CLARKSON PLC

Enabling global trade. Leading positive change.

2022 Annual Report

2022 highlights

Revenue*

£603.8m

2021: £443.3m

Underlying profit before taxation*^

£100.9m

2021: £69.4m

Reported profit before taxation

£100.1m

2021: £69.1m

Dividend per share

93p

2021: 84p

* Classed as a key performance indicator. Refer to page 14 for more information.
^ Classed as an alternative performance measure. See below for further details.

Contents

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

Alternative performance measures ('APMs')
Clarksons uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information. Our APMs include underlying profit before taxation and underlying earnings per share. See pages 214 and 215 for further information on APMs.

Offices and countries
Information related to offices and countries where we operate is at 31 December 2022 unless otherwise stated.

Throughout this Annual Report you will find a series of icons which will direct you to further information:

Scan the QR code to access more content on our website.

Find out further information in other parts of this Annual Report.

Access further information online.

Seaborne trade accounts for 85% of global trade.

Whilst shipping is the most emissions efficient mode of transport, there is an increasing impetus towards decarbonisation.

Against this backdrop, Clarksons continues to drive smarter, cleaner global trade – that's our purpose.

Global demand
Long-term investment in our business enables us to meet global demand

85%
Of global trade is carried on ships

12bn tonnes
Of global seaborne trade

56
Clarksons offices

7%
Expected increase in length of haul for oil products in 2023 due to redistribution of flows post the onset of the Russia-Ukraine conflict

24

Countries in which Clarksons operates

38%

Peak containership congestion as measured by the share of the global fleet in port

24%

Of all global imports are into China

1.5 tonnes

Seaborne trade per capita

1,841

Employees

2.3%

Shipping's share of global CO_2 emissions

Our framework for creating value

Our purpose

Communicates our strategic direction to our people, clients and wider stakeholders, and underpins everything that we do.

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

Our values

Articulate the qualities that we embody and represent our current and future aspirations for the business. They are the foundation of our culture.

We always act with integrity
We are honest and straight talking with no tolerance for hidden agendas or politics. We act with thoughtfulness and integrity so our clients know they can trust us to do the right thing.

We're dedicated to excellence
We work as a team, using our insight and intelligence to explore innovative solutions. We strive to exceed clients' expectations, every time.

We collaborate and challenge
We're committed to collective success and we're not afraid of challenging the status quo to achieve it. Across 56 offices in 24 countries, we work together to reach the best outcomes.

Our behaviours

We live our values through our behaviours.

Driven
...is the desire and passion to succeed, deliver excellence and make positive change: 'the will to win.'

Links to our values:
Dedicated to excellence
Act with integrity

Resilient
...is the ability to persist and adapt in difficult situations, bouncing back from setbacks.

Links to our values:
Dedicated to excellence
Collaborate and challenge

Collaborative
...is working with colleagues to share information, develop skills, build Clarksons' community and deliver results.

Links to our values:
Collaborate and challenge
Dedicated to excellence

Relationship builder
...is building strong, sustainable partnerships with colleagues, clients and stakeholders.

Links to our values:
Collaborate and challenge
Act with integrity

Smart
...is solving problems, providing advice and making smarter decisions based on logic, facts, data and a future view.

Links to our values:
Dedicated to excellence
Act with integrity

Our competitive strengths

What differentiates us from our competitors and drives our business model.

People
The best in the business.

Clients
Understanding their needs.

Intelligence
Authoritative.

Technology
Robust platforms and tools.

Experience
Unrivalled depth, established leading position, all facilitating smarter, cleaner global trade.

Read more:
Our business model on pages 46 to 51.

Our strategic pillars

Building on our strong performance to maintain and develop our position as the global market leader in shipping services.

Breadth
Expanding our breadth to better tailor our integrated offer.

Reach
Extending our reach to support clients globally.

Understanding
Stronger understanding of clients' needs.

People
Empowering people to fulfil their potential.

Trust
Maintaining trust in shipping intelligence.

Growth
Growing our business to improve performance.

Read more:
Our strategy on pages 44 and 45.

Our stakeholders

We create value for our stakeholders.

Our clients
By offering a market-leading service at every step of the shipping lifecycle.

Our people
By providing a great place to work where everyone can fulfil their potential.

Our communities
By having a positive impact on both the shipping community and wider society.

Our shareholders
By generating sustainable long-term value and returns.

Read more:
Our Stakeholder engagement on pages 52, 53, 64 to 71 and 96 to 99.

A record year
2022 was a remarkable year for the shipping industry.

Laurence Hollingworth
Chair

Overview

As I reflect at the end of my first year as Chair, various observations spring to mind as to what makes Clarksons such an exceptional business. First is the quality, energy and focus of all of our employees worldwide, without whom the record results for 2022 we have delivered would not have been possible. Second is our culture and values, which underpin the way we operate and behave and which are reflected in our many strong and enduring client relationships. Finally, and crucially, is our relentless focus on investing in the future of our Company, be that through, for example, the green transition, our continued investment in **Sea/** and the training of our people to ensure best-in-class service to our clients.

2022 was a remarkable year for the shipping industry driven by a number of significant "x" factors. As countries were at differing stages of recovery from COVID-19 and China experienced a second lockdown, congestion and disruption were already the key issues in shipping. Then Russia's invasion of Ukraine caused another wave of wide-reaching consequences, including sanctions and significant changes in both commodity flow and availability, issues not just for shipping but for the wider economy as well. The energy and cost of living crises, combined with inflation and higher interest rates, added further challenges to the global economy, and to the asset-heavy shipping industry.

Against this backdrop, the Group continued to thrive, a testament to both the strategy and the teams within Clarksons. The decarbonisation journey, which is both complex and important for shipping, is now well underway but will take time to complete. Transition will require a number of different solutions, significant investment and the provision of finance to the industry. Clarksons is focused on ensuring we can add value within this process.

We believe our long-term strategic commitment to continuing to invest in our teams, products and services will continue to reap dividends as the market evolves. In addition to extending the depth and breadth of our broking teams, we continue to invest in high-quality data within Clarksons Research, **Sea/** – our maritime technology platform, Support covering ports services and supplies, and the Financial division sourcing financing across shipping, offshore, renewables and real estate.

Results

I am delighted to report that underlying profit before taxation[1] was £100.9m (2021: £69.4m) with underlying basic earnings per share[1] of 250.3p (2021: 165.6p). Reported profit before taxation was £100.1m (2021: £69.1m) with reported basic earnings per share of 247.9p (2021: 164.6p).

Free cash resources[1] as at 31 December 2022 were £130.9m (2021: £92.3m).

Dividend

We are extremely proud to confirm that this will be our 20th consecutive year of dividend increases. The Board is recommending a final dividend for 2022 of 64p (2021: 57p). Combined with the interim dividend in respect of 2022 of 29p (2021: 27p), the resulting full year dividend in respect of 2022 results is 93p (2021: 84p). The dividend will be payable on 26 May 2023 to shareholders on the register on 12 May 2023, subject to shareholder approval.

People

I was delighted to take up the role of Chair on 2 March 2022 and I greatly appreciate the generosity of my colleagues, who have committed significant time and energy to immerse me in all aspects of Clarksons' business. I have been hugely impressed by the energy, agility and future-focused strategic activity across all departments.

The enthusiasm and commitment to co-ordinated support of our clients across all sectors and at all levels is what I believe makes Clarksons so highly regarded by clients looking for market-leading intelligence and insights across the industry. Our continued focus is on expanding our global footprint and service offering, and adding to what is the very best talent in the sector across all divisions. I thank all our colleagues for their exceptional efforts this year.

Giving back

It is of the utmost importance to us that Clarksons is a force for good across our global community, and we ensure that both our colleagues and the communities we are part of around the world are valued, respected and supported. To that end, this year we have extended the activities of our Green Transition team in every area of the business, helping our clients to reduce the impact of shipping on the environment, and reinforced our commitment to the activities of The Clarkson Foundation to create positive change for those in need around the world. The Clarkson Foundation has, for example, made a tangible difference by donating to charities that provided clean water facilities and hygiene education to five schools in Kenya and funded hot meals over the Christmas period to some experiencing homelessness in London.

Board

Peter Backhouse retired from the Board this year following the completion of his nine-year tenure as an independent Non-Executive Director. I would like to thank Peter for his outstanding service to Clarksons. His perspective, insights and counsel have been greatly valued as Clarksons has steered a successful course through a period of considerable volatility, and we wish him the very best for the future.

Outlook

We start 2023 confident in the outlook for Clarksons. The successful execution of our long-term strategy to be best-in-class across all segments of shipping, offshore and renewables means that we are optimally positioned for what we believe will be a sustained period of growth in the industry.

Whilst there are considerable uncertainties in the geo-political landscape, we are confident that supply-side constraints brought about by years of underinvestment and the pressure on shipowners and charterers to decarbonise, will provide significant opportunities for Clarksons long into the future.

We will continue our strategy of investing in the best people and opportunities across the globe to ensure that we remain at the very forefront of the industry, delivering growth for all stakeholders.

Finally, I would like to thank every employee in every office of the Group for their commitment and hard work during the past year. It is truly appreciated.

Laurence Hollingworth
Chair
3 March 2023

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

The biggest change in shipping arises from the green transition

Clients recognise the significant steps they need to take towards decarbonisation.

Andi Case
Chief Executive Officer

2022 was a record year for Clarksons, and I thank all my colleagues across every area of the business for their hard work, dedication and commitment. Our performance this year is the result of our consistent strategy, (i) to be best-in-class across each and every vertical within shipping and offshore, (ii) to be best-in-class in each geographic region globally, (iii) to have the best data, intelligence and analysis, (iv) to invest in our teams and the best tools for trade, (v) to have an integrated business model meeting all the needs of our extensive client base, and most importantly (vi) to add value to our clients and put their needs at the heart of all that we do. This strategy has of course been underpinned by our growing team of professionals and experts, and I am proud to work alongside the very best in the industry.

We have for some time been signalling the evolution in maritime, which we are now seeing and benefiting from. Demand and supply are in constant motion; there is uncertainty of technology for the green transition; fleet profiles are the oldest for over a decade; the order book of new ships is historically low compared to the overall fleet in most of the larger commodity verticals; financing availability is tight; and interest rate rises together with inflation are impacting on the cost of building. It is clear to see there are still significant constraints on the scale of shipbuilding.

But without question, the green transition is the biggest change in shipping and the drivers for change in our industry are significant. Regulators, charterers, industry lobby groups and the consumers of products shipped are demanding change in the greenhouse gas emissions of shipping. The needs of participants to predict, record and analyse emissions data in order to reduce their footprint on an ongoing basis has never been higher, which means that the services offered by our broking, research and technology teams are in high demand. Importantly, our Green Transition consultancy, linked with the intelligence offered by our execution capability in newbuildings, is helping our clients drive change. This activity will significantly alter the specifications of vessels on the water and the value drivers in vessel chartering, where emissions are becoming a key metric as to which vessel to select.

The order book is increasingly comprised of alternate-fuelled ships with evolving designs. A full understanding of all elements of this transition is a key component of our service in helping clients meet the needs of the industry. Nevertheless, overall the newbuild order book is flat, with most of the activity in 2022 in containerships, car carriers and gas carriers. Elevated newbuilding prices, limited berth availability and uncertainty around fuelling technology contributed to relatively lower order volumes, increasing the likelihood of meaningful supply-side constraints over the coming years in many verticals. Further constraints arise from environmental pressures, which are creating more scrutiny and control over the existing fleet, impacting and constraining speed and emissions.

Over the last few years there has been an increased need to focus on Know Your Client ('KYC') and compliance with global sanctions. We have invested in this area and we believe that this has become increasingly important to clients following the onset of the Russia-Ukraine conflict, which has created complex challenges as businesses need to protect their reputations while complying with sanctions. Our clients want to understand the implications of dealing with all parties within their entire network, and their recognition that wilful ignorance is not acceptable means that they value Clarksons' market-leading systems and commitment to transparency.

Broking

The maritime industry experienced a diversity of trends across its major segments during the year. Major global disruption, including the dislocation of trade brought about by the onset of the Russia-Ukraine conflict and the continued impact from the COVID-19 pandemic, tightened markets and impacted, not only seaborne cargoes, but also pipelines. This led the ClarkSea index to increase 30% to an all-time high, before coming off in Q4 on the back of a slowing world economy, inflation and an easing of COVID-19-related port congestion. Indeed, these global economic and geo-political stresses have put immense pressure on the shipping industry to rapidly change, to ensure food and energy reach people in need, irrespective of the changes in supply chains and sanctions which have massively changed shipping routes and participants able to transact with each other. Our ability to understand the changing situation and react quickly has stood us in very good stead during the period.

Against this backdrop, the Broking division, which has a market-leading position in all key shipping sectors, had a particularly strong year as volume and market share gains aligned with high utilisation rates, driving higher freight rates. Despite the rate environment not reaching record levels, the broking teams broke all previous highs, giving us significant confidence for the sector as supply-side constraints and inflationary pressures support higher prices going forward.

The offshore oil, gas and renewables market also had a year of change resulting in a notably stronger year, driven by increased demand for energy in the short term and the drive towards energy security. The team is seeing significant opportunities for assets as nations and businesses seek to reduce their dependence on Russian natural resources. Moreover, the long-term trend towards renewable energy and its importance in the energy basket is driving our continued investment in renewables across all areas of the business.

Tankers, specialised products and gas markets, covering LNG, LPG and other petrochemical gases, have had a strong year and continue to perform well with good market fundamentals for the future. The dry bulk market was also strong for much of the year, but freight rates have come off more recently due to short-term factors which we believe will reverse as the year progresses. The container sector started off the year at record levels, but faced a sharp decline in the second half due to a decrease in trade volumes and congestion unravelling.

The S&P team had a very successful year as demand for vessels was high, despite there being a significant volume of transactions with respect to the much talked about shadow fleet which was off limits to our teams.

Overall, segmental profit before taxation from Broking was £117.6m, up £44.0m over the year, with a margin of 23.7%.

Financial

The Financial division faced tougher conditions in 2022 with an adverse macro-economic and geo-political environment leading to a pause in capital raising. Several transactions which were due to be completed in the second half of 2022 are now expected to close in the first half of 2023, and indeed many have already been completed, or are close to being completed, at the time of writing.

Our areas of focus in shipping, metals and mining, offshore oil services and renewables mean that our pipeline remains strong. Whilst the macro-economic outlook for 2023 remains uncertain, we expect to benefit as a number of large banks and other competitors have left these markets and there remains pent-up demand for capital.

Our project finance teams across shipping, offshore and real estate have also continued to perform well.

Overall, our Financial division produced a segmental profit before taxation of £7.8m in 2022 compared with £13.3m in 2021.

Support

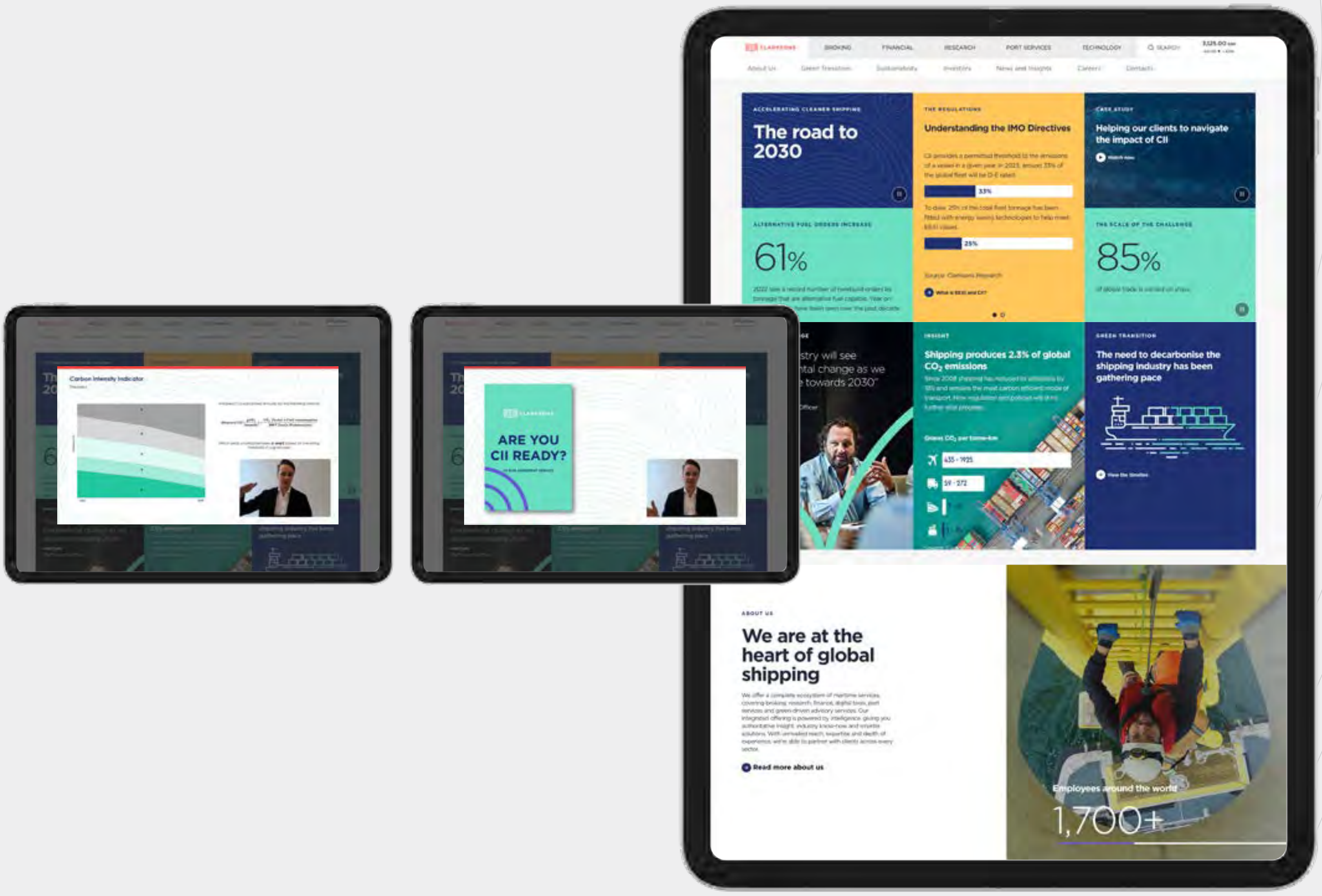
The Support division had a very strong 2022 as our agency, supplies, customs clearance and freight forwarding businesses all benefited from the increasing focus on offshore renewables, as well as increased activity through ports as COVID-19 congestion has eased. We have, since the year-end, continued our investment in this growth segment and I was delighted to recently announce investment in DHSS, a renewables-focused port services business based in mainland Europe.

