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

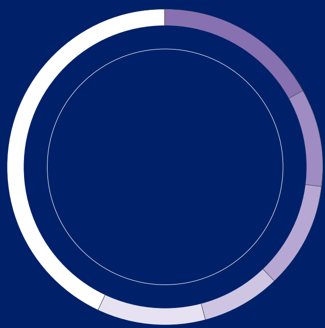
Reporting against the Task Force on Climate-Related Financial Disclosures for the first time
Read more: pages 72 to 75, 119 and 123

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
	– Board resources	107
	– Board oversight and decision-making	107
	– Conflicts of interest	107
	– Stakeholder engagement	108
Division of responsibilities	– The roles of individual directors	105
Composition, succession and evaluation	– Nomination Committee Report	110
	– Succession planning and Board appointments	112
	– Election and re-election of Directors	114
	– Board and Committee effectiveness	115
	– Diversity	116
	– Induction	116
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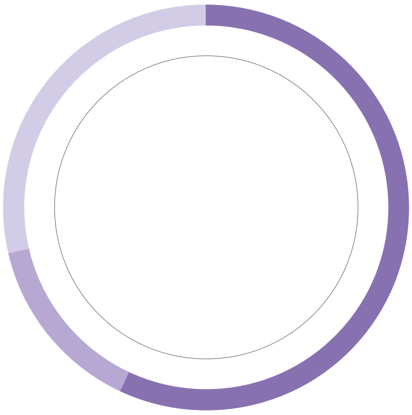
Audit, risk and internal control	– Audit and Risk Committee Report	118
	– Financial reporting, including fair, balanced and understandable assessment	121
	– External audit	121
	– Internal controls and risk management	123
	– Going concern	124
	– Viability statement	124
	– Compliance	124
	– Internal audit	125
Remuneration	– Annual statement – Remuneration Committee Chair	126
	– Remuneration Committee – at a glance	128
	– Annual report on remuneration	129
	– Appendix: Directors' Remuneration Policy	140

Board of Directors

Diversity on the Board

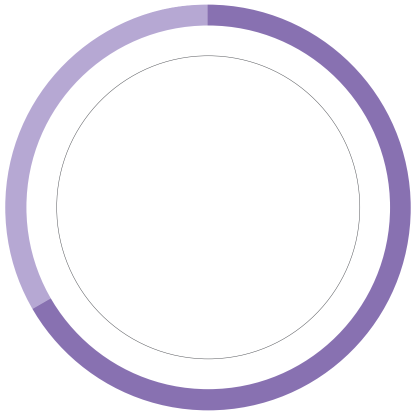
We recognise that diversity, in its broadest sense, is a key driver of an effective board, leading to effective debate, challenge and decision-making.

Non-Executive Director tenure
As at 4 March 2022



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

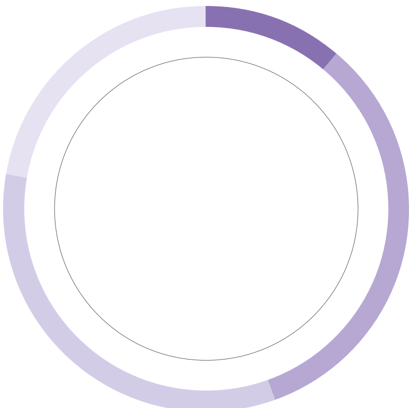
Gender
As at 4 March 2022[1]



Male	6
Female	3

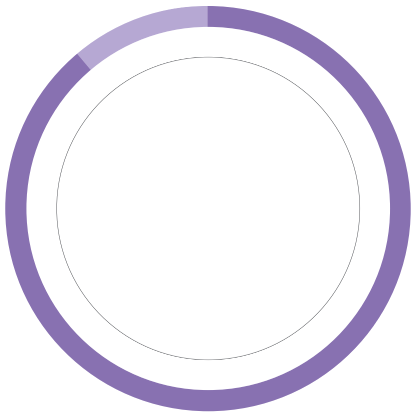
1 As at 31 December 2021: male – 7, female – 3.

