	359.6
Less exceptional items	**–**	(60.6)
Less aquisition-related costs	**(0.3)**	(0.5)
Underlying administrative expenses	**355.7**	298.5

Operational metrics

The Group monitors its cash and liquidity position by adjusting gross balances to reflect the payment of obligations to staff and restricted monies held by regulated entities.

Net cash and available funds

The Board uses net cash and available funds as a better representation of the net cash available to the business, since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

Reconciliation of reported cash and cash equivalents to net cash and available funds reported.

	2021 £m	2020 £m
Cash and cash equivalents as reported	**261.6**	173.4
Less interest-bearing loans and borrowings	**–**	(0.1)
Add cash on deposit and government bonds included within current investments	**9.6**	22.8
Less amounts reserved for bonuses included within current trade and other payables	**(148.9)**	(100.7)
Net cash and available funds	**122.3**	95.4

Free cash resources

Free cash resources is a further measure used by the Board in taking decisions over capital allocation. It deducts monies held by regulated entities from the net cash and available funds figure.

Reconciliation of reported cash and cash equivalents to reported free cash resources.

	2021 £m	2020 £m
Cash and cash equivalents as reported	**261.6**	173.4
Less interest-bearing loans and borrowings	**–**	(0.1)
Add cash on deposit and government bonds included within current investments	**9.6**	22.8
Less amounts reserved for bonuses included within current trade and other payables	**(148.9)**	(100.7)
Less net cash and available funds held in regulated entities	**(30.0)**	(14.3)
Free cash resources	**92.3**	81.1

Glossary

Aframax	A tanker size range defined by Clarksons as between 85-125,000 dwt.
AHTS	Anchor Handling Tug and Supply vessel. Used to tow offshore drilling and production units to location and deploy their anchors, and also perform a range of other support roles.
AIS	Automatic Identification System. A tracking system using transponders and GPS information to monitor live ship positions.
Bareboat charter	A hire or lease of a vessel from one company to another (the charterer), which in turn provides crew, bunkers, stores and pays all operating costs.
Board	The Board of Directors of Clarkson PLC.
Bulk cargo	Unpackaged cargoes such as coal, ore and grain.
Bunkers	A ship's fuel.
Capesize (cape)	Bulk ship size range defined by Clarksons as 100,000 dwt or larger.
Cbm	Cubic metres. Used as a measurement of cargo capacity for ships such as gas carriers.
CEO	Chief Executive Officer, Andi Case.
CFO & COO	Chief Financial Officer & Chief Operating Officer, Jeff Woyda.
Cgt	Compensated gross tonnage. This unit of measurement was developed for measuring the level of shipbuilding output and is calculated by applying a conversion factor, which reflects the amount of work required to build a ship, to a vessel's gross registered tonnage.
CII	Carbon Intensity Indicator. An IMO vessel operational efficiency measure coming into force from 2023.
Chair	Laurence Hollingworth.
Charterer	Cargo owner or another person/company who hires a ship.
Charter party	Transport contract between shipowner and shipper of goods.
CGU	Cash-Generating Unit. An accounting concept used by the International Financial Reporting Standards to determine asset impairment.
ClarkSea Index	A weighted average index of earnings for the main vessel types where the weighting is based on the number of vessels in each fleet sector.
Clean products	Refined oil products such as naphtha.
CoA	Contract of Affreightment.
Company	Clarkson PLC as a standalone entity, registered in England and Wales under company number 1190238.
Containership	A cargo ship specifically equipped with cell guides for the carriage of containerised cargo.
Code	The UK Corporate Governance Code (July 2018).
COVID-19	A global pandemic caused by the SARS-CoV-2 virus, first identified in late 2019.
CO_2	Carbon dioxide.
Crude oil	Unrefined oil.
CSR	Corporate Social Responsibility.
Disclosure Guidance and Transparency Rules ('DTR')	Regulations which apply to most larger companies on the London Stock Exchange, which implement a number of EU Directives on transparency, market abuse, accounting and audit. The Disclosure Guidance and Transparency Rules are supplementary to the Listing Rules.
Dry (market)	Generic term for the bulk market.
Dry cargo carrier	A ship carrying general cargoes or sometimes bulk cargo.
DRR Regulations	Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.
Dwt	Deadweight tonne. A measure expressed in metric tonnes (1,000 kg) or long tonnes (1,016 kg) of a ship's carrying capacity, including bunker oil, fresh water, crew and provisions. This is the most important commercial measure of the capacity.
ECA	Export Credit Agencies.
ECM	Equity Capital Markets.
E&P	Exploration and Production.
EEXI	Energy Efficiency Existing Ship Index. An IMO vessel design efficiency measure. From 2023 onwards most ships in the fleet will be required to reach a baseline EEXI value.
EPC	Engineering, procurement and construction.
EPCI	Engineering, procurement, construction and installation.
EPS	Earnings per share.
ESTs	Energy Saving Technologies.
ESG	Environmental, Social and Governance.
Executive Directors	Andi Case (CEO) and Jeff Woyda (CFO & COO).