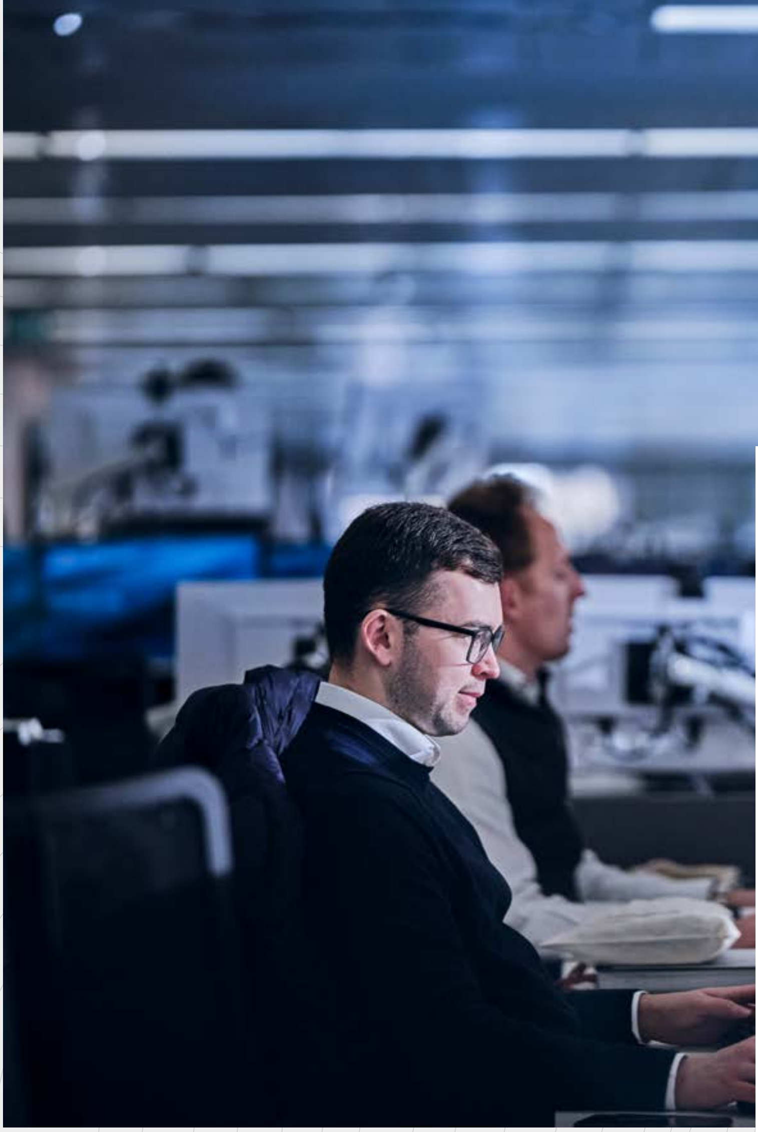
The Support division produced a segmental profit before taxation of £5.0m and a 12.8% margin in 2022 (2021: £3.3m and 11.1%).

Research

The performance of the Research division is testament to the depth and quality of Clarksons' research and the high regard in which it is held by clients. Its products have seen significant growth from increased breadth and depth, particularly extensive evolution in data and intelligence relating to the green transition in shipping and the overall energy transition.

The division increased segmental profit before taxation by 14.8% to £7.0m (2021: £6.1m).





Sea/

We welcomed Peter Schrøder as CEO of Maritech in April 2022 and are delighted with client interest in, and adoption of, **Sea/**, the intelligent platform for fixing freight. During the last year we have evolved the management team, increased sales and client adoption and acquired two businesses – Setapp, a business expert in maritime software product development, and Chinsay, a contract management platform particularly focused on the dry bulk sector which integrates well into **Sea/** and creates scale alongside **Sea/contracts**. This business remains a key area of strategic focus with 2023 being a pivotal year in rolling out **Sea/** across all areas of the dry bulk market and into other sectors as well.

Outlook

Whilst the global geo-political outlook for 2023 and beyond remains uncertain, the strength of business and balance between supply and demand, supported by our record level of forward order book, gives us confidence in the outlook for Clarksons.

The green transition is an area of key importance for Clarksons as clients recognise the significant steps they need to take towards decarbonisation. Increased environmental regulation and societal pressures will create opportunities across all our divisions for many years to come.

We will continue to invest in our people, technology and businesses across all segments, to ensure we have the expertise and insights to provide the best advice, execution, data and technology in the industry.

Regardless of the challenges of the global markets in recent years, we have not deviated from our strategy of investing for growth, ensuring that the breadth, depth and quality of our ever-expanding offering maintains us at the forefront as we enter this new phase of shipping.

Andi Case
Chief Executive Officer
3 March 2023

Another record financial performance

Strong cash generation enables us to continue our progressive dividend policy for the 20th consecutive year.

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Financial performance

2022 was another record year for the Group. Revenue increased 36.2% to £603.8m (2021: £443.3m) and underlying profit before taxation[1] increased by 45.4% to £100.9m (2021: £69.4m).

The Broking division has been the main driver for this growth, continuing to benefit from the long-term strategy to increase our global footprint and be best-in-class across every segment of shipping and offshore. As we went into 2022, the low level of order book as a percentage of the world fleet combined with the high utilisation highlighted last year, created the backdrop for stronger freight rates and asset prices in many verticals. Overall, Broking generated a segmental profit before taxation of £117.6m in the year (2021: £73.6m), with an increased margin of 23.7% (2021: 21.6%) driven by strong performances in dry bulk, specialised and offshore, together with a much-improved performance in tanker markets.

The Financial division experienced tougher markets compared to 2021, generating a segmental profit before taxation of £7.8m and margin of 15.7% (2021: £13.3m and 23.8%), reflecting more muted activity in capital markets across shipping, metals and minerals and renewables, and more sporadic deal flow in shipping, offshore and real estate project finance, particularly in the second half of the year. The Support and Research divisions experienced good revenue and profit growth, with our port services business continuing its steady improvement following the COVID-19 pandemic, and Clarksons Research benefiting from the investment in enhancing its digital products.

Revenue	Underlying profit before taxation[1]
£603.8m	£100.9m
2021: £443.3m	2021: £69.4m

Reported profit before taxation	Dividend per share
£100.1m	93p
2021: £69.1m	2021: 84p

The Group incurred underlying administrative expenses[1] of £481.2m (2021: £355.7m) in the year, an increase of 35.3%, largely due to an increase in variable remuneration as a result of the improved business performance. Within these expenses, central costs unallocated to business segments increased to £36.6m (2021: £25.2m), reflecting an increase in variable remuneration from higher profits, further investment into central IT systems, website, branding and people, and increased **Sea/** technology amortisation costs as the platform increases maturity of use. **Sea/** costs on a cash basis have also increased slightly from 2021 with additional investment in management and sales capabilities to support the growing business and fewer costs being capitalised in 2022 than in previous years.

Acquisitions

During the first half of the year, the Gibb Group acquired PPE Suppliers Limited for £0.2m, broadening the reach of our tools and supplies offering within the Support segment. The Group completed two acquisitions under the Maritech brand during the second half of the year: Chinsay, a business which enhances our capabilities and client base within the dry cargo contract management space, and Setapp, a business expert in maritime software development, with a view to further growing and developing **Sea/**. Chinsay was acquired for a total consideration of US$3.2m and Setapp for €3.0m.

Acquisition-related costs include £0.2m (2021: £0.2m) relating to amortisation of intangibles and £0.3m (2021: £0.1m) of cash and share-based payments spread over employee service periods. A further £0.3m (2021: nil) is included relating to the Chinsay and Setapp acquisitions. We estimate acquisition-related costs for 2023 to be £0.5m assuming no further acquisitions are made.

Taxation

The Group's underlying effective tax rate[1] was 20.4% (2021: 21.2%), slightly lower than the prior year as a result of a one-off tax credit in the US, though still reflecting the broad international operations of the Group. The Group's reported effective tax rate was 20.5% (2021: 21.2%).

Earnings per share

Underlying basic earnings per share[1] increased by 51.1% to 250.3p (2021: 165.6p) and is calculated as underlying profit after taxation[1] attributable to equity holders of the Parent Company divided by the weighted average number of ordinary shares in issue during the year. The reported basic earnings per share was 247.9p (2021: 164.6p).

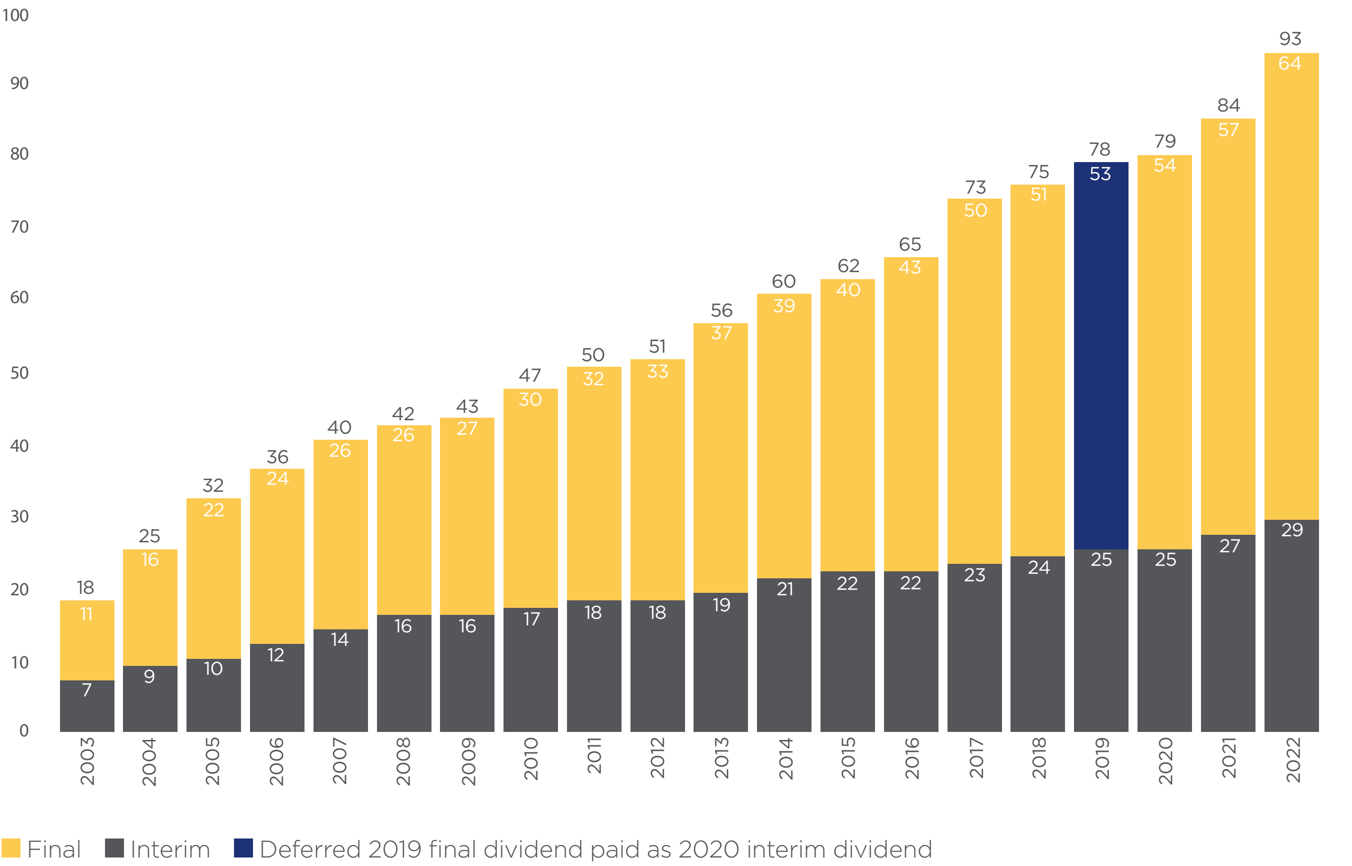
Forward order book ('FOB')

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

The Directors review the FOB at the year-end and only publish the FOB items which will, in their view, be invoiced in the following 12 months. At 31 December 2022, this estimate was 30.9% higher than the prior year at US$216m (31 December 2021: US$165m).

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

Dividend per share (pence)



Dividend

The Board is recommending a final dividend in respect of 2022 of 64p (2021: 57p) which, subject to shareholder approval, will be paid on 26 May 2023 to shareholders on the register at the close of business on 12 May 2023.

Together with the interim dividend in respect of 2022 of 29p (2021: 27p), this would give a total dividend of 93p for 2022, an increase of 10.7% on 2021 (2021: 84p). In taking its decision, the Board took into consideration the Group's 2022 performance, balance sheet strength, ability to generate cash and FOB.

This increased dividend represents the 20th consecutive year that the Board has raised the dividend.

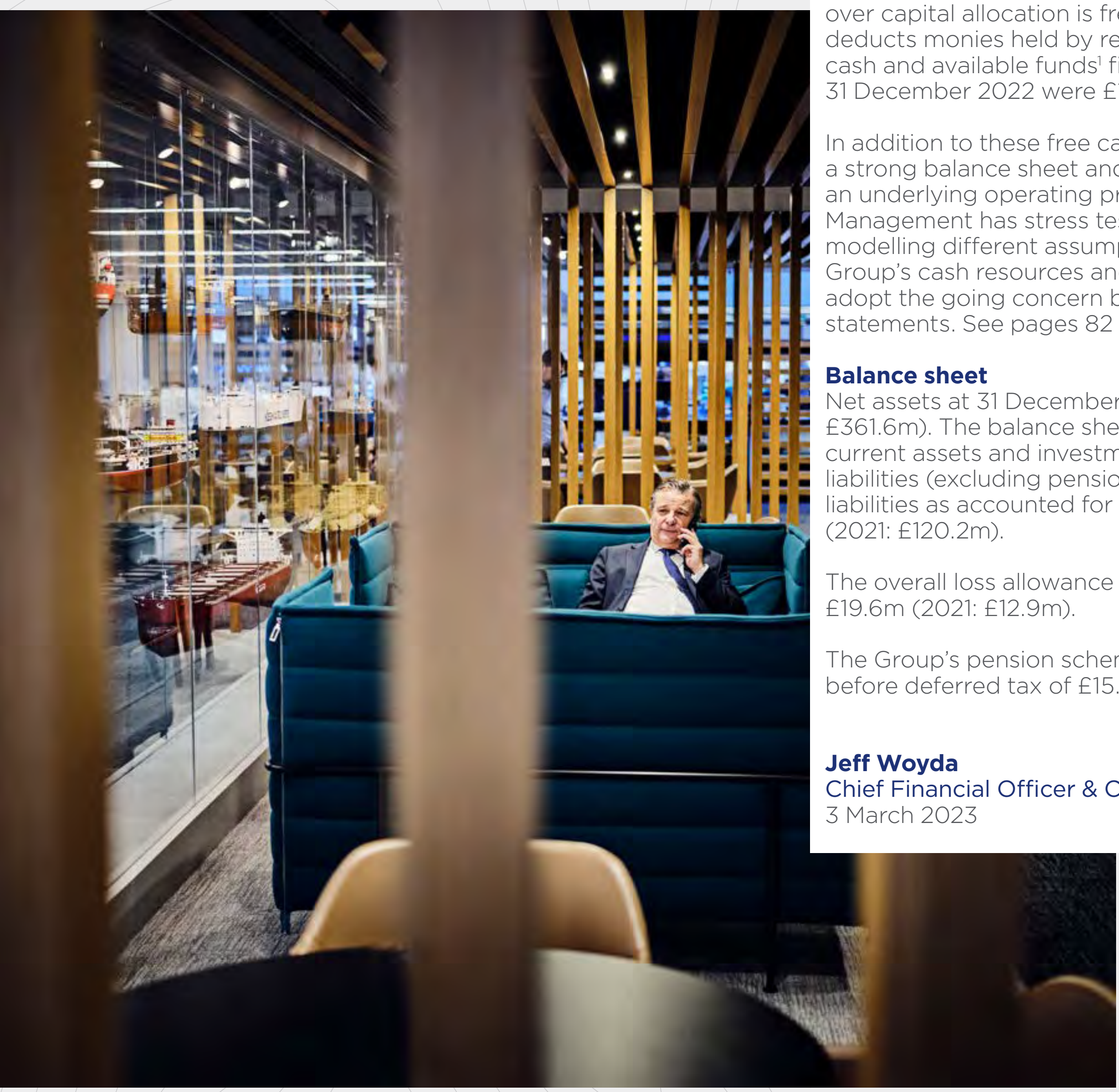
Foreign exchange

The average sterling exchange rate during 2022 was US$1.23 (2021: US$1.38). At 31 December 2022, the spot rate was US$1.21 (2021: US$1.35).

Cash and borrowings

The Group ended the year with cash balances of £384.4m (2021: £261.6m) and a further £3.1m (2021: £9.6m) held in short-term deposit accounts and government bonds, classified as current investments on the balance sheet.

Following correspondence this year with the Corporate Reporting Review Team of the Financial Reporting Council, we agreed to restate certain cash flows relating to equity-settled liabilities within the Consolidated Cash Flow Statement both within 'net cash flow from operating activities' and 'financing activities'. We have restated the Consolidated Cash Flow Statement for the year ended 31 December 2021 to add back £11.3m of equity-settled liabilities as 'operating activities' and deduct £11.3m of shares acquired by our Employee Benefit Trust ('EBT') as 'financing activities'. This presentation has also been adopted for the year ended 31 December 2022 (see page 154).



Net cash and available funds[1], being cash balances after the deduction of accrued bonuses, at 31 December 2022 were £161.7m (2021: £122.3m). The Board uses this figure as a better representation of the net cash available to the business since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

A further measure used by the Board in taking decisions over capital allocation is free cash resources[1], which deducts monies held by regulated entities from the net cash and available funds[1] figure. Free cash resources at 31 December 2022 were £130.9m (2021: £92.3m).

In addition to these free cash resources[1], the Group has a strong balance sheet and has consistently generated an underlying operating profit and good cash inflow. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources and, as a result, continues to adopt the going concern basis in preparing the financial statements. See pages 82 and 83 for further details.

Balance sheet

Net assets at 31 December 2022 were £413.2m (2021: £361.6m). The balance sheet remains strong, with net current assets and investments exceeding non-current liabilities (excluding pension provisions and lease liabilities as accounted for under IFRS 16) by £163.6m (2021: £120.2m).

The overall loss allowance for trade receivables was £19.6m (2021: £12.9m).

The Group's pension schemes had a combined surplus before deferred tax of £15.4m (2021: £22.0m).

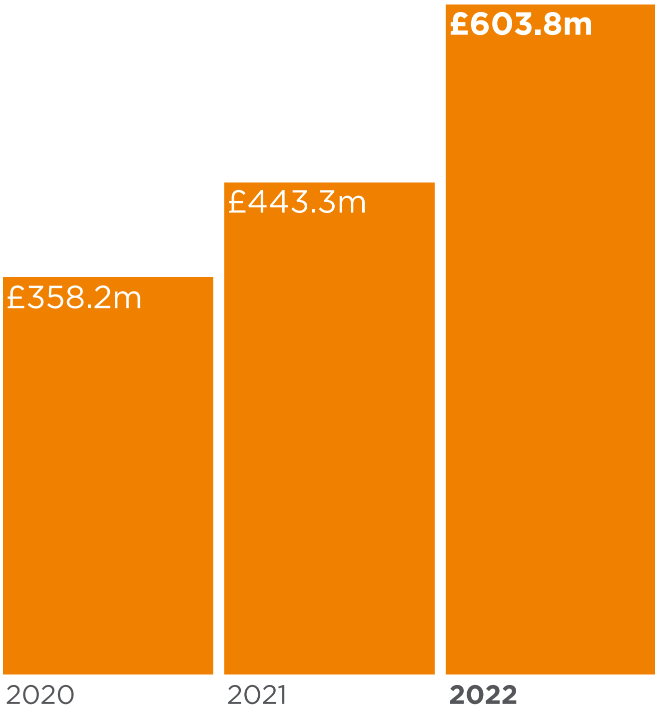
Jeff Woyda
Chief Financial Officer & Chief Operating Officer
3 March 2023

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

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

Revenue

£603.8m



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

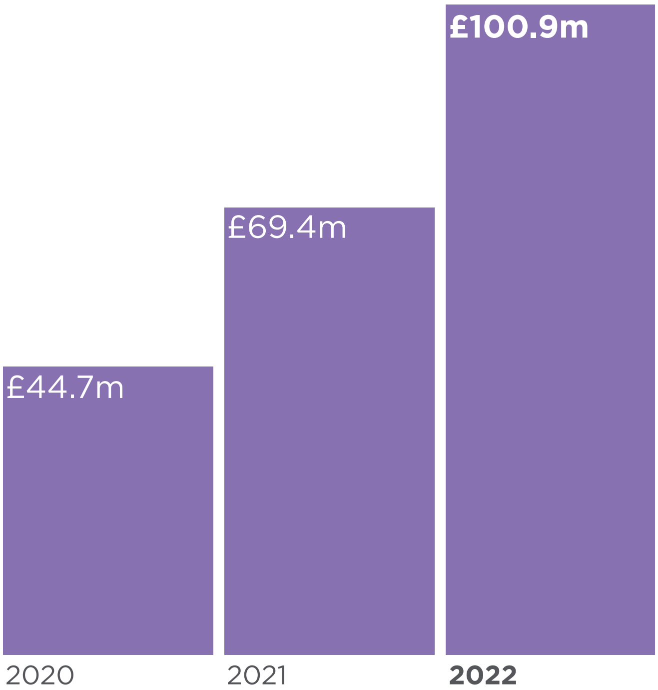
Why it is important for Clarksons
Revenue drives the business, resulting in cash generation and rewards to stakeholders.