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	

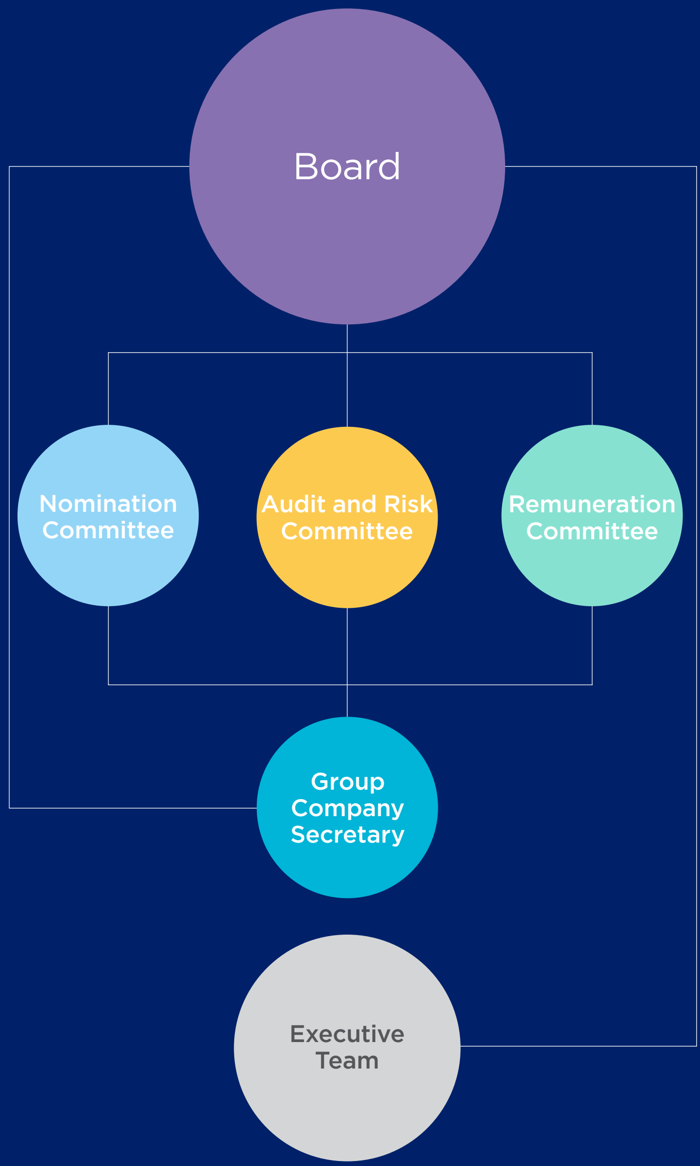
Corporate Governance Report

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.

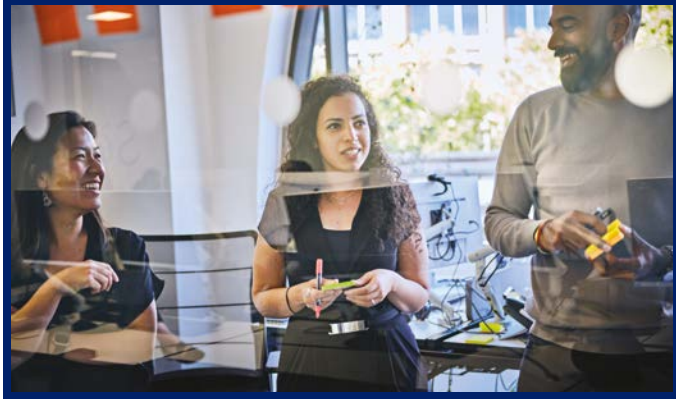
Our shareholders

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

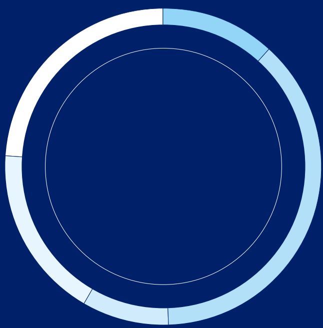
Continued review of succession planning for the Board and senior management
Read more: pages 112 and 113

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

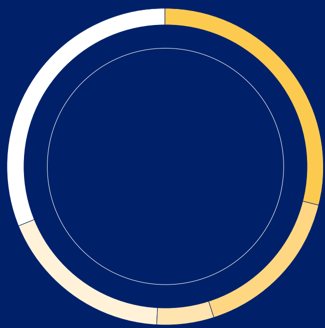
Implementation of the first phase of our new finance system
Read more: pages 119 and 123

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.

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

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.