External audit	An independent opinion of the Group and Company's financial statements by an external firm. PricewaterhouseCoopers LLP is the Group's current External Auditor.
Fair value	Fair value is defined as an amount at which an asset could be exchanged between knowledgeable and willing parties in an arm's-length transaction.
FFA	Forward Freight Agreement. A cash contract for differences requiring no physical delivery based on freight rates on standardised trade routes.
Financial Conduct Authority ('FCA')	The FCA regulates the financial services industry in the UK.
Forward order book ('FOB')	Estimated commissions collectable over the duration of the contract as principal payments fall due. The forward order book is not discounted.
Freight rate	The agreed charge for the carriage of cargo expressed per tonne of cargo (also Worldscale in the tanker market) or as a lump sum.
FSRU	Floating Storage and Regasification Unit. This vessel type acts as a floating discharge terminal, typically shore-side within a port, to allow a discharge solution for LNG carriers in ports which may only have seasonal gas import needs, or need a lower-cost solution than a land-based regasification terminal.
FSU	Floating Storage Unit. A floating unit used for hydrocarbon storage.
FTSE 250	The share index consisting of the 101st to 350th largest companies listed on the London Stock Exchange main market. Clarkson PLC has been a member of the FTSE 250 since 2015.
GHG	Greenhouse gas.
Group	Clarkson PLC and its subsidiary undertakings.
GT	Gross Tonnage. A standardised measure of a ship's internal volume as defined by the IMO.
GW	Gigawatts. A unit of power or power capacity equivalent to 1 billion watts.
Handysize	Bulk carrier size range defined by Clarksons as 10-40,000 dwt or tanker size range defined by Clarksons as 10-55,000 dwt.
Handymax	Bulk carrier size range defined by Clarksons as 40-65,000 dwt. Includes supramax and ultramax vessels.

IFRSs	International Financial Reporting Standards. A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements.
ICE	Intercontinental Exchange. A company that operates financial, commodity and futures exchanges around the world.
IEA	International Energy Agency. An agency which works with countries around the world to shape energy policies.
IMO	International Maritime Organization. A United Nations agency devoted to shipping.
IMO2	A type 2 ship is a chemical tanker intended to transport chapter 17 products with appreciably severe environmental and safety hazards which require significant preventive measures to preclude an escape of such cargo.
Independent Non-Executive Director ('NED')	A Director of the Board, not part of the executive management of the Company, who is free from any business or other relationship that could materially conflict with their ability to exercise independent judgement.
IP	Industrial Production. A measure of the total industrial output of a given country or region, including sectors such as manufacturing, mining and utilities.
Kamsarmax	A sub-sector of the wider panamax bulk carrier fleet, defined as vessels with a maximum LOA of 229m, so able to load at the Port of Kamsar in Guinea. Typically refers to vessels in the 80-89,999 dwt size range.
KPIs	Key performance indicators.
LGC	Large Gas Carrier. Vessel defined by Clarksons as 45,000-64,999 cbm.
Listing Rules	Set of regulations overseen by the UK Listing Authority ('UKLA'), which apply to any company listed on the London Stock Exchange.
Liquidity risk	The risk of the Group being unable to meet its cash and collateral obligations without incurring large losses.
LNG	Liquefied Natural Gas.
LPG	Liquefied Petroleum Gas.
LR1	Long Range 1. Coated products tanker defined by Clarksons as 55,000-85,000 dwt.
LR2	Long Range 2. Coated products tanker defined by Clarksons as 85,000-125,000 dwt.