Performance in 2022
Revenue increased by 36.2% from the prior year with growth in the Support and Research segments and a strong performance in the Broking segment in particular. The Financial segment experienced a tougher year.

Read more:
Note 3 of the consolidated financial statements on pages 165 and 166.

Underlying profit before taxation[1]

£100.9m



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

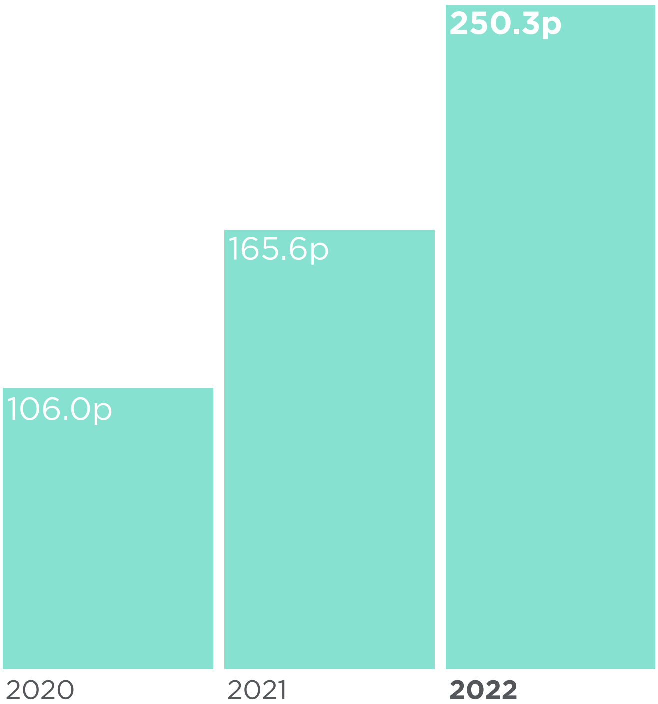
Why it is important for Clarksons
The Board considers that this measurement of profitability provides stakeholders with information on trends and performance, before the effect of exceptional items, acquisition-related costs and different tax regimes around the world.

Performance in 2022
This increased by 45.4% from the prior year driven by the strong revenue growth and effective cost management across the Group in the year.

Read more:
Financial review on pages 10 to 13.

Underlying earnings per share[1]

250.3p



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

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

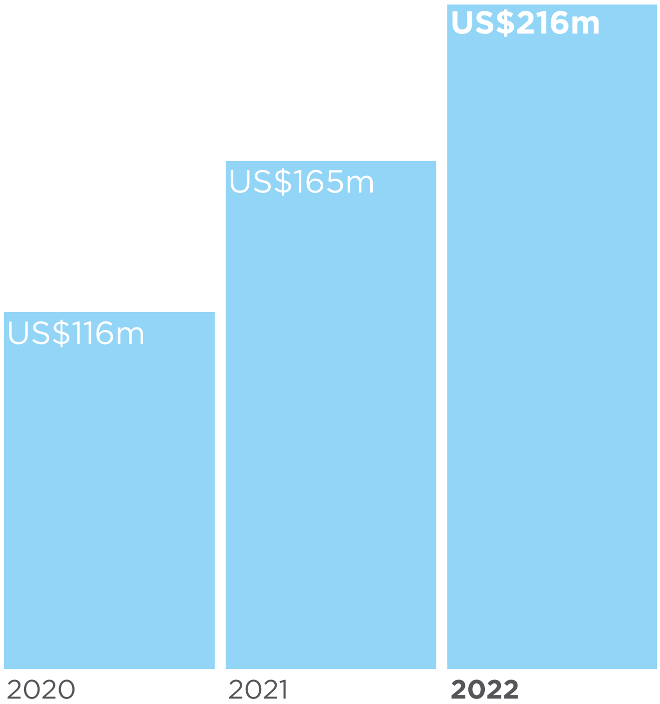
Performance in 2022
This increased by 51.1% in line with the growth in underlying profit before taxation[1] and with the effective tax rate slightly lower than the prior year.

Read more:
Note 7 of the consolidated financial statements on page 171.

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

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

US$216m



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

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

Performance in 2022
The FOB for the next 12 months increased by 30.9% compared to the prior year with strong freight rates across key chartering markets, an increased focus on period business across all segments and increased newbuilding business driven by the green transition, leading to more long-term fixtures executed.

Whilst we use non-financial metrics within the business, such as in relation to employment matters (see Our impact on pages 64 to 67), we do not use non-financial KPIs to measure the strategic performance of the Group.

Anticipating change

Change in our business is constant. From the impact of unprecedented global events such as the financial crisis, the global pandemic and major conflicts to long-term changes in trade, fleet, shipbuilding and finance. And with an accelerating green transition, change is increasingly being driven by new and complex emissions regulation and policies.

The entry into force of new IMO regulations in 2023 is a hugely significant milestone in shipping's decarbonisation pathway and in the way our industry will operate.

Our resilience, innovation and forward planning ensures we can navigate change successfully and sustainably.

Introduction of ECAs
The Baltic Sea becomes the first Emission Control Area ('ECA').

2006

Financial crisis
By 2008, global seaborne trade had surged to 8 billion tonnes following rapid growth in commodity flows as global population increased and the Chinese economy expanded. Following the financial crisis, trade contracted sharply before a gradual recovery in volumes. Post the financial crisis, the shipping industry focused on managing the structural surplus capacity that had developed.

2008

EEDI
The Energy Efficiency Design Index becomes mandatory for new ships. This technical measure promotes more energy efficient equipment and engines.

SEEMP
The Ship Energy Efficiency Management Plan becomes compulsory for all ships. This operational measure provides an approach for management of ship and fleet efficiency performance over time using indicators as monitoring tools.

2013

Paris Agreement
International treaty to limit the global average temperature increase in this century to below 2 degrees above pre-industrial levels through the reduction of global GHG emissions. The role of the IMO is recognised as crucial in mitigating the impact of GHG emissions from shipping. In October 2016, the IMO's roadmap for developing a strategy on emissions reduction is approved, with the strategy fully adopted in 2018.

2015

0.5%

Global Sulphur Limit
Known as IMO 2020, the global limit on the sulphur content in ships' fuel was reduced from 3.5% to 0.5%. This resulted in an estimated 77% drop in sulphur oxide emissions from ships. To meet this regulation, some ships switched to compliant fuels, including very low sulphur fuel oil, and some vessels were fitted with 'scrubbers' to clean exhaust gas.

COVID-19
As the global pandemic took hold, there was an immediate disruption to global trade. Divergent trends saw a sharp recovery in some sectors but a prolonged recovery in others as the world opened up at varying speeds. Despite managing widespread disruption and congestion, the green transition became central to shipping's post-COVID-19 planning.

2020

2022

Russia-Ukraine conflict

The geo-political response to the conflict has driven a fundamental redistribution of trade flows, with Europe and Russia sourcing alternative import and export markets. This has driven demand for shipping by increasing the distance and complexity of trading patterns. And with increased geo-political uncertainty, shipping must now manage the world's focus on both energy security and energy transition.

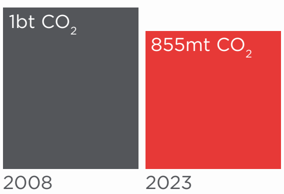
2023

40%

EEXI and CII

Entry into force of short-term GHG measures from the IMO involving segment-specific minimum ship-by-ship technical energy efficiency standards ('EEXI') and an annual carbon intensity reduction ship rating programme ('CII') based on operational performance. These measures align with the IMO target for the industry to reduce CO_2 emissions intensity by 40% by 2030 (compared to 2008).

Estimated total world fleet CO_2 emissions



Source: Clarksons Research

2025

Fuel EU Maritime

Fuel EU Maritime proposal, part of the EU's 'Fit for 55' package of key climate policies, comes into effect. The proposed regulation introduces increasingly strict limits on the GHG intensity of the energy used by commercial vessels at EU ports and on voyages between EU ports, driving the increased use of alternative fuels. This follows the extension of the EU Emissions Trading System to shipping from the start of 2024.

ECA Extension

A new ECA to come into force in the Mediterranean Sea. This is the fifth ECA to come into effect alongside the Baltic Sea (2006), the North Sea (2008), North America (2017) and US Caribbean (2014).

2030

US$1.2tn

IMO target drives fleet renewal

As part of vital efforts to meet the IMO's GHG emissions targets, a significant fleet renewal programme will be required. The projected value of newbuild ship orders between 2023 and 2030 could be in the region of US$1.2 trillion.

US Clean Shipping Act

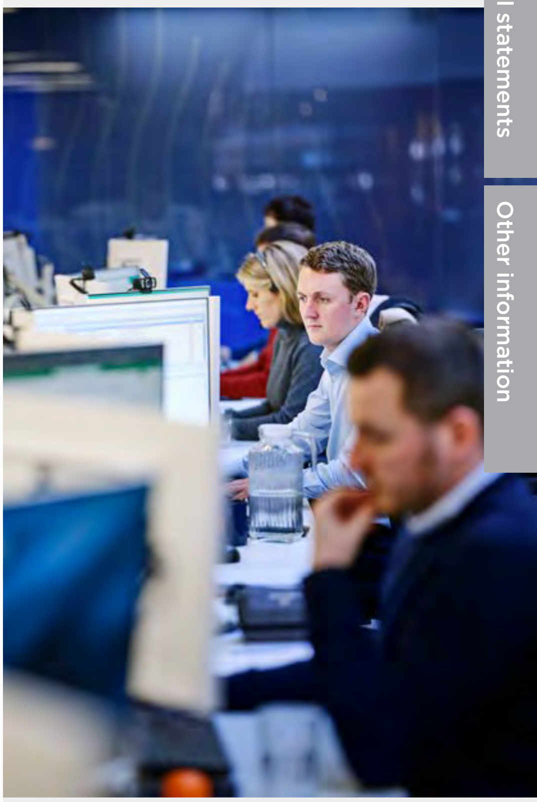
The proposed new bill would be the first piece of legislation requiring zero GHG emissions standards from the shipping industry, with tightening targets for the GHG intensity of ships' fuel, including a 45% reduction by 2030 and 100% by 2040.

2050

50%

GHG reduction

Pressure continues to mount for the industry to move beyond the current IMO target of a 50% reduction in GHG emissions by 2050, and towards net zero. Discussions across industry stakeholders are ongoing, including the IMO's current review of its initial GHG strategy, and potential targets are becoming increasingly ambitious.



Broking

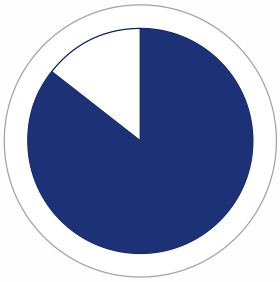
Our broking services are unrivalled – in terms of the number and calibre of our brokers, our breadth of market coverage, geographical spread and depth of intelligence resources.

Share of revenue

£495.5m
2021: £340.0m

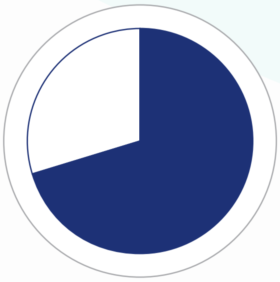
Segmental split of underlying profit before taxation

£117.6m
2021: £73.6m



Employees

1,301
2021: 1,197



Services

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

Forward order book for 2023

US$216m

2021: US$165m

Dry cargo

Supporting a range of important global industries including construction, energy and agriculture, the dry cargo sector moved more than five billion tonnes of cargo in 2022 across a range of dry bulk commodities, including metals and minerals, agricultural products and some semi-processed goods. The bulkcarrier shipping market experienced a mixed 2022. Earnings remained strong in the first half of the year, before easing back in the balance of the year as trade volumes began to soften with weaker economic trends globally and in China (where dry bulk imports fell 4% in 2022). The overall Clarksons bulkcarrier earnings index averaged US$20,478 per day across the year, 23% down year on year but remaining double the 10-year average. The market experienced a range of complexities and impacts from global events, including post-COVID-19 demand rebound, impacts from the Russia-Ukraine conflict, US monetary tightening and a weaker Chinese economy. The sub-Capesize sectors generally performed more strongly, with broadly supportive demand trends in the first half of the year and logistical disruption related to the Russia-Ukraine conflict and sanctions on Russia. Capesize earnings of owners (down 58% year on year to US$11,877 per day, below the long-term trend) were impacted by disruption from heavy rainfall in key iron ore and coal exporting countries while pressures from weaker Chinese steel demand due to the structural problems in the property sector also impacted. The easing of port congestion improved fleet availability and the easing of COVID-19 quarantine protocols in China also reduced disruption on the key West Australia-China route. The UN-led grain corridor facilitated the restart of Ukraine Black Sea grain exports, although at lower-than-normal levels.

Bulkcarrier markets are expected to experience some periods of lower rates in 2023, with impacts from slower world economic growth continuing. However, improvements are also expected through the year supported by a range of factors including increases in grain trade volumes and an anticipated post-COVID-19 rebound in China, including impacts from stimulus on steel demand. Easing inflation may also support improved dry bulk demand in Europe as the year progresses, on top of ongoing longer-haul coal imports into the region following embargos on Russian cargoes. Port congestion may increase again as demand improves. On the supply side, deliveries appear moderate; newbuild order books are close to record lows at 7% of the fleet; and new emissions regulations could lead to both limits to vessel speeds and early retirements. Tiering of freight and charter markets is expected with more efficient ships commanding a premium.

Our market-leading dry cargo team invested in further headcount across its global team in 2022, supporting our client base and achieving good growth in transactions.

Tankers

The tanker sector plays a crucial role in global energy supply chains, moving crude oil and refined oil products to facilitate their eventual use as transportation fuels, for heating and electricity generation, and as industrial feedstocks. Overall, the tanker shipping market saw a significant improvement in 2022 to historically strong conditions, supported by post-COVID-19 improvements in global oil demand and supply and the impacts from the Russia-Ukraine conflict, which included disruption of vessel availability and trading patterns. The Clarksons average tanker earnings index rose five-fold in 2022 to US$40,766 per day, the highest level since 2008. The VLCC segment took longer to recover than other sectors amid COVID-19-related disruption in China in the first half. However, improved Chinese demand later in the year, higher OPEC+ oil supply and increased long-haul US exports all supported gains in the second half. The Suezmax and Aframax segments were heavily impacted by the Russia-Ukraine conflict due to shifts in trade patterns, including the supportive impact of longer transport distances for European crude imports and Russian exports, with Suezmax earnings rising significantly above long-run averages and Aframax earnings reaching the highest levels on record. Product tanker earnings also strengthened considerably after the start of the conflict due to higher refinery margins and output, as well as shifts in trade patterns, which exacerbated longer-term structural changes in the global refining industry. These changes were already expected to support products' tonne-mile trade in 2022 (closures of older refineries in established demand centres, while newer capacity has opened up elsewhere, predominantly in the Middle East and Asia). LR2 and LR1 earnings rose to well above long-run averages, while MR earnings increased to record highs.

The tanker sector is expected to see generally strong market conditions in 2023 with continued volatility this year, although the VLCC sector may see some short-term headwinds from OPEC+ production cuts implemented in late 2022 and the ending of large-scale releases from the US Strategic Petroleum Reserve. There remain uncertainties around the exact impact of EU and G7 measures affecting Russian trade. A lengthening of average oil trade distances appears likely although a decline in Russian export volumes is also possible. Improved Chinese oil demand seems likely to support tanker demand in 2023. Meanwhile, the rapidly thinning tanker order book (now only 5% of fleet capacity) points to limited fleet growth ahead. Active fleet supply is expected to be further constrained by new emissions regulations which appear likely to restrain the ability of the fleet to speed up significantly, whilst the early retirement of some tonnage is possible as the decade progresses. Considerations around lower emission vessel designs may also lead to continued restraint in newbuild orders.

Our shipbroking team plays a vital role in the freight supply chain and has deep long-term relationships with all major oil companies, traders and shipowners. Supported by our scale, regional breadth, expert analysis and technology tools, our tanker team performed exceptionally in 2022 as we supported our clients through disrupted and volatile markets.

Containers

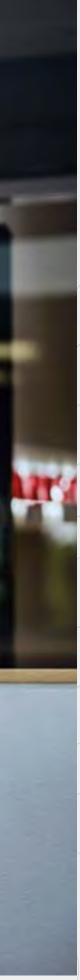
The container shipping sector facilitates transportation of a wide spectrum of manufactured goods, often high-value, and includes consumer and industrial goods, foodstuffs and chemicals. 2022 was a year with two distinctly different phases for the container shipping markets. The first half saw continued extraordinary market conditions amid severe port congestion following a robust trade rebound in 2021. However, a major market softening occurred throughout the second half as box trade came under increased pressure alongside easing of congestion, leaving spot box freight rates and containership time charter earnings back in 'normalised' territory by the end of 2022 after a sharp correction. Indices of spot box freight rates closed 2022 down approximately 80% from the start-year record and close to the start-2020 level, whilst average containership charter earnings reached around US$27,000 per day by the end of 2022, down 70% from the April 2022 peak but still almost double the start of the 2020 level.

Container trade fell by 3% in TEU terms in 2022, amid broad macro-economic headwinds and impacts on consumer activity from inflation and a cost of living crisis, as well as pressure from excess retail inventories. Port congestion remained severe in the first half, reflecting impacts from labour strikes, COVID-19 lockdowns in China, the Russia-Ukraine conflict and liner network recalibration to avoid prior disruption hotspots. The level of containership capacity at port rose to a peak of 38% of the fleet in July 2022 (2016-19 average: 32%), before falling to approximately 33% by the end of 2022 as faltering demand allowed logistical bottlenecks to ease. On the supply side, fleet capacity growth stood at 4% in 2022, whilst containership speeds began to trend lower in the second half. Newbuild contracting fell from the 2021 record but remained firm at 2.7m TEU, with a record 69% of capacity ordered accounted for by alternative fuel capable vessels. In 2023, container shipping markets look set to see continued softening from strong supply expansion, continuing pressure on box trade and reduced port congestion. New emissions regulations may have some supply side impacts (eg speed adjustments, retrofit time and support to demolition), although appear unlikely to transform soft markets alone.

In 2022, our containership broking teams executed major transactions with a wide range of operators and owners across chartering, newbuilding and secondhand. Our multi-national global broking resources have been in strong demand, backed by unprecedented requirements for analysis and research. We continue to support our clients in navigating the decarbonisation of our industry, with these efforts likely to become an increasingly important feature of our offering.