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

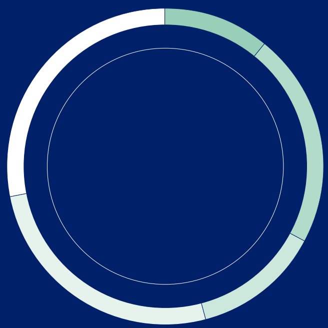
Planning for engagement with shareholders ahead of the vote at the 2022 AGM on the 2021 Directors' Remuneration Report
Read more: page 127

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

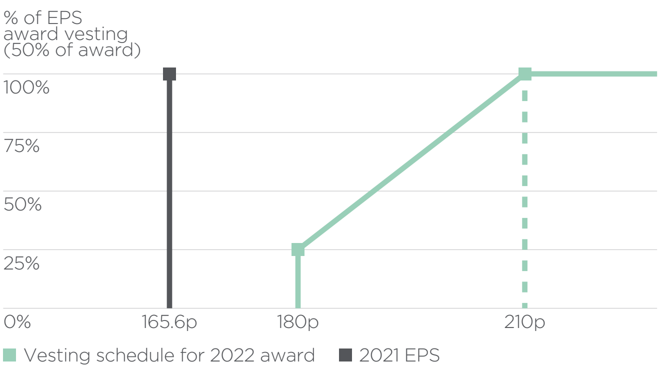
Consistent with past practice, it is envisaged that:

- 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.

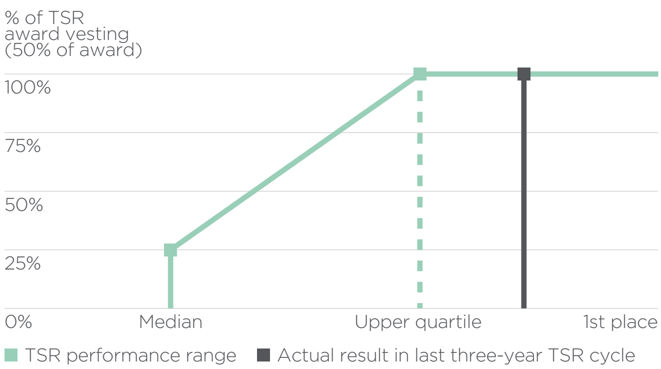
The awards will be subject to clawback provisions and a two-year post-vesting holding period.

(i) EPS target range for 2022 award (50% of award)



EPS target (pence) for FY ended 31 December 2024 for the 2022 award

(ii) TSR target range for 2022 award (50% of award)



TSR ranking at end of three-year performance period

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.

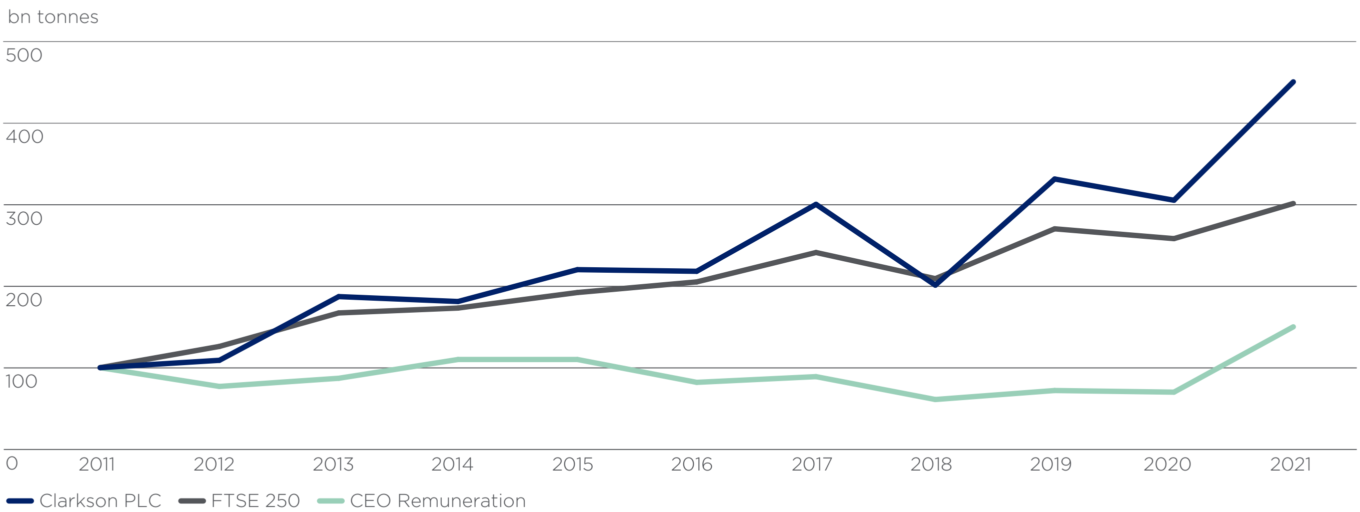
Details of the Non-Executive Directors' appointment terms are as follows:

	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