LSE	London Stock Exchange. The stock exchange in the City of London on which Clarkson PLC's shares are listed.
MGC	Midsize Gas Carrier. Vessel defined by Clarksons as 20-45,000 cbm.
MR	Medium Range. A product tanker of around 45-55,000 dwt.
MT	Metric tonne (see tonne). A measure equivalent to 1,000 kg.
Nm	Nautical miles. A unit of distance measurement defined as exactly 1,852 metres.
OECD	Organisation for Economic Co-operation and Development.
OPEC	Organization of the Petroleum Exporting Countries.
OSV	Offshore Support Vessels. Such as AHTSs and PSVs. Ships engaged in providing support to offshore rigs and oil platforms.
Panamax	Bulk carrier size range defined by Clarksons as 65-100,000 dwt or tanker size range defined as 55-85,000 dwt. Containership size range defined as vessels 3,000+ TEU capable of transiting the old locks at the Panama Canal.
Parent Company	Clarkson PLC as a standalone entity, registered in England and Wales under company number 1190238.
PCG	PetroChemical Gas
PDH	Propane DeHydrogenation.
PMI	Purchasing Managers' Index. Leading economic indicators derived from monthly surveys of private sector companies.
PPE	Personal protective equipment.
Product tanker	Tanker that carries refined oil products.
PSV	Platform Supply Vessel. Used in supporting offshore rigs and platforms by delivering materials to them from onshore.
S&P	Standard & Poor's 500 Index. An American stock market index based on the market capitalisations of 500 large companies having common stock listed on the NYSE, NASDAQ or the Cboe BZX Exchange.
SaaS	Software as a Service.
SBP	Share-based payments.
SCFI	Shanghai Containerised Freight Index. An index produced by the Shanghai Shipping Exchange reflecting movements in spot container freight rates from Shanghai to a selection of destinations around the world.
SID	Senior Independent Director, Peter Backhouse.
Shipbroker	A person/company who, on behalf of a shipowner/shipper, negotiates a deal for the transportation of cargo at an agreed price. Shipbrokers also act on behalf of shipping companies in negotiating the purchasing and selling of ships, both secondhand tonnage and newbuilding contracts.
Spot market	Short-term contracts for voyage, trip or short-term time charters, normally no longer than three months in duration.
Suezmax	A tanker size range defined by Clarksons as 125-200,000 dwt.
Supramax	A sub-sector of the wider handymax bulk carrier fleet defined by Clarksons as 50-60,000 dwt.
TEU	20-foot Equivalent Units. The unit of measurement of a standard 20-foot long container.
TCFD	Task Force on Climate-Related Financial Disclosures. A framework which provides consistency in reporting of climate-related financial information.
Time charter	An arrangement whereby a shipowner places a crewed ship at a charterer's disposal for a certain period. Freight is customarily paid periodically in advance. The charterer also pays for bunker, port and canal charges.
Time Charter Equivalent (TCE)	Gross freight income less voyage costs (bunker, port and canal charges), usually expressed in US$ per day.
Tonne	Imperial/Metric tonne of 2,240 lbs/1,000 kg (2,204 lbs).
TSR	Total Shareholder Return.
UK Listing Authority ('UKLA')	The Financial Conduct Authority as competent authority for the purposes of Part IV of the UK Financial Services and Markets Act 2000.
Ultramax	A modern sub-sector of the wider handymax bulk carrier fleet, defined by Clarksons as 60-65,000 dwt, including some vessels up to 70,000 dwt.
VLCC	Very Large Crude Carrier. Tanker over 200,000 dwt.
VLGC	Very Large Gas Carrier. Vessel defined by Clarksons as 65,000 cbm or larger.
Voyage charter	The transportation of cargo from port(s) of loading to port(s) of discharge. Payment is normally per tonne of cargo, and the shipowner pays for bunker, port and canal charges.
Voyage costs	Costs directly related to a specific voyage (e.g. bunker, port and canal charges).
Wet (market)	Generic term for the tanker market.

Five-year financial summary

Income statement

	2021* £m	2020* £m	2019* £m	2018* £m	2017* £m
Revenue	**443.3**	358.2	363.0	337.6	324.0
Cost of sales	**(16.5)**	(13.3)	(14.3)	(12.9)	(9.7)
Trading profit	**426.8**	344.9	348.7	324.7	314.3
Administrative expenses	**(355.7)**	(298.5)	(298.2)	(279.7)	(264.8)
Operating profit	**71.1**	46.4	50.5	45.0	49.5
Profit before taxation	**69.4**	44.7	49.3	45.3	50.2
Taxation	**(14.7)**	(9.5)	(11.4)	(10.7)	(12.0)
Profit for the year	**54.7**	35.2	37.9	34.6	38.2

* Before exceptional items and acquisition-related costs.

Cash flow

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Net cash inflow from operating activities	**113.8**	65.9	67.8	22.7	48.0

Balance sheet

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Non-current assets	**290.3**	290.1	349.9	354.3	355.6
Inventories	**1.5**	1.3	1.1	0.8	0.7
Trade and other receivables (including income tax receivable)	**118.4**	76.8	77.1	78.2	61.5
Current asset investments	**10.3**	31.1	15.6	9.7	5.8
Cash and cash equivalents	**261.6**	173.4	175.7	156.5	161.7
Current liabilities	**(257.3)**	(177.4)	(170.6)	(143.6)	(140.3)
Non-current liabilities	**(63.2)**	(66.9)	(68.2)	(21.3)	(21.6)
Net assets	**361.6**	328.4	380.6	434.6	423.4

Statistics

	2021 Pence	2020 Pence	2019 Pence	2018 Pence	2017 Pence
Earnings per share – basic*	**165.6**	106.0	118.8	105.2	116.8
Dividend per share	**84.0**	79.0	78.0	75.0	73.0

* Before exceptional items and acquisition-related costs.

Changes to IFRS have not been retrospectively adjusted.

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