Gas

The LPG carrier fleet ships liquified petroleum and petrochemical gases, supporting a wide range of industries, from plastics and rubber production to industrial and domestic energy markets. The LPG carrier fleet transported circa 120m tonnes of LPG in 2022, as well as smaller quantities of ethane, ammonia and petrochemical gases. 2022 was generally a strong year for the larger-sized LPG carriers, with spot VLGC earnings on the benchmark AG-Japan route averaging US$1,649,000 per month across the year, the highest annual average since 2015. Market strength was due partly to growth in seaborne trade, which rose by an estimated 5% year on year globally. Increased market inefficiencies, notably Panama Canal delays, also supported rates, while a slight reduction in speed was also noted. Divergent trends emerged in other vessel sizes. In the Midsizes (25-45,000 cbm), TC earnings started 2023 at US$890,000 per month, up from US$830,000 per month at the start of 2022. Support was received from an influx of tonnage into ammonia trades as the market adjusted to the absence of volumes from the Baltic and Black Sea (amid the Russia-Ukraine conflict). Additionally, the Handysize (15-25,000 cbm) market continued to receive support from growth in ethylene exports out of the US, which breached the one million tonne mark in 2022. Consequently, 12-month timecharter rates rose from just over US$590,000 per month over 2021 to US$730,000 per month at the start of 2023. In the smaller segments, a limited order book and ageing fleet continue to support freight rates, which also rose across 2022.



Looking ahead, 46 VLGCs newbuilds are expected to be delivered this year, alongside 20 MGCs, which may generate some market pressure in the larger sizes, although continued trade growth and an expected slowdown in vessel speeds (following the introduction of IMO carbon regulations in January 2023) should provide support. The outlook for the smaller segments appears more positive, with continued growth in US ethylene exports expected in conjunction with limited fleet growth.

With the continued drive towards decarbonisation, both on the shipping and production side, the gas team has been active in supporting initiatives towards the production and transportation of green ammonia and CO_2. This is expected to shape developments in the market over the next decade.

LNG

The LNG carrier sector shipped over 400m tonnes of liquified natural gas in 2022, a record high, on a fleet of highly specialised vessels. This sector is critical to both energy transition and energy security, particularly in the wake of the Russia-Ukraine conflict and subsequent diminishing Russia-Europe gas pipeline trade.

The LNG shipping market saw very strong rates in 2022 with our index of spot rates for a 160,000 cbm TFDE unit averaging a record US$131,500 per day, up 47% year on year. The market became exceptional as the year developed with spot rates surging through the third and fourth quarters, supported by tight spot tonnage availability as European demand for transportation, storage and regasification escalated. In the fourth quarter, short-term day rates averaged all-time highs of US$330,300 per day. Global LNG trade volumes rose by 4.8% to 407.7m tonnes in 2022, largely on the back of an increase in export volumes from the US. On the importer side, elevated European demand shaped the market, as the continent looked to rapidly substitute away from Russian pipeline gas. Imports into Europe surged by 62% to 130m tonnes in 2022, a record high. Meanwhile, imports into Asia dropped by 7% to 257m tonnes, on the back of elevated competition from Europe and a shift in trade flows. LNG carrier newbuild orders reached a record 182 vessels and overall fleet capacity grew at 4.3%.

Another generally strong rate environment is expected in 2023, with support from tight relet tonnage availability, robust trade growth and reduced average vessel speeds following the implementation of IMO carbon regulations from January 2023. Relatively strong newbuild investment is also expected, supported by project requirements and fleet renewal.

Clarksons has remained central to a number of newbuilding contracts whilst the chartering team has restructured to provide solutions on both short- and medium-term charters to their expanding client base.

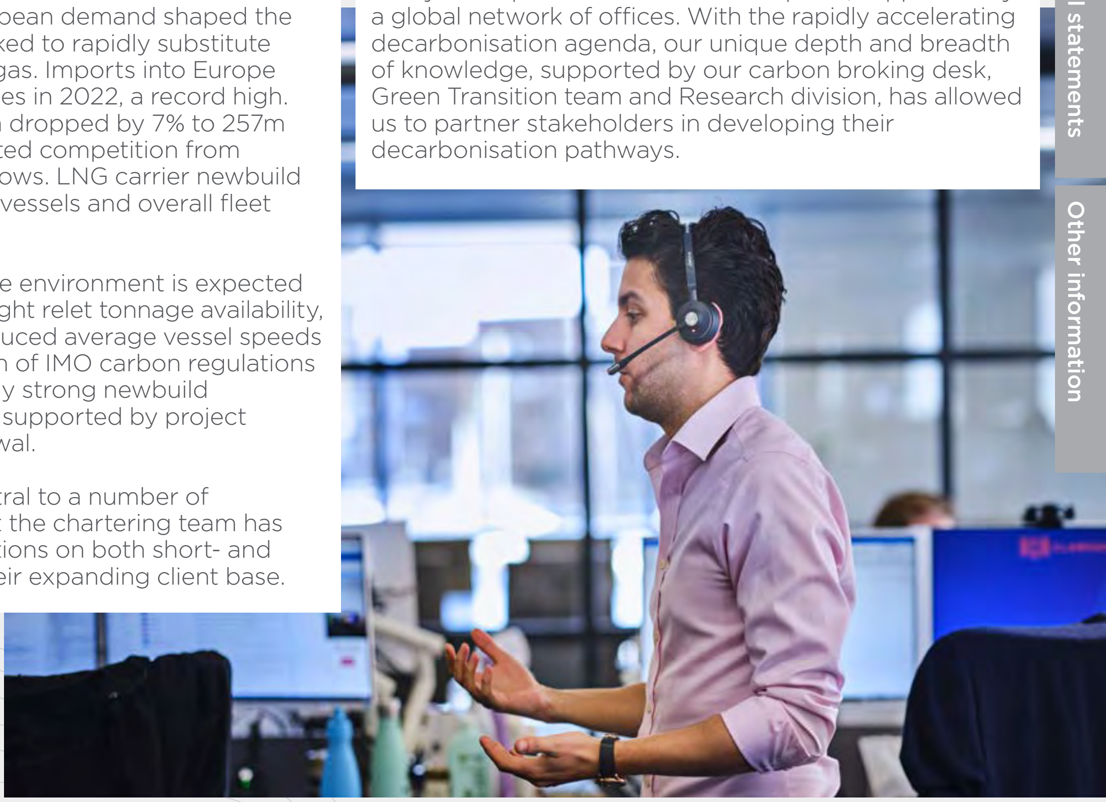
Specialised products

The chemical tanker fleet consists of vessels able to transport a wide range of specialised liquid chemicals, contributing to a diverse range of sectors, including manufacturing and agriculture. 2022 marked an extraordinary year for the chemical tanker sector, with the freight market breaking through previous records and posting consistently strong month-on-month highs. A combination of factors including an exceptional deep sea CPP market, elevated levels of port congestion in China and increased biofuels trade were key in supporting the freight environment.

Such was the strength of these drivers, the Clarksons Bulk Chemical Spot Rate Index recorded an average increase of 67% compared to 2021, whilst the Clarksons Edible Oils Spot Rate Index saw an equally impressive 81% average increase over the same period. Depending on trade lane and tonnage requirements, we have seen upward revisions to contract of affreightment rates of anything from 10% to 15% to in excess of 100%.

Looking ahead, limited growth in the chemical tanker fleet is expected to provide significant support to the freight market. Across 2022, annual fleet growth stood at around 2%, and there is potential for the fleet to contract in coming years. A lack of yard space, high newbuilding prices and softer earnings historically means that securing financing and support for new projects is scarce. That said, we do expect volume requirement growth to remain very modest considering macro-economic pressures in 2023, with overall seaborne trade expected to grow by 1.8% and by a further 3.3% in 2024.

The extensive capability of our specialised products broking business has helped our clients navigate through today's complex and volatile marketplace, supported by a global network of offices. With the rapidly accelerating decarbonisation agenda, our unique depth and breadth of knowledge, supported by our carbon broking desk, Green Transition team and Research division, has allowed us to partner stakeholders in developing their decarbonisation pathways.



Sale and purchase

Secondhand

The global secondhand vessel sale and purchase ('S&P') markets remained very active in 2022, with sales volumes standing at the second highest level on record after 2021 (over 134m dwt and US$57bn in 2022). Strong levels of activity were supported by positive underlying shipping and charter markets, whilst firm asset prices supported overall sales figures in value terms.

Transaction volumes notably increased in the tanker sector amid strong underlying markets and firming asset values, with a record US$18bn of sales (more than 700 ships) reported and over 10% of fleet capacity changing hands. Activity in the containership S&P market remained firm in the first half of 2022 following a very strong 2021. Although activity slowed through the second half of the year in line with a softening rate environment, total transaction volumes still reached more than 220 ships selling for an aggregate of US$8bn. The bulkcarrier S&P market generally saw continued strong activity, especially in the first half, though total volumes were down on the 2021 record at more than 740 ships (US$15bn).

Asset values remained generally firm in 2022, with the cross-sector Clarksons Secondhand Price Index reaching 213 points in July, the highest level since 2008, although this has since eased back with containership and bulkcarrier pricing softening in the second half. Tanker values rose sharply through 2022 (our 10-year-old Aframax index increased from US$27m to US$50m) as tanker earnings rose, with ice class tonnage especially in demand. Recent S&P trends amongst the major shipowning countries continued, with Greek owners still the biggest buyers and sellers of tonnage in 2022, although Chinese entities were also active in acquiring vessels.

Across all offices we were able to benefit from the high volumes of secondhand vessel transactions with our teams experiencing another successful year overall.

Newbuilding

The newbuilding market remained active in 2022, with ordering volumes easing (down 20% from 2021 to 45m CGT) but remaining above 2015-20 levels. Total newbuild investment reached US$128bn, the highest level since 2013.

Contracting in 2022 was led by the LNG carrier sector amid record earnings and an increased focus on energy security, with 182 units (US$39.1bn) ordered during the year, more than any other shipping sector in terms of CGT and newbuild value. There was also strong activity in the containership sector, especially in the first half of the year, with 367 orders (US$35bn) placed. We also saw strong ordering in the car carrier sector amid an exceptional earnings environment and a focus on fleet renewal. Contracting in other sectors was limited by high newbuild prices, reduced slot availability at yards, and continued uncertainty over fuelling technologies. However, our continued breadth of service to our industrial client base enabled our participation in a healthy level of contracting activity and validation across the markets, in spite of such challenges.

Newbuild prices stood at firm levels in 2022, supported by global inflationary pressures, rising commodity prices and increasing forward cover at yards. Our Newbuilding Price Index ended 2022 at 162 points, up from 154 points at the start of the year and the highest level since 2008. Despite healthy ordering volumes, the global order book remains relatively low in historic terms at 10% of fleet capacity in dwt terms. Shipyard output remained relatively steady year on year, totalling 31m CGT, with Chinese yards (47% market share) and South Korean yards (25% market share) delivering the majority of tonnage.

Our global newbuilding team delivered market-leading performances across multiple asset sectors in 2022 and we remain well positioned as a service provider and partner to our client base in a continually evolving macro newbuilding environment. There were significant market-leading transactions, particularly for the car carriers team, arranged by our Oslo desk, as well as major industrial-backed projects in tankers and gas vessels. Our scale and depth of transactional activity continues to give us real-time information and insights as the industry evolves against regulatory pressure and environmental compliance. We remain well positioned going into 2023 to continue to leverage this knowledge.

Offshore

The offshore sector supports the development, production and support of offshore oil and gas fields and renewables, with over 13,000 mobile assets playing a vital role in supporting operations across the lifecycle of offshore energy projects. Overall, 2022 was a year of positive progress for the offshore markets, with the offshore oil and gas business recovering strongly amid a backdrop of generally high oil and gas prices, whilst the offshore renewables (wind) sector continued to expand rapidly. Although the increase in underlying E&P spending was relatively moderate, activity levels increased across all offshore sub-sectors and most geographical regions, and further improvements in activity, fleet utilisation and day rates are expected in 2023. Our offshore broking teams have continued to utilise their extensive industry relationships and technical expertise to support our client base through evolving markets.

Drilling market

Mobile drilling units (comprising jack-ups, semi-submersible units and drillships) drill wells in the sea floor to locate and facilitate extraction of oil and gas. Rig markets tightened materially in 2022, with an increasing number of rigs on contract, higher utilisation and rising day rates. The floater segment, particularly for ultra-deepwater/deepwater high-end units, is now generally tight, whilst the jack-up segment has continued to strengthen, particularly in the Middle East, resulting in global active utilisation closing in on 90%. Prospects for 2023 and beyond for the drilling market appear positive amid increasing offshore activity.

Subsea field development market

The subsea sector involves the usage of a range of assets, with capabilities in lifting, pipelay, cable lay, diving and ROV support, to install and maintain subsea production infrastructure. The subsea field development market continued to improve through 2022, with an increasing backlog for the major EPC contractors. The subsea vessel market also saw significant improvement with rates and contract durations generally increasing. This has been driven by both improved subsea oil and gas demand, as well as requirements for many of the same vessels from the offshore wind sector. Prospects for 2023 appear positive, with increased activity generating project opportunities, including for smaller contractors, and supporting vessel demand.

Offshore support vessels

The OSV sector provides towage and support duties to drilling rigs, mobile production units and fixed production platforms. The OSV market strengthened significantly in 2022 amid increasing drilling and field development activity. Demand increased across most regions, and with limited availability, vessels are increasingly likely to start migrating between regions. There has been virtually no ordering activity since 2014, and rates are expected to continue to increase with capacity availability limited and continued firm demand.

Offshore renewables

The offshore renewables industry is continuing its rapid growth phase, and going forward is expected to account for a growing share of the global energy mix supported by the increased focus on decarbonisation and energy security. The offshore wind market continued to grow in 2022. More projects reached the FID stage and investment flowed into the sector. Construction activity in key European markets is firm, and globalisation of the industry continues to develop, with new markets such as Poland, the US and South Korea emerging. Several countries strengthened renewables targets after the onset of the Russia-Ukraine conflict enhanced focus on energy security, whilst investor focus on ESG and infrastructure investments continues to increase.
The outlook remains positive with significant growth expected in the coming years. Although uncertainty remains around cost inflation, supply chain issues and delays, and FID activity was slower in 2022, projects will continue to develop through the phases in the coming years. Offshore wind remains competitive, secured offtake development is still strong and 2022 was a record year for European project awards. The pipeline of projects until 2025-26 is starting to firm up, providing good visibility on future offshore demand.

Our offshore and renewables team has been at the forefront of market developments, completing several initiatives during the year to help the sector support decarbonisation targets. We have been instrumental in adding wind support vessels to the market and have been involved in several large-scale wind projects.
We continue to look for ways to improve and innovate, with clients choosing to work with us for our reputation as a leading player, our commitment to decarbonisation and our ability to deliver high-quality solutions. 2022 was a busy year for our specialised renewables consultancy, AIR, led by experienced industry professionals, and delivering several projects across a range of clients.
It is well positioned for further growth in 2023.

Futures

Our Futures business is the leading provider of freight derivative products, helping shipping companies, banks, investment houses and other institutions seeking to manage freight exposure by increasing or reducing risk. It leverages the expertise and market understanding of the wider Group to offer best-in-class execution services to derivatives markets across freight, iron ore and carbon. Against the backdrop of increased regulatory requirements, Futures has, with support from the wider Group, positioned itself at the forefront of the sector.

2022 was a positive year for the Futures business. Tanker FFA revenue rose strongly. Efforts continue to bring new participants to the market as well as service existing clients to the highest standard. In the dry futures business, it was another busy year with new offices established in Dubai, focusing on Far East activity, and in Oslo, providing access to EU business. The swaps business, in a highly competitive space, saw revenue down from a particularly strong 2021 but still well above 2019/20 levels. The options business maintained its market-leading position and had another excellent year overall, remaining the lead broker for most of the major accounts. Work continues in developing wet FFA options.

The scale of the challenge

The necessity for change

'The scale of the challenge to decarbonise shipping is unprecedented. And the shipping industry must meet this challenge while continuing to facilitate essential global trade that is increasing in complexity and volume. Accelerating regulation, policy, technology and innovation will all be vital in driving the green transition for shipping.'

Steve Gordon
Head of Clarksons Research

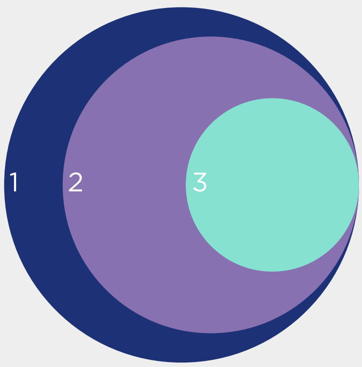
Decarbonisation by numbers

We estimate that in 2023 the shipping industry will produce 855 million tonnes of CO_2, some 2.3% of global output. While progress has been made since peak emissions in 2008, there are new and complex regulations and policies that will now accelerate change. The IMO is already targeting a 40% reduction in carbon intensity by 2030 and a 50% reduction in all GHG emissions by 2050. And there are pressures to go even faster.

We provide a constant flow of intelligence, data and analysis monitoring shipping's green transition, from the uptake of alternative fuels to the speed of vessels and the impact of regulation on market supply and demand. This ensures our clients are informed on the huge regulatory technological, economic and investment challenges facing them.

Understand the scale of challenge and the 2023 IMO regulation

Total world fleet CO_2 emissions (million tonnes)



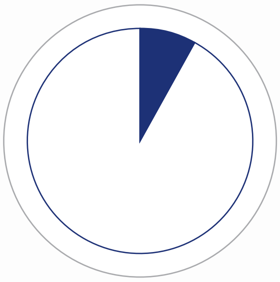
1. 2008 (baseline): 1,024mt
2. 2023 (estimate): 855mt
3. 2050 (current IMO target*): circa 500mt

* The current IMO target is a 50% CO_2 reduction on 2008 levels by 2050, but this target is likely to be reduced further at future IMO meetings.

Source: Clarksons Research

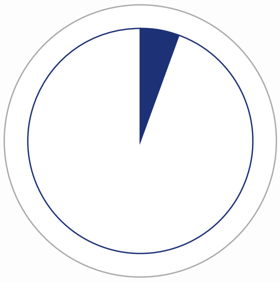
Share of revenue

£49.8m
2021: £56.0m



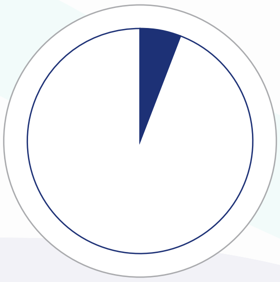
Segmental split of underlying profit before taxation

£7.8m
2021: £13.3m



Employees

112
2021: 103



Services
- Securities
- Shipping
- Energy
- Metals and minerals
- Renewables
- Debt capital markets
- Project finance
- Structured asset finance

Financial

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

Securities
Clarksons Securities is a sector-focused investment bank for the shipping, offshore energy, renewables and minerals industries, with deep sector knowledge and global reach driven by research and relationships. In 2022, against a backdrop of a difficult year for capital markets with volatility resulting from global events and macro-economic headwinds and deal volume slowing, activity in Clarksons Securities' core sectors was positive in relative terms, with risk sentiment and capital markets activity appearing to improve moving into 2023. Despite volatile and uncertain markets, secondary trading activity was strong with equities especially active, private equity realising positions and creditors selling equity in restructured oil services companies.

Shipping
In 2022, strong cashflow and upward pressure on asset pricing drove shipping stock performance and trading liquidity in several equities increased significantly throughout the year. Capital markets activity remained in line with historical trends in the first half of 2022, but issuance activity in the second half of 2022 was muted due to equity market volatility. Clarksons Securities participated in several capital markets transactions, including initial public offerings of Cool Company and Gram Car Carriers and follow-on offerings in Hafnia, Cool Company and American Shipping Company. Although shipping bond issuance activity remained muted, Clarksons Securities acted as financial advisor in several bilateral loan and leasing transactions.

Energy
Oil services stocks saw positive trends in 2022 on the back of increased offshore E&P investments, and improved utilisation and day rates across most offshore segments. Capital markets activity within the energy services space picked up during the year as investors sought exposure to the sector. Clarksons Securities placed several equity raises, including a private placement for Borr Drilling.

Metals and minerals
2022 started strongly for metals and mining stocks but the challenging macro-economic backdrop led to significant pressure by the end of the year. Clarksons Securities participated in multiple transactions within the metals and minerals space in 2022, among them equity raisings in Nordic Mining, Canada Nickel Company and Piedmont Lithium and a bond issuance for Nordic Mining.

Continued firm activity is anticipated and Clarksons Securities remains well positioned to assist clients in meeting demand for commodities driven by the green transition.

Renewables

The renewable energy sector continues to see impressive expansion across the board with traditional technologies such as wind and solar continuing to grow while emerging technologies such as hydrogen and carbon capture and storage have developed significantly. Market sentiment in the offshore wind sector remains strong, driven by continued strong growth in installed capacity, despite some supply chain bottlenecks. The expansion of the dedicated offshore wind fleet requires substantial capital funding. Nonetheless, 2022 was a challenging year for stocks related to renewable energies, against a backdrop of inflationary pressures, increasing interest rates and geo-political instability. Capital markets activity slowed, with some companies turning towards private markets which have shown willingness to support energy transition-related companies. Clarksons Securities has been particularly active around hydrogen, carbon capture and various e-fuels, offering synergies across the Group, including acting as advisor in the raising of equity by Ocean Geoloop and Liquid Wind.

Debt capital markets

With markets broadly closed for significant periods of 2022, and investors demanding considerably higher returns to take on risk, primary issuance across the Nordics, Europe and the US fell by 70-80% compared to 2021. Despite this, Clarksons saw pockets of funds available for select public and private debt activity and completed several transactions.

Project finance

Our project finance business is a leading Nordic player within shipping and real estate project finance, which has in recent years offered investment opportunities in modern fuel (and carbon) efficient shipping and offshore assets, with an overall focus on assisting the shipping and offshore industry in transitioning to more sustainable and less carbon-intensive transportation. 2022 was an active year in the Norwegian project finance market with our team concluding new projects in the dry bulk, tanker and offshore sectors, and establishing a good pipeline of projects including zero emission shipping investments.

The first half of 2022 saw positive trends in the real estate market in Norway, but with increasing interest rates and general macro-economic headwinds the second half of 2022 proved turbulent. Although the decline in commercial property values has so far been limited, as interest rates increased banks became stricter on financing terms, contributing to fewer transactions. That said, the first half of 2022 was one of the busiest ever periods for our real estate team. Activity included the establishment of a new industrial real estate company focusing on properties near the centres of the largest cities in Norway and several exciting development projects in co-operation with reputable partners. Our business continues to expand its operational platform by strengthening the property management and project development teams.

Our real estate funds continued to expand with the launch of a new fund with a special focus on environmental improvements to existing buildings.

Structured asset finance

Our structured asset finance business maintains relationships with asset financiers globally including around their activities and headline terms, with a view to helping our broking clients understand the sources of finance available to them and providing introductions where relevant. It acts as an exclusive mandated financial advisor, structurer and arranger working closely with the newbuilding, strategy and structuring teams on large long-term strategic procurement projects for end-users and cargo interests.

The shipping asset finance landscape continues to evolve and by the close of 2022, there were few signs of any additional stress amongst lending portfolios, although many lenders exposed to the container shipping sector are seeing an increased risk profile. The 'Poseidon Principles' group of banks, aligning their portfolios to key emissions targets, has seen additional signatories, and appetite from these banks remains almost exclusively focused on new 'green' vessels and/or sustainability-focused projects. Outside of this group, other large banks together with the smaller regional shipping banks, especially those in Cyprus, Greece and Scandinavia, continue to grow in terms of capital deployed and to see opportunities to finance or re-finance tonnage, especially for slightly older vessels and/or for projects with less 'green' credentials. Chinese leasing remains an additional source of capital to the industry, though there appears to be a two-tier market developing. The leading providers are able to reduce margins for the right projects closer to those being offered by the shipping banks. The remainder is mostly either inactive internationally or trying to compete with the smaller shipping banks and alternative lenders with only limited degrees of success. Japanese leasing continued to offer an attractive alternative for those able to access this market, albeit with limited flexibility. The alternative lender landscape remains largely unchanged. There is plenty of capital available to be deployed, although there remains no real emergence of insurance companies and pension funds at an asset level, with participation generally limited to investments in alternative funds platforms.

The business concluded further mandates in 2022 and continues to fulfil a specific highly value-adding role, particularly post-IFRS 16, with an excellent reputation and track record. A strong commitment to decarbonisation is a central part of our clients' strategies and their long-term investment in newbuilding projects is at the forefront of their efforts and respective commitments in this regard.

Short-term measures

A growing impact

'In 2023, both CII and EEXI will provide some of the clarity that ship owners have needed to help lower their emissions. CII will have a growing impact in terms of dictating vessel speeds to improve energy efficiency whilst other emission-reduction solutions are deployed.'

Kenneth Tveter
Head of Green Transition

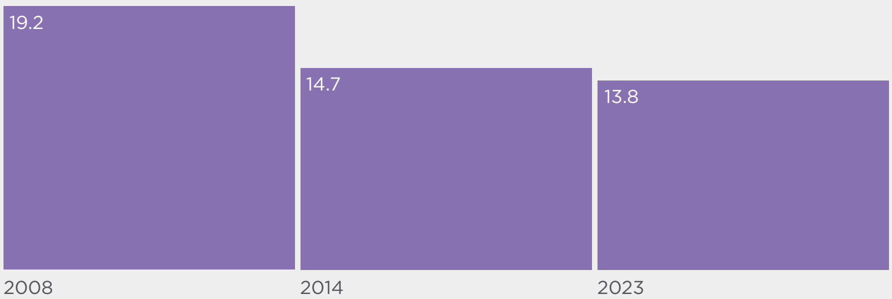
Short-term pain, long-term gain

To comply with CII regulations, we will continue to see the speed of the global fleet slow down. This may create short-term disruption with a tighter market and increased freight rates. But for vessel owners it will provide a clearer pathway to effectively lower emissions and inform their fleet renewal strategies to help reach 2030 goals.

We're working closely with clients to help them understand the impact of CII, not only from a risk mitigation perspective but also the opportunity it brings from chartering attractiveness, ship value and fleet renewal strategies.

How we're helping our clients to understand the impact of CII and inform shipping strategies

Average containership fleet speed (knots)



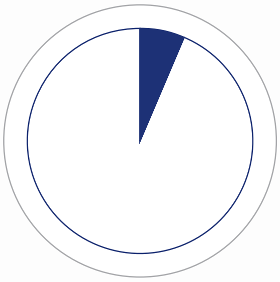
Source: Clarksons Research

Support

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

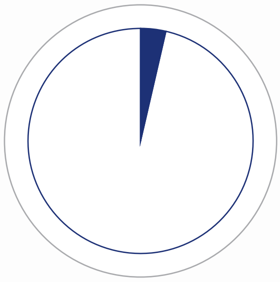
Share of revenue

£39.0m
2021: £29.6m



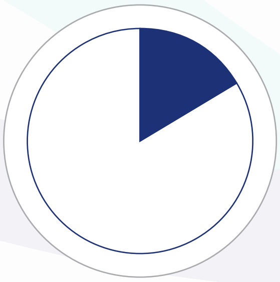
Segmental split of underlying profit before taxation

£5.0m
2021: £3.3m



Employees

306
2021: 270



Services

- Stevedoring
- Short sea broking
- Gibb Group
- Agency
- Egypt agency

Stevedoring

In 2022, our stevedoring business, highly experienced in loading and discharging bulk cargoes, performed strongly. Export volumes increased by 148,000 tonnes to 284,000 tonnes, and although total imports were down by 39,000 tonnes, half of this decrease was made up by low margin biomass imports. This increase in tonnage handled directly bolstered performance with higher ancillary income as rental income, handling charges and other revenues expanded in line with additional volumes. Our grain elevators in Portsmouth also made a notable contribution. The cost base remained controlled although fuel costs for machinery increased, caused by a change in government taxation policy; and property costs were lower than normal due to the timing of local government COVID-19 relief.

Short sea broking

2022 was a strong year for the short sea broking business which, with specialist skills, in-depth knowledge and strong relationships, is market-leading in brokerage services for short sea dry cargo shipping. The business continued to grow its chartering base and handle larger parcel sizes than previously. This performance was supported by exceptional freight rates for much of the year, in addition to exchange rate trends, although freight rates are generally expected to ease down going forward. The business plans to expand further, including leveraging agency activity to broaden the charterer client base.

Gibb Group

Gibb Group is the industry's leading provider of PPE, MRO products and services as well as one of the offshore renewable energy sector's most experienced, qualified suppliers. In 2022, the business achieved growth in the face of significant headwinds, including the cost of container freight, exchange rate trends and supply chain issues hampering the ability to get product in a timely manner. In recent years the business has been reshaped with the addition of the Safety and Survival business, first in Great Yarmouth and subsequently in Aberdeen and Middlesbrough. The growing hire and service centre business is continuing to meet evolving client demand patterns. The traditional core oil and gas business saw a boost in volumes following the onset of the Russia-Ukraine conflict, which saw countries increase their focus on security of energy supply and ramp up local oil and gas production. Supply chain issues have impacted Gibb Netherlands but a local service centre and new premises should provide the opportunity for growth from early 2023. Offshore wind activity through IJmuiden grew as the port began to support new offshore wind farms. Further overall expansion is planned for 2023.

Agency

Through exceptional port agency and first-class logistics services, our business provides a range of solutions for clients in the marine and energy sectors. Although the UK saw limited construction traffic in 2022 (expected to return in 2023), the building of large offshore wind farms is providing growing opportunities. Our customs clearance business supports clients globally with our comprehensive compliance capabilities, and performed strongly in 2022. The year also saw gains from bunker supply activity. Following a weaker 2021, our bulks business experienced improvement in 2022, with our Ipswich and Southampton locations in particular seeing a firm increase in activity, the latter also expanding its profile across offshore energy, coastline protection and scrap. Our North East England presence grew markedly with a new office in Middlesbrough servicing a rapidly expanding client base in bulk and offshore renewal energy.

In early February 2023, we were delighted to announce the acquisition of DHSS. DHSS has built an enviable reputation for world-leading service levels in the Netherlands and further afield with a particular focus on offshore wind energy. Combined with our port services business' existing 20-year history in this sector, we offer best-in-class service to our growing customer base in the UK, mainland Europe and further afield. 2023 will see strong growth in this area as there will be considerable investment in offshore wind in the UK, Dutch and German sectors. We expect to see this capability expand beyond the current geography.

Egypt agency

The Suez Canal provides a vital trade route between Europe and Asia, and our regional experts in Egypt deliver on-the-ground expertise around transit. Our Egypt agency business proved successful in 2022 in the face of challenges impacting local port activity from general macro-economic headwinds, disruption to regional imports from the Russia-Ukraine conflict (grain, fertilizer volumes), increased commodity prices and exchange rate trends. Transit agency business saw increased volumes in 2022 and continues to progress whilst liner business remained positive. The Egypt agency business continues to explore increasing opportunities in Egypt and around the Suez Canal region related to green energy and shipping's green transition.

Fuelling transition

Newbuild trends have started to shift

'At the heart of reducing shipping's 2.3% contribution to global CO_2 emissions will be a fuelling transition. We're already seeing this materialise through the profile of newbuilding orders.'

Rob McKinlay
Director, S&P Projects

Investing in alternatives

Although shipping's huge fleet renewal programme is in its infancy, we are already seeing tiered markets develop. By the end of 2023, we project that 30% of the fleet tonnage will be modern eco, 24% will be scrubber fitted, 6% will be alternative fuelled and 25% will have an Energy Saving Technology.

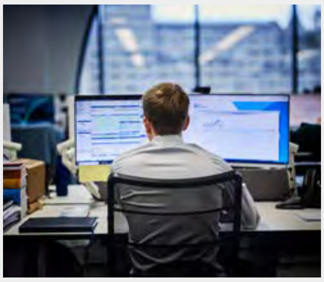
We've always worked closely with our clients to understand more about their fleet renewal strategies to ensure they can maximise their investments. LNG dual fuel has dominated ordering but we have also seen focus on methanol and a trend towards optionality.

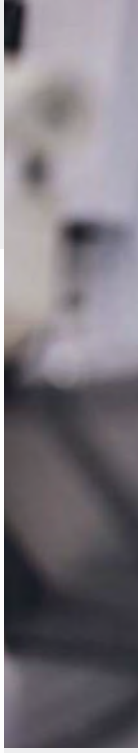
Get closer to fleet renewal

Fuelling transition: 2022 fleet renewal orders will significantly drive decarbonisation progress

408	41	21	142
LNG dual fuel	Methanol	LPG	Alternative fuel 'ready'

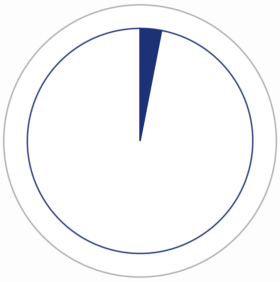
Source: Clarksons Research





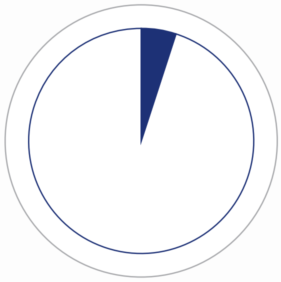
Share of revenue

£19.5m
2021: £17.7m



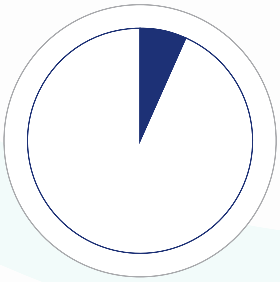
Segmental split of underlying profit before taxation

£7.0m
2021: £6.1m



Employees

122
2021: 123



Services

- Digital
- Services

Research

Clarksons Research is the market leader in the provision of data, intelligence and analysis around shipping, trade, offshore and maritime energy transition. Millions of data points are processed and analysed each day to provide trusted and insightful intelligence to thousands of stakeholders across maritime.

Research provides a unique flow of powerful, highly relevant and wide-ranging research and data to clients, as well as to the Broking, Financial, Support and technology businesses in the Group. Our market-leading content was again extremely well received by clients across 2022 and achieved excellent profile for the Group. Furthermore, data provision and synergies were enhanced, including support to the end-to-end freight **Sea/** platform developed by Maritech, the Clarksons technology business. Continuing its long-term growth, our Research division performed robustly during the year.

Clarksons Research, the Group's data and analytics arm, remains market leader in the provision of independent data, intelligence and analysis around shipping, trade, offshore and energy. Millions of data points are processed and analysed each day to provide trusted and insightful intelligence to a global client base, typically via recurring revenue agreements. This uniquely powerful data and intelligence underpins the workflows and decision-making of thousands of organisations across the complex and dynamic global maritime industry, including shipowners, financiers, shipyards, suppliers, charterers, class societies, insurers, universities and governments. The use of innovative technology and algorithms has continued to expand the depth and quality of our proprietary database, supporting a strong pipeline of product development and a firm flow of sales enquiries. Targeted headcount growth and internationalisation continues, with the successful start-up of a data team in New Delhi during 2022, leveraging local maritime expertise and helping take our Asian share of headcount to 30%.

Our long-term strategy to focus and invest in data, intelligence and insights around the vital maritime energy transition continues. Firstly, we are focused on the fuelling transition that will be fundamental to reducing shipping's 2.3% contribution to global CO_2 emissions. Our offering provides detailed tracking of emissions policies, alternative fuel adoption, fleet renewal, the speed of ships and the uptake of Energy Saving Technologies. Across 2022 we also released a series of market impact assessments around the IMO's new 2030 policy measures to reduce emissions, a hugely significant milestone in shipping's

decarbonisation pathway (as will be the EU's Emissions Trading Scheme from 2024). New modules on green investments at ports and vessel activity analytics dashboards are under development for release in the first half of 2023. Secondly, we continue to analyse the impacts of energy transition on the cargo base for maritime, and during 2022 we released a further update of our maritime energy transition model, providing decarbonisation scenarios with specific maritime relevant segmentation. Thirdly, we have invested in research around the offshore transition, including the development of new data and analysis around the offshore wind industry through our Renewables Intelligence Network. Much of our energy transition work has also supported the Group-wide Green Transition initiatives to partner clients through their decarbonisation pathways, contributed to internal awareness initiatives and provided emissions benchmarking data and vessel intelligence used within the carbon module of the **Sea/** suite.

Digital

Our single-access integrated digital platform provides immediate access to our powerful data, analysis, forecasts and insights to over 4,000 maritime companies and over 12,000 individual users. During 2022, we released a successful rebrand and executed several major product releases aligned with individual product development investment plans for each of our systems. Our major digital products include:

- **Shipping Intelligence Network ('SIN').** Our market-leading commercial shipping database, SIN, provides wide-ranging data and analysis tracking and projects shipping market supply and demand, freight, vessel earnings, indices, asset values and macro-economic data around trade flows and global economic developments. During the third quarter of 2022, SIN benefited from a major upgrade in content and visualisation tools that has been very positively received by clients. Through the year, the platform tracked an all-time annual high for the cross-segment ClarkSea Index (up 30% to US$37,253 per day), the disruption impacts of COVID-19 and the Russia-Ukraine conflict, positive trends in energy shipping including record LNG charter rates, the correction in the container markets and slowing growth in China, the global economy and world trade (seaborne trade was flat year on year at 12 billion tonnes). Our continued investments in near-term data were particularly well received by our clients, as were our Russia-Ukraine conflict market impact assessment insights and reporting.
- **World Fleet Register ('WFR').** The WFR provides data and intelligence around the world fleet, vessel equipment and technology, companies, shipbuilding, emissions regulation, fuelling transition and alternative fuels. The focus on emissions regulation and fuelling transition has helped support encouraging sales growth of 20%. After a record share of newbuild order volumes in 2022, a total of 44% of the global newbuild orderbook backlog by tonnage is now alternative fuelled.
- **Renewables Intelligence Network ('RIN').** Offshore wind contributes 0.4% of global energy supply but our long-term projections profile huge growth potential, suggesting that this could reach between 7% and 9% by 2050. RIN provides comprehensive data, intelligence and analysis around every offshore wind farm in the world and the fleet of vessels that support development and maintenance. Since its launch in 2021, RIN has grown very strongly, gained good traction with market participants and is widely used across the Group.
- **Offshore Intelligence Network ('OIN').** Offshore oil and gas markets improved markedly over 2022, with our index of day rates across the offshore fleet up 32% to reach its highest level since 2014. OIN provides data and analysis of utilisation, day rates and market supply and demand of the offshore fleet including rigs, OSVs, subsea and floating production. A major upgrade to OIN was released in late 2022 and good sales growth is expected in 2023.
- **World Offshore Register ('WOR').** The WOR system provides detailed data and intelligence on all offshore oil and gas fields, investment projects, production platforms, offshore support vessels and rigs. Offshore oil and gas accounts for 16% of total global energy supply with a renewed focus on energy security supporting investment. Clarksons Research is the market leader in data provision to the insurance industry, where our data is used as the core reference in identifying rigs and platforms.
- **Sea/net.** Developed in conjunction with the Clarksons technology business Maritech, the vessel movement system **Sea/net** blends satellite and land-based AIS data with the Clarksons Research leading database of vessels, ports and berths. Working with Maritech, Research continues to improve the depth of our underlying movement and deployment data.

Services

Our dedicated services and consultancy activities, including the development and management of long-term and recurring revenue relationships with key corporates across maritime, has performed well with several major data API contracts concluded. Interest in tailored data, that often becomes embedded into client systems and typically includes API delivery via our platform, remained high while our provision of specialist insights, forecasting and scenario modelling to key partners also expanded. During September 2022 we hosted our industry-leading Shipping and Shipbuilding Forecast Forum and Offshore Energy Forecast Forum on an in-person basis. Our dedicated business development team is performing well, arranged a successful offsite in December 2022 and has a strong sales pipeline.

Clarksons Valuations is the market-leading provider of authoritative, consistent and independent valuation services to shipowners and financiers. It is investing in analysis and technology to support financial institutions, including to meet new European Banking Authority guidelines on valuations and to understand the emissions profile of their debt portfolios and the impact of technology and emissions policies on value. The valuations team is also active in supporting the Group's S&P broking teams.

The technology arm of Clarksons, Maritech, has developed the **Sea/** platform to bring transformative digital solutions to the freight transaction process, enabling the industry to meet the demands created by growth in complexity, regulation and innovation. Building on the considerable success enjoyed by **Sea/** tools in 2021, scaling of the business through 2022 has been both dynamic and significant, with the enhancement of products, growth in clients and further development of Maritech. A new leadership team with a wealth of experience was established in 2022. During the year, important work was undertaken involving the whole business to define a clear, cogent strategy and ensure that the products being built and enhanced reflect what the market truly wants and values. Critically, the description of the business has been more clearly defined as "The Intelligent Marketplace for Fixing Freight", and this will be more clearly articulated in a new website and other materials.

Following success in 2021, particularly in the iron ore sector, the **SeaFix/** solution grew further in 2022 to the point that the client base now represents over 80% of the world's seaborne iron ore trade. **Sea/** is now looking to replicate this success in other markets and has been working to enhance the tools to be able to cope with the greater complexity of other commodities. In 2023, **Sea/** will be targeting coal, grains and other dry bulk commodities as well as initial steps into the wet market.

Sea/contracts and Recap Manager continue to attract adoption amongst some of the largest chartering groups in the world with substantial additional signings in 2022. This was further augmented by the acquisition of Chinsay in October 2022, such that the annualised volume has now risen to 37,000 fixtures and is anticipated to grow further in 2023.

The **Sea/intelligence** solution, which includes **Sea/net** and **Sea/analytics**, has similarly experienced strong sales growth, with new features and a significant volume of new clients resulting in over 120% year-on-year growth. The Russia-Ukraine conflict resulted in an urgent need from news reporting agencies for factual information on shipping in the region, with a range of leading publications regularly using and referencing **Sea/net** as their source. The intelligence products have been adopted by a range of companies and institutions, which has triggered further recognition of the value that **Sea/** is providing with this solution.

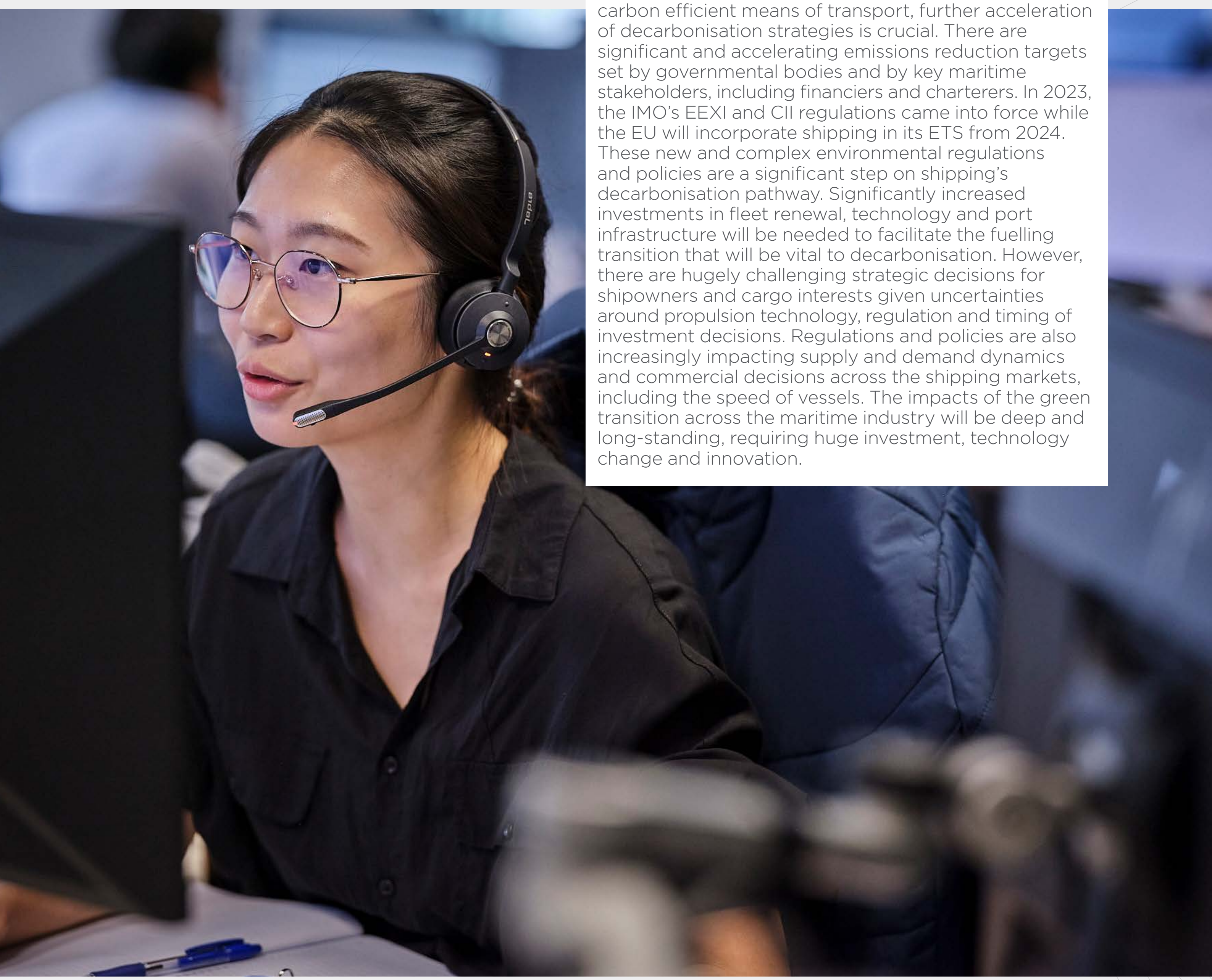
Clients have increasingly looked to **Sea/** to support them in their efforts to reduce GHG emissions and achieve decarbonisation targets. In the crowded digital space of voyage optimisation and vessel categorisation, the **Sea/carbon** offering plays a vital role and has grown incrementally with a number of new clients now using the carbon accounting tools. In 2022, **Sea/** captured 8.5m tonnes of carbon emissions from 470m tonnes of cargo transported. The service gathers the essential data at the end of each voyage undertaken to enable customers to record the carbon emitted, continuously monitors emissions in a dashboard and generates the necessary reports for internal and external audiences. The same data can be used to provide essential insights on optimal vessel selection at the point of fixture. This tool helps to reduce fuel consumption, improve energy efficiency and support the adoption of alternative and clean technologies.

In November 2022, Maritech acquired Setapp in Poznan, Poland – a technology provider to the maritime sector. Through the acquisition of Setapp, **Sea/** will enable technology experts with a strong foundation in maritime software to focus on the issues faced by the industry and further grow their knowledge through the experience of building high-quality, sustainable teams and solutions. **Sea/** is excited by the prospect of growing this centre of maritime technology excellence.

Major trend: Green transition

Context

The need to transition to a green and sustainable economy is an urgent priority for society and the shipping industry must play its role in reducing greenhouse gas emissions whilst managing the complex but essential global trade matrix. We estimate that the world shipping fleet produced 855mt of CO_2 in 2022, some 2.3% of global output, and whilst shipping remains the most carbon efficient means of transport, further acceleration of decarbonisation strategies is crucial. There are significant and accelerating emissions reduction targets set by governmental bodies and by key maritime stakeholders, including financiers and charterers. In 2023, the IMO's EEXI and CII regulations came into force while the EU will incorporate shipping in its ETS from 2024. These new and complex environmental regulations and policies are a significant step on shipping's decarbonisation pathway. Significantly increased investments in fleet renewal, technology and port infrastructure will be needed to facilitate the fuelling transition that will be vital to decarbonisation. However, there are hugely challenging strategic decisions for shipowners and cargo interests given uncertainties around propulsion technology, regulation and timing of investment decisions. Regulations and policies are also increasingly impacting supply and demand dynamics and commercial decisions across the shipping markets, including the speed of vessels. The impacts of the green transition across the maritime industry will be deep and long-standing, requiring huge investment, technology change and innovation.



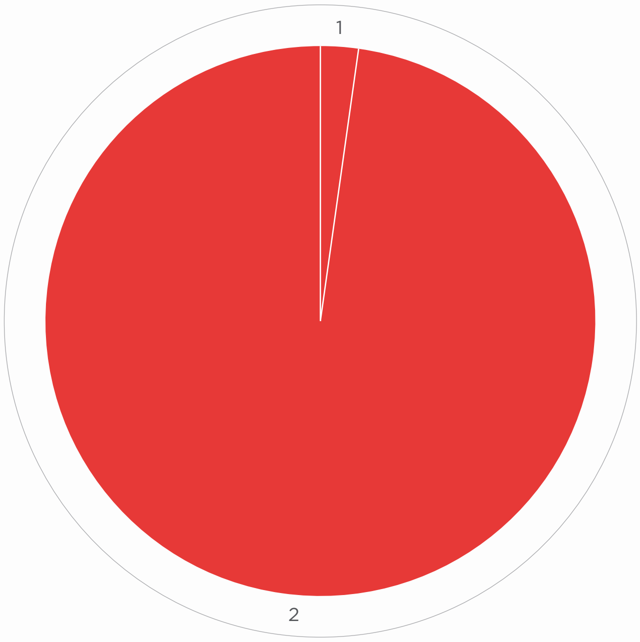
What this means for Clarksons

The green transition is central to our strategy. We strive to manage our own operations sustainably and, by evolving our market-leading service offering, we can facilitate positive industry change by supporting our clients to develop, validate, execute, finance and monitor their policies and strategies to decarbonise. We invest in data, intelligence, expertise and technology to provide market-leading support to cargo interests and shipowners in executing their freight, carbon and fleet renewal decisions that combine commercial opportunities with the meeting of environmental targets.

Clarksons is uniquely placed to advise, execute and finance fleet renewal strategies, building on our unrivalled track record with alternative-fuelled newbuilding projects by continuing to invest in our expertise and offering. We have established a dedicated advisory team to work with our Broking and Financial teams to develop and execute decarbonisation strategies for our clients and are uniquely placed to understand and explain the economic impact of new regulations and policies. This allows us to guide clients on how markets may respond and support clients in adapting their chartering and asset-owning strategies, including the execution of fleet renewal programmes and chartering strategies. We have initiated an experienced team to provide advisory and broking services for the growing carbon credits market. We have developed technology to track and report CO_2 emissions. The wide-ranging research data and intelligence we have developed, including coverage of eco equipment and technology on board ships, alternative fuels and ESTs, CO_2 emissions benchmarking, vessel speeds and bunkering facilities, is widely used by the shipping industry and policymakers as a trusted source. We are investing to become a leading service provider in offshore wind. Our Financial teams are already active in green financing initiatives and increasingly across the specialist battery, mineral and renewables industries. Our technology team has developed innovative emissions reporting and monitoring tools including **Sea/carbon**. Our expanded research provides world-leading data and intelligence to governments, regulators, trade associations and academic institutions around eco technology uptake across the global shipping fleet, the economic impact of emissions regulation and the impact of the energy transition on the maritime industry, helping frame debate and policy decisions.

Read more:
How the regulatory landscape in our industry is evolving on pages 16 and 17.

Shipping's share of global CO_2 emissions (2022e)



1. Shipping: 2.3%
2. Other: 97.7%

Source: Clarksons Research

Shipping's share of global CO_2 emissions

2.3%

Estimated amount of CO_2 produced by the world shipping fleet in 2022

855mt

Share of tonnage ordered in 2022 capable of using alternative fuels

61%

Major trend:
Trade complexity

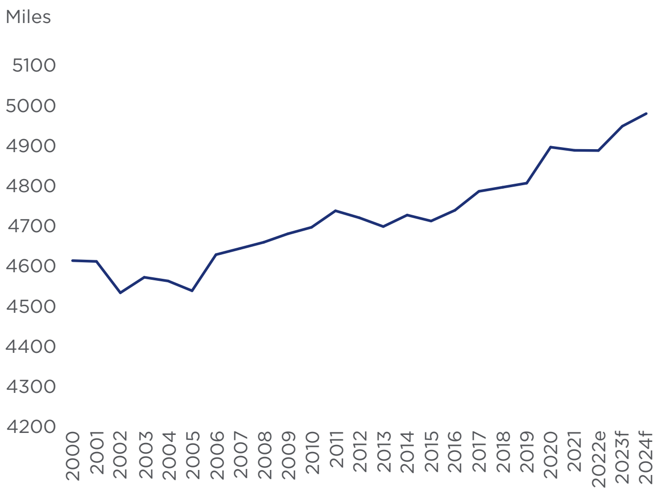
Context

Global economic and geo-political developments have driven increasing complexity as well as volume of seaborne trade. Today the shipping industry moves over 12 billion tonnes of trade, with volumes increasing by 90% in the past 20 years and 40% in the past 10. Change is constant with economic cycles and major global events disrupting trade flows and creating complexities and volatility that the shipping industry must manage while continuing its vital role in moving 85% of all international trade. The disruptive impact of COVID-19 on the maritime markets was unprecedented, creating huge volatility in freight and charter rates. The Russia-Ukraine conflict has created fundamental changes in trading patterns, increases in length of haul, a focus on energy security and heightened focus on sanctions and risk management. There are also long-term trends in the geography of the global trade matrix, including underlying growth in Asia-Pacific and emerging markets supported by population growth and economic development. Growth in specific commodities such as LNG, LPG and chemicals has also required major expansion of the specialised shipping segments involved. Shipping companies, traders and cargo interests have become more consolidated, global and mature in their approach and increasingly look to service partners that can guide and support them through these increasing trade complexities.

What this means for Clarksons

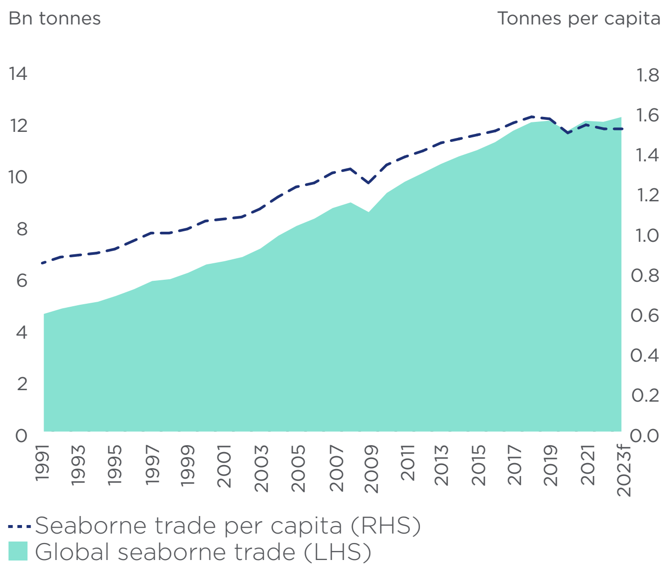
Facilitating global trade is central to our strategy. As an essential part of the freight supply chain and market leaders across all major cargo sectors, our Broking teams benefit from growing global volumes of cargo traded and ships chartered. Our strategy and investments to develop and maintain market-leading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

Global seaborne average haul 2000-2024(f)



Source: Clarksons Research

Seaborne trade 1991-2023(f)



Source: Clarksons Research

Global trade carried on ships

85%

Estimated increase in global seaborne trade average haul across 2020-24

+4%

Major trend:
Energy transition

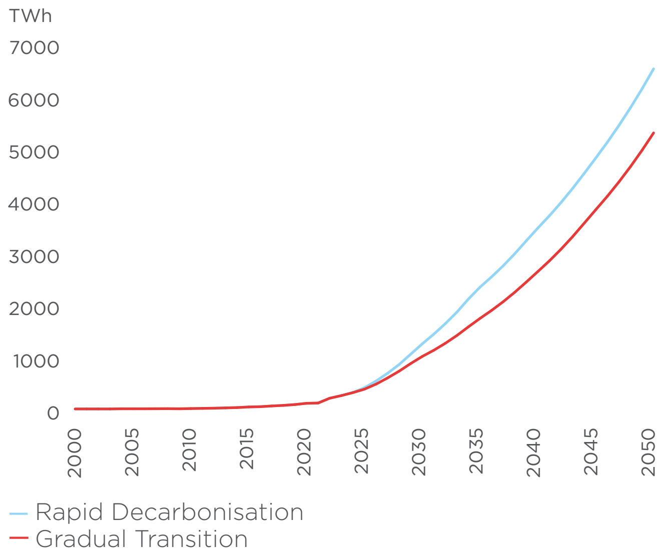
Context

As pressures build globally to find solutions to moderate climate change, the energy transition will cause fundamental change to shipping, trade, offshore and energy. With global geo-political tensions and conflict increasing, energy security is also increasingly in focus, driving shifts in trade patterns including growth in LNG trade. Offshore renewables are expected to play a vital role in this transition and expand significantly from a current 0.4% of global energy supply. A dedicated fleet is evolving to support the development and maintenance of offshore wind farms as the industry becomes more global and moves further from shore. Close to 40% of seaborne trade, equivalent to around 4.3 billion tonnes is energy transportation and, despite underlying growth in energy demand over recent decades, the mix of energy sources and growth rates is changing as environmental pressures build. With strong growth trends in gas and more mature trends in coal, shipping requirements and investment needs are also changing. From an energy production perspective, a significant 16% of global energy still continues to be met by offshore oil and gas production.

What this means for Clarksons

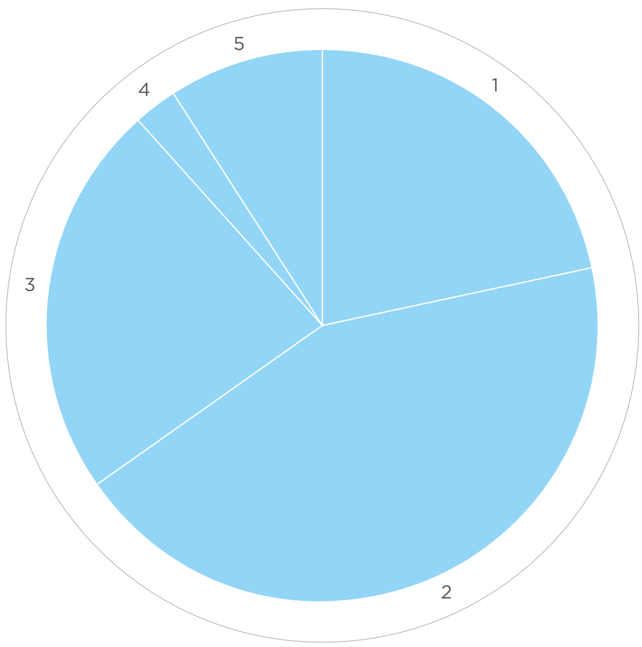
Our strategy commits to growing our participation in the renewables sector. We have built out a dedicated renewables broking and advisory team, focused on the offshore wind industry, working closely with clients in this rapidly expanding sector and executing a significantly increased level of newbuilding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

Offshore renewables generation 2000-2050(f)



Source: Clarksons Research

Seaborne energy trade (2022e) 4.5bn tonnes



1. Steam coal: 970mt
2. Crude oil: 1,951mt
3. Oil products: 1,030mt
4. LPG: 118mt
5. LNG: 398mt

Source: Clarksons Research

Estimated increase in global offshore wind power generation in the last 10 years

14x

Major trend:
Fleet evolution

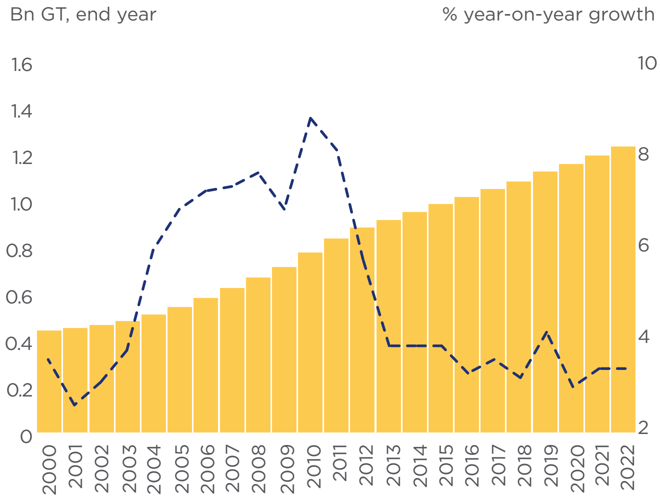
Context

Over the past 20 years, the capacity of the world's shipping fleet has grown by over 150% to over 2.2 billion dwt as the shipping industry has expanded to meet its crucial role in servicing global trade. Although fleet growth has started to moderate in recent years, helping markets recalibrate, the world fleet is still 80% larger than at the start of the global financial crisis, providing greater potential volumes for our asset broking teams. The dynamics across the shipping fleet are also becoming increasingly complex, with trends towards slower speeds, increasing length of haul, storage plays, 'tiering' of charter markets, shipyard consolidation and congestion. The finance landscape for the shipping industry has also changed significantly since the financial crisis, impacting the number and geography of institutions participating and the scale of finance available. This has led to many shipowners and cargo interests diversifying their funding sources and investigating new and more complex financing solutions and structures. Green issues specifically, and ESG more broadly, are increasingly impacting the policies of ship finance institutions and access to finance for cargo and vessel owners. Despite these trends and complexities, financing the world shipping fleet and its renewal to meet decarbonisation targets remains hugely capital intensive, with today's shipping and offshore fleet valued at US$1.6tn and the world order book at close to record lows.

What this means for Clarksons

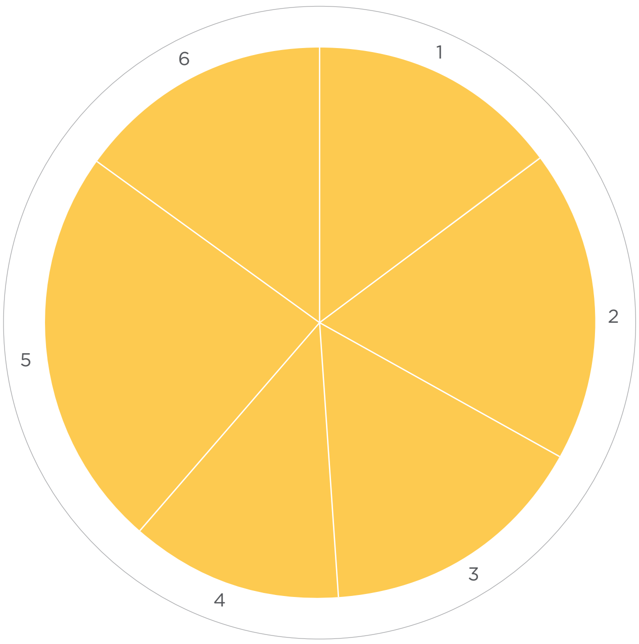
Our strategy, to develop Broking teams that are market leaders through the full lifecycle of the asset and across every ship type operating in the world fleet, benefits from the increased fleet capacity and greater volumes of vessels bought and sold in recent years. The guidance and execution that our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

World fleet growth 2000-2022



Source: Clarksons Research

Value of the world fleet, start-2023



1. Tankers: US$239bn
2. Bulkers: US$292bn
3. Boxships: US$255bn
4. Gas: US$203bn
5. Other vessels: US$375bn
6. Offshore: US$240bn

Source: Clarksons Research

% of the world deep sea cargo fleet in port in December 2022, near normal levels as recent record congestion unwinds

30%

Major trend: Technology

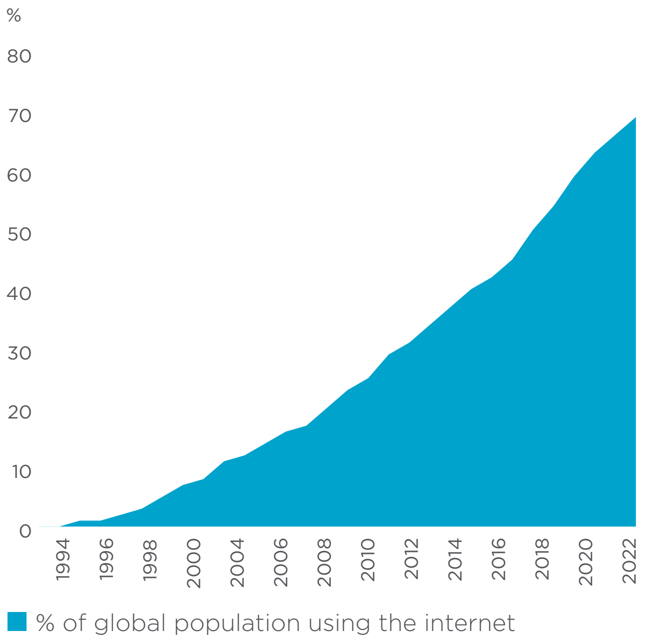
Context

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

What this means for Clarksons

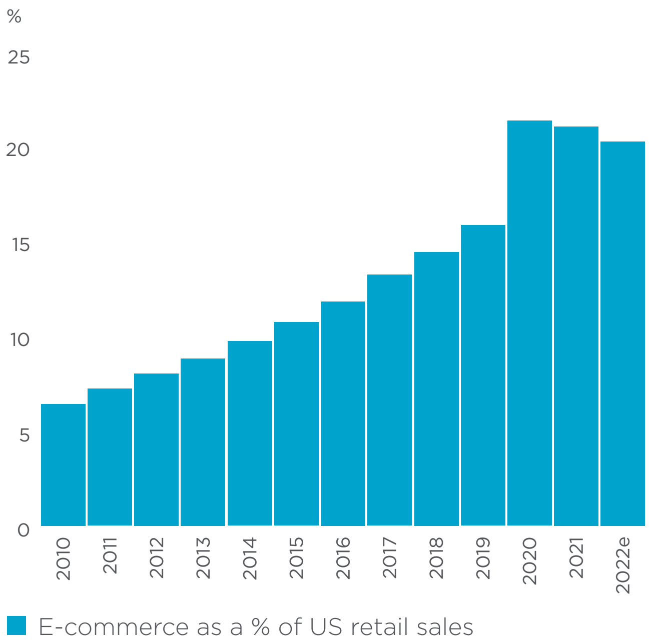
Technology is central to our strategy. We invest in technology and data across all of our business lines, including developing tools for trade for our core Broking business that help differentiate our teams from competitors and demonstrate the power of our offering and market knowledge to clients. Our investments into the innovative **Sea/** suite of technology products have created a transformative end-to-end digital freight platform for the shipping industry. Delivering efficiencies, productivity and risk mitigation, the **Sea/** suite has already become embedded within the workflows of many of the world's largest cargo interests as our global profile, proprietary data, deep understanding of freight and long client relationships encourage increasing uptake. Managed by our technology business, Maritech, the **Sea/** suite also complements our traditional broking offering whilst creating exciting opportunities for growth. A new leadership team, strategic acquisitions and further investments into our technology business took place in 2022. Our broader investments into the digitalisation of our workflows and the evolution of digital support systems are long-standing and provide a competitive edge for our Broking, Financial and Support divisions. Our Research division continues to utilise innovative technology to generate and deliver its proprietary data and intelligence, with growing demand across the industry to integrate data into client internal digital systems.

Global growth in internet access



Source: Clarksons Research

Growth in e-commerce



Source: US Department of Commerce

Growth in internet access over the last 10 years

100%

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

28%

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

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

Breadth

Expanding our breadth to better tailor our integrated offer

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

What we achieved in 2022

As the focus on decarbonisation strategies continues to be driven by both regulation and societal pressure, we created a carbon capture presence within both our Green Transition and gas teams. Our carbon broking team announced three partnerships with external parties during the year, enhancing the breadth of solutions it can offer to clients. Responding to the growing demand for technology from our clients, we have also continued to invest in our **Sea/** suite of technology products, acquiring two businesses during the year and enhancing a number of existing modules.

Reach

Extending our reach to support clients globally

Our global presence enables us to meet client needs wherever and whenever they arise. With 56 offices in 24 countries on six continents, and growing, we share culture, values, IT systems and high standards of corporate governance across our business, as we use our local knowledge to provide our clients with truly global, cross-border advice.

What we achieved in 2022

The Research division established a data team in New Delhi, leveraging local maritime expertise. The Maritech business extended its global footprint to Poland through the acquisition of Setapp. We also extended our reach in already established locations through the creation of a specialised products desk in Tokyo and an LNG desk in Geneva.

Understanding
Stronger understanding of clients' needs

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

What we achieved in 2022
Following the launch of our Green Transition offering to our clients in 2021, we have continued to develop and integrate the team, which provides clients with a consultative approach to finding bespoke solutions to devising and executing their decarbonisation strategies. This has included enhancing the expertise in our newbuilding team to allow us to better understand clients' needs around alternative-fuelled vessels in light of changing regulation. The Maritech business launched a new strategy during the year, reflecting what the market wants and values.

Trust
Maintaining trust in shipping intelligence

Globally respected as a provider of market-leading data and intelligence, our research is widely trusted across the shipping industry to inform effective decision-making. Our database tracks over 160,000 vessels, 8,000 offshore oil and gas fields and 1,500 windfarms.

What we achieved in 2022
During the year, Research enhanced its digital product offering: Shipping Intelligence Network was relaunched with new content and visualisation tools; Renewables Intelligence Network was improved; and Offshore Intelligence Network received a major upgrade. We continued to evolve our energy transition model, which provides maritime decarbonisation scenarios, and expanded our data tracking of alternative-fuelled ships. We released a series of market impact assessments including a focus on the IMO's 2030 policy measures to reduce emissions and analysis of trade complexities following the Russia-Ukraine conflict.

People
Empowering people to fulfil their potential

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

What we achieved in 2022
We launched our revised employer brand, rolled out bespoke leadership development training, established a new approach to performance management in Broking, started building the Clarksons Academy and enhanced our behavioural framework to support our purpose-led culture.

Growth
Growing our business to improve performance

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

What we achieved in 2022
We have maintained our progressive dividend policy and increased our dividend for the 20th consecutive year, whilst remaining cash-generative and increasing our free cash resources[1]. We also achieved a 10.7% year-on-year increase in underlying profit before taxation[1]. We continued to invest in our technology offering, both organically and through acquisitions by the Maritech business of Chinsay and Setapp.

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

Enabling smarter, cleaner global trade

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

How it works

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

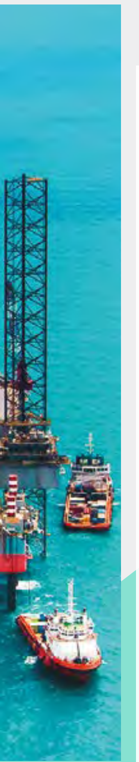
We have the best people in the business
The quality of our people has always been our biggest differentiating factor, and our people are our most important asset. We focus on attracting, retaining and developing the best talent in the market, and our people have a track record of delivering for our global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

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

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

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

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



Our services

Broking

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

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

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

Financial

We earn commissions and fees from these financial services activities.

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

Support

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

The Support division provides the highest standards of support with 24/7 attendance to vessel owners, operators and charterers at a wide range of strategically located ports.

We provide vessel agency, project logistics, vessel chartering, freight forwarding, warehousing, crew travel and industrial supplies.

Research

We earn revenue from digital offerings, typically recurring, including Shipping Intelligence Network, Offshore Intelligence Network, World Fleet Register, World Offshore Register, Renewables Intelligence Network and **Sea/net**, alongside the provision of specialist services, including data feeds, consultancy, valuations and market reports.

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

Split of revenue

Creating value
Levelling the playing field for long-term success

As part of our ongoing commitment to invest in our people and build on the 2022 brand refresh, we further embedded and articulated our values and behaviours.

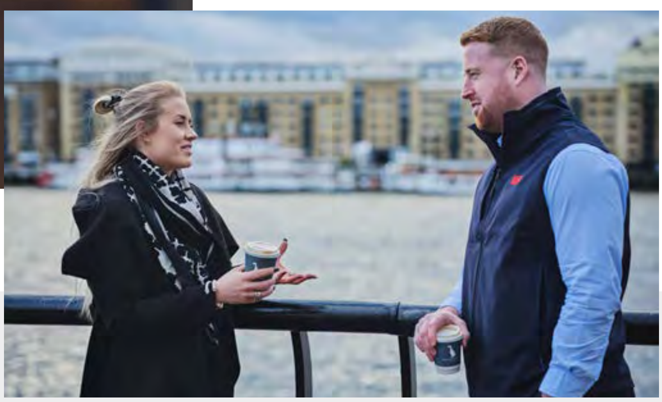
Known internally as 'The Clarksons Way', our behaviours underpin the culture of the business and are now tied in to how we evaluate employee performance, development and promotion across the organisation.

We have successfully embedded our behaviours throughout our employee lifecycle. For job applicants, values and behaviours are outlined clearly in job specifications and form part of the interview process. This alignment continues through to the onboarding process as part of a new employee's induction. For existing employees, values are referenced throughout internal communications to ensure deeper understanding and adoption. And, importantly, alignment to behaviours now forms part of an employee's annual performance review process. This has paved the way for a new performance measurement framework, ensuring that employees who embody 'The Clarksons Way' develop and are promoted accordingly. It has helped to level the playing field in terms of recognising emerging talent which, in turn, will help to ensure a diverse leadership and team profile.

Going forward, the business will have a strong focus on early careers. The framework established in 2022 is being embedded and ensures that our next generation of talent will benefit from enhanced career progression opportunities whilst celebrating individualism. We strive to ensure that the pathways to success at Clarksons are communicated with transparency.

For the Group, establishing this common approach across every office location ensures a more cohesive working environment and experience both for employees and external stakeholders. The culture of the business, the behaviours we are embedding and the values that we commit to all underpin and help us to achieve our purpose of leading positive change.

Harriet Oliver
Group Head of HR



Creating value
Leveraging our data for stronger client service

Investment in our internal tools, intelligence and operations is key to maintaining our market-leading position and delivering on our purpose.

The commitment and investment that we make in this area will ultimately result in a better service for our clients. In 2022, we refocused the way in which the business delivers digital solutions and formally established the Digital Transformation team to provide an enhanced focus on building data-driven solutions, primarily for use by our brokers and analysts.

Clarksons has always been at the forefront of providing leading-edge data which goes hand-in-hand with the technology solutions we need to be able to access, harness and act on that data with purpose and efficiency. The establishment of this dedicated team now enables the business to drive forward our technology-led ambition even further. Through close working relationships with commercial teams, the Digital Transformation team is eagerly developing new solutions aligned to a three-pillar strategy:

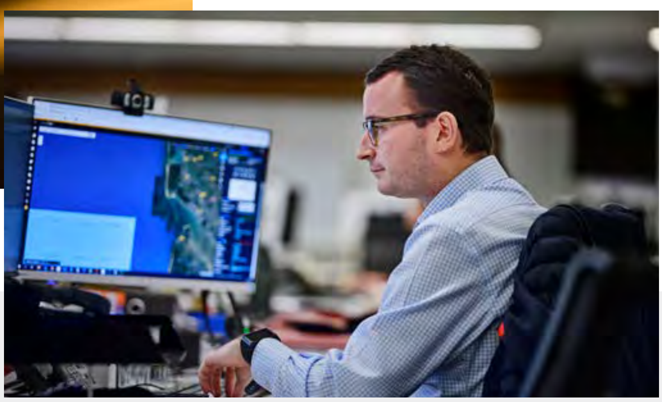
Growth – creating solutions that generate growth for the business by tapping into new commercial opportunities.

Transparency – strengthening the visibility of relationships between global offices, divisions, external stakeholders and clients. As the business grows, ensuring a future-proof, scalable and integrated solution that meets the business' needs will be key.

Efficiency – the ability to act quickly on insight and to share that insight meaningfully with our clients ensures that Clarksons remains the broker of choice. Building on our existing strengths in this area with next-generation automation and feeds into client solutions embeds our relationship further and creates deeper synergies across the Group.

2022 projects included bolstering ways of working across intelligence, fixtures, tonnage and operations, tailored to the nuances of each division but with a shared vision of developing further the correlations between teams. Outside of commercial needs, the Digital Transformation team also maintains a host of internal collaboration and communication tools to ensure effective working by all.

Eli Perpinyal
Head of Digital Transformation



Our stakeholders

Our clients

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

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

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

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

Issues raised during the year
- Decarbonisation of the industry, including mandatory IMO measures effective from 2023, the fuel transition (transition in the industry away from conventional fuels for vessels), energy transition (impact on trade flows of changes in energy usage) and growth of the offshore renewables market

Actions and outcomes
- As the impact of COVID-19 lessens, in-person client meetings have been re-established
- Continued focus from the Green Transition team on working with clients on understanding evolving regulations and broader decarbonisation strategies
- Continued investment in and development of technological solutions (eg to facilitate decision-making to support decarbonisation of the industry, and to support negotiation and management of freight transactions)
- Launch of our new website, providing clients with enhanced information on our services and market intelligence

Our people

Who they are
We have over 1,800 employees across 56 offices in 24 countries.

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

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

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

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

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

Our communities

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

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

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

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

Issues raised during the year
- Decarbonisation of the industry, including mandatory IMO measures effective from 2023, the fuel transition (transition in the industry away from conventional fuels for vessels), energy transition (impact on trade flows of changes in energy usage) and growth of the offshore renewables market

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

Our shareholders

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

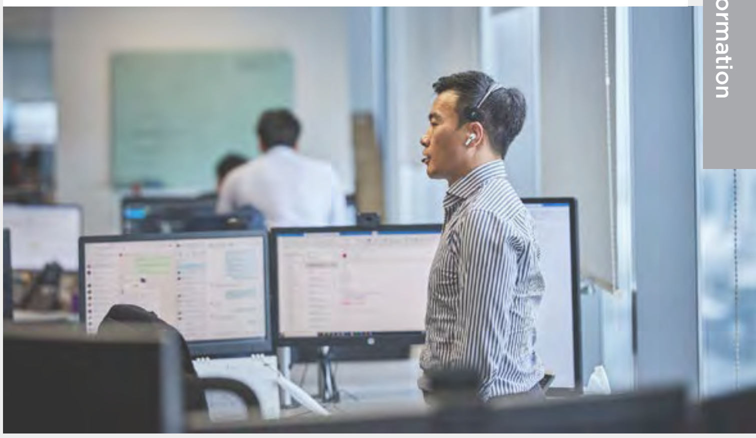
What they care about
- Operating and financial performance
- Strategy and outlook
- Shareholder value creation
- Dividend policy
- ESG performance
- Remuneration

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

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

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

Actions and outcomes
- Continued strong financial performance
- Maintenance of the Company's progressive dividend policy
- Enhanced understanding of the Company's executive remuneration structures
- Met the FTSE Women Leaders Review target for at least one of the senior Board positions to be a woman and for at least one member of the Board to be from an ethnic minority background
- Launch of a new website, which provides enhanced information for investors



Section 172 statement

The Board recognises the value of building strong relationships with our stakeholders to gain a better understanding of what matters to them and how our decisions will impact them.

This helps to inform our decision-making, deliver our strategy in a sustainable way and meet our stated purpose. We are therefore committed to effective and regular engagement with each of the Company's stakeholders (as set out on pages 52 and 53).

The Board engages directly with shareholders and employees, and we receive regular updates from the Executive Directors on how management engages with other stakeholders. Further information can be found on direct engagement activities on pages 96 to 99 and on the Company's engagement with its stakeholders more generally on pages 52 and 53.

In their discussions during the year ended 31 December 2022, the Company's Directors have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to stakeholders and the matters set out in subsections 172(1)(a)-(f) of the Companies Act 2006). The Board considers these matters in all its discussions and decision-making, as set out below:

The likely consequences of any decision in the long term:
The Directors recognise the need to take a long-term view in every decision that they take to ensure the continued growth of a sustainable business.

Read more:

- Our business model on pages 46 to 51.
- Our strategy on pages 44 and 45.
- Principal risks and uncertainties on pages 77 to 81.
- Viability statement on pages 82 and 83.

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

Read more:

- Our stakeholders on pages 52 and 53.
- Our impact on pages 58 to 72.
- Purpose, values, behaviours and culture on pages 2, 3, 94 and 95.

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

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

Whilst we do not consider our suppliers to be a significant stakeholder in our business, we are committed to treating our suppliers fairly. In particular, we recognise the importance of prompt payment of invoices for our smaller suppliers. The Board receives regular updates on supplier payment practices. Our largest operating subsidiary in the UK complies with payment practices reporting, with circa 93% of all invoices being paid within 60 days and circa 75% being paid within 30 days.

Read more:

- Our strategy on pages 44 and 45.
- Our stakeholders on pages 52 and 53.
- Our impact on pages 58 to 72.

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

With regard to our own operations, whilst we are cognisant that as a largely office-based organisation our direct impact on the environment is modest, we are committed to monitoring and minimising our carbon footprint in the nearer term and achieving net zero by 2050 in line with current UK government targets.

Read more:

- Our strategy on pages 44 and 45.
- Our impact on pages 58 to 72.
- TCFD on pages 62 and 63.

The desirability of the Company maintaining a reputation for high standards of business conduct:
As a Board we are acutely aware of our responsibility for setting the tone from the top, which ensures that we maintain our reputation for providing the highest quality of service for our clients whilst operating at the highest level of integrity. We achieve this through the Company's clear purpose, which is embedded through our values and culture. Our governance framework enables effective decision-making, supported by day-to-day policies and procedures which are communicated to all. Our delegated authorities matrix supports the efficient operation of our business whilst retaining clear accountabilities.

Read more:

- Our impact on pages 58 to 72.
- Governance framework on pages 92 and 93.
- Purpose, values, behaviours and culture on pages 2, 3, 94 and 95.
- Audit and Risk Committee Report on pages 108 to 115.

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

Read more:

- Stakeholder engagement on pages 96 to 99.
- Voting rights on page 139.

Principal decision taken during the year

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

Acquisition of Chinsay

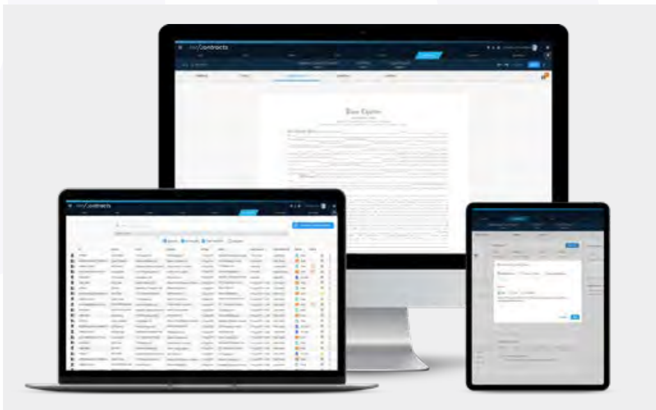
Decision

The Group's Maritech business (which owns the **Sea/** platform) acquired Chinsay AB ('Chinsay') in October 2022. Chinsay is a technology company headquartered in Stockholm with offices in Singapore. Since its foundation, it has been instrumental in providing software to enable companies to create, share and manage their charterparties through its Recap Manager product. It has subsequently evolved to helping clients digitise their trading workflows through its new ICP contracts platform.

How the Board considered section 172 matters in taking its decision

Long-term consequences:

The Board considered whether the proposal to acquire Chinsay was aligned with the Company's purpose and strategy. We were satisfied that the acquisition would support the Company's purpose – 'Enabling global trade. Leading positive change.' – and our Breadth, Reach and Understanding strategic objectives. We also reviewed whether the proposal would create long-term financial and sustainable value for the Group's stakeholders and were of the view that it would.



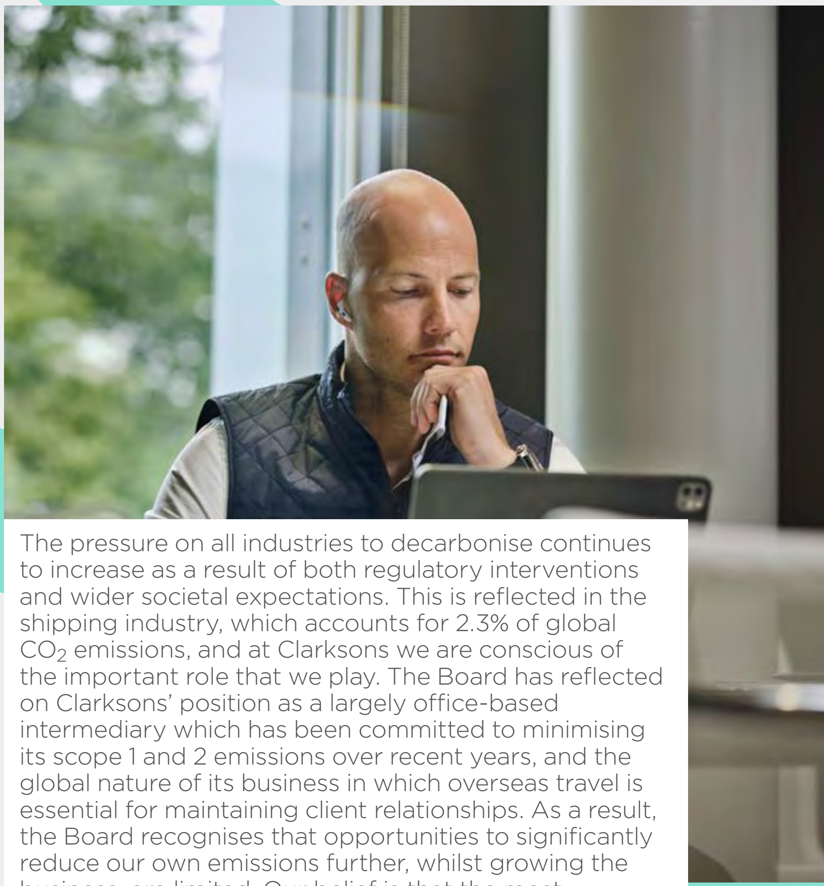
Employees:
The knowledge transfer from Chinsay's employees would benefit Maritech's employees. Chinsay's employees would be able to reap the benefits of being employed by a financially stable, global, listed Group which would offer various medium- to long-term opportunities including training and role/career development.

Fostering relations with clients:
We were satisfied that the acquisition of Chinsay would provide benefits for both the Group's own clients and those of Chinsay. Recap Manager and ICP Freight clients would be migrated to **Sea/contracts** in due course, leading to a less fragmented industry. The dry cargo contracts ecosystem would be enhanced as most counterparties would be on the same platform, thereby benefiting clients of both parties to the transaction. The acquisition of the ICP Freight technology would be leveraged to speed up the development of **Sea/contracts**, again benefiting all clients.

Impact on communities and environment:
Sea/ is a suite of digital tools-for-trade for the maritime industry, which enables shipping professionals to manage freight transactions and fixtures from start to finish by digitising workflows. As a digital solution, **Sea/contracts** has a positive impact on the environment by reducing the carbon emissions associated with the production of hard-copy contracts and couriering them for signature. The further enhancement of this solution through the acquisition of Chinsay would build on this, and benefit both clients and their communities by helping them to meet decarbonisation targets.

High standards of business conduct:
The necessary due diligence was undertaken prior to the transaction being approved. We were satisfied that Chinsay's own standards of business conduct were aligned with those of the Group.

Board engagement
The Board approved the acquisition and the Executive Directors have provided regular updates on progress.



Managing our environmental impact

As an enabler of global trade, we work closely with our clients to lead and facilitate positive environmental change in shipping. As a business, we are committed to monitoring and minimising our carbon footprint in the nearer term and achieving net zero by 2050 in line with current UK government targets.

The pressure on all industries to decarbonise continues to increase as a result of both regulatory interventions and wider societal expectations. This is reflected in the shipping industry, which accounts for 2.3% of global CO_2 emissions, and at Clarksons we are conscious of the important role that we play. The Board has reflected on Clarksons' position as a largely office-based intermediary which has been committed to minimising its scope 1 and 2 emissions over recent years, and the global nature of its business in which overseas travel is essential for maintaining client relationships. As a result, the Board recognises that opportunities to significantly reduce our own emissions further, whilst growing the business, are limited. Our belief is that the most significant impact we can have on global CO_2 emissions is through our role in supporting our clients in meeting their own climate-related goals, which are driven by IMO and EU regulations in particular (see pages 16 and 17), alongside their own aspirations.

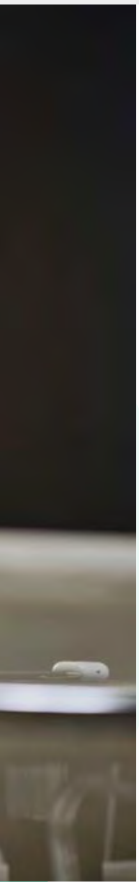
Our purpose as a Company is to 'enable smarter, cleaner global trade' and to 'lead positive change', which is aligned with our strategy, in particular our strategic pillars of Breadth, Reach, Understanding, People and Trust (read more on pages 44 and 45). In line with our purpose and strategy, the Board has set an objective to work alongside our clients to minimise emissions from the shipping industry by:

- Raising awareness and understanding amongst our clients of changes in IMO and EU regulation.
- Providing our clients with the data and tools necessary to make decarbonisation decisions.
- Helping clients to meet their climate-related goals by working with them to identify solutions.

The Board assesses whether this objective has been met through a number of metrics, which include:

- Developments in our Research division to broaden the intelligence available to clients.
- Investment in divisional teams to better support our clients in their decarbonisation strategies.
- Evolving our technology offering to provide clients with the tools to inform cleaner decisions.
- The way in which we are working with other stakeholders in our shipping community to further support the shipping industry's role in meeting global decarbonisation.

The Board noted the progress set out on the next page against these metrics in 2022.



Metric	Update
Developments in our Research division to broaden the intelligence available to clients.	– Following its launch in 2021, further development of Renewables Intelligence Network, which provides leading data on offshore renewables generally, including the fast-growing offshore wind market, with good client adoption and strong client feedback. – Development of the Clarksons Research energy transition model, which supports our clients in planning for the coming decades around changes in the energy mix. – Continued focus on building significant data streams on every vessel type, supporting clients in selecting the most environmentally friendly ships. – Enhanced provision of data on alternative-fuelled ships.
Investment in divisional teams to better support our clients in their decarbonisation strategies.	– Continued training of our people so that they can raise awareness and understanding amongst clients of changing IMO and EU regulations around decarbonisation. – Further development, expansion and integration of the Green Transition team, launched in 2021. – Creation of a carbon capture presence within both the Green Transition and gas teams. – Investment in the car carrier team, which works with clients to meet the needs of Electric Vehicle manufacturers and their customers to deliver sustainably produced and transported vehicles. – Enhancement of expertise within the newbuilding team to support clients in their decisions regarding alternative-fuelled vessels, thereby evolving the tonnage on the water towards lower-emitting vessels. – Significant amount of business won by the Support division to support offshore wind farms. – Focused the Gibb Safety and Survival business in the Support division on meeting the needs of the industry which supports the construction and maintenance of offshore wind farms. – Significant deal-flow within the Securities business across renewable and clean technology.
Evolving our technology offering to provide clients with the tools to inform cleaner decisions.	– Acquisition by the Maritech business of Chinsay AB, a software provider which enables companies to create, share and manage their dry cargo charterparties (see pages 56 and 57 for more information), and Setapp, a technology provider to the maritime sector. – Scaling the **Sea/** business throughout 2022 to enhance products, including **Sea/carbon**, our carbon accounting tool that helps clients to provide insights on emissions when planning and executing journeys.
How we are working with other stakeholders in the shipping community to further support its role in meeting global decarbonisation.	– Continued work by the Financial division with banks and shipowners to meet the needs of the Poseidon Principles. – Further input into the evolution of frameworks and initiatives promoted by bodies such as Sea Cargo Charter, the Getting to Zero Coalition and Green Ship of the Future.

As mentioned on the previous page, we are also conscious of our own carbon footprint as a business. Whilst we view this as immaterial by comparison with the impact that we can have on the wider shipping industry, actions that we have already taken over the last few years to minimise our scope 1 and 2 emissions are set out below. We will continue to take actions that will minimise our footprint further where available.

- Roll-out of LED lighting, which has already been implemented in a number of offices, and continues to be progressed across our largest office in London.
- Incorporation of sustainable considerations at the forefront of the design of a purpose-built office and warehouse facility in Great Yarmouth for our port services business.
- Increased use of technology to enable virtual meetings, thereby reducing emissions associated with travel.
- Changes to monitor power settings to put monitors to sleep more quickly and save energy.
- Purchase of a commercial standard cardboard and paper shredder for our port services business to convert used boxes into packing material for items we distribute.
- Launch of an Electric Vehicle scheme for UK employees, alongside cycle-to-work schemes.
- Recycling of food waste to make fertiliser and to generate gas for electricity production.
- Minimising the use of plastic in staff canteens by removing plastic cutlery and using recycled materials for takeaway products.
- Through the Employee Voice Forum, raising awareness of and inviting employee input into energy-saving measures to be implemented.

Read more:
- Our greenhouse gas emissions on pages 60 and 61.
- TCFD on pages 62 and 63.
- The regulatory timeline on pages 16 and 17.

2022 environmental performance summary

Following the easing of COVID-19 pandemic restrictions and the return to business-as-usual across the globe, Clarksons' total greenhouse gas ('GHG') emissions have increased since 2021, but remain significantly lower than pre-COVID-19 levels. Overall, on a location basis, our emissions are 5,840 tCO_2e, which is an increase of 97% on 2021 and a 38% decrease from 2019. Calculated on a market basis, our emissions are 5,807 tCO_2e. With regards to our carbon emissions intensity, we averaged 3.3 tCO_2e per employee (1.2 tCO_2e per employee for scope 1 and scope 2 emissions only) in 2022.

Our carbon footprint

Despite the reopening of most offices during the year, our scope 1 and 2 emissions have decreased since 2021. This has been driven largely by a 5% decrease in electricity consumption globally. This decrease, combined with the ongoing decarbonisation of electricity grids in several locations in which we operate, has resulted in a 9% reduction in location-based electricity emissions. In scope 1, lower emissions have been driven by a decrease in company car usage, as well as very few refrigerant top-ups being recorded during the year. While reductions were observed across scope 1 and 2, the limited scope 3 emissions we currently monitor increased significantly, driven almost entirely by a resumption in business travel as COVID-19 restrictions lifted.

Our energy efficiency initiatives

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

- Applying changes to monitor settings to put monitors to sleep more quickly and save energy.
- Switching off office digital screens overnight when they will not be in use.
- Minimising the use of plastic in staff canteens through removing plastic cutlery.
- Upgrading recycling signage in bin areas to encourage the separation of waste and improve recycling rates.

In addition, a number of local initiatives which were implemented previously remain in place. These include cycle-to-work schemes, an Electric Vehicle scheme and recycling of food waste.

Outlook

We are committed to monitoring and minimising our carbon footprint in the nearer term and achieving net zero by 2050 in line with current UK government targets. We will consider the actions to be taken in this regard and provide an update in the 2023 Annual Report.

Methodology

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

We have reported the emission sources for which we have operational control for our global estate for the reporting period 1 January 2022 to 31 December 2022.

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

We have included in scope all the properties where we are directly responsible for the consumption of energy, including our tenanted offices. Our carbon footprint for the 2022 reporting year was calculated from activity data for scope 1 emission sources and electricity consumption in scope 2. This disclosure builds on the minimum requirements for compliance with the 2018 Regulations to include additional material scope 3 emissions from business travel and office operations (waste, water, paper). Our emissions are presented on both a location and market basis. Location-based reporting applies a country-specific factor to electricity consumption whilst market-based reporting takes account of the specific electricity tariff/supplier used.

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

1 This work is partially based on the country-specific CO_2 emission factors developed by the International Energy Agency, © OECD/IEA 2022, but the resulting work has been prepared by Clarksons and Avieco and does not necessarily reflect the views of the International Energy Agency.

Clarksons' GHG emissions (tCO_2e) and associated energy consumption (MWh) for 2022

	UK 2020 (tCO_2e)	Global (excluding UK) 2020 (tCO_2e)	UK 2021 (tCO_2e)	Global (excluding UK) 2021 (tCO_2e)	**UK 2022 (tCO_2e)**	**Global (excluding UK) 2022 (tCO_2e)**	% change in total emissions (vs 2021)
Scope 1	588	206	759	234	**766**	**157**	-7
Natural gas	174	44	237	66	**236**	**66**	0
Other fuels	222	–	193	40	**240**	**19**	11
Company cars	100	159	155	74	**125**	**72**	-14
Fleet	47	–	133	–	**161**	**–**	21
Refrigerants	45	3	41	54	**3**	**–**	-96
Scope 2 location-based (electricity)	900	574	815	544	**687**	**553**	-9
Scope 3[1]	171	904	183	479	**460**	**3,217**	455
Total Scope 1 + 2 (location-based)	1,488	780	1,574	778	**1,453**	**709**	-8
Total Scope 1 + 2 + 3 (location-based)	1,659	1,684	1,757	1,257	**1,913**	**3,926**	94
Total Scope 1 + 2 + 3 (market-based)[2]	2,042	1,847	1,741	1,211	**1,890**	**3,917**	97
Total Energy Usage (MWh)	6,382	2,656	7,140	2,637	**7,180**	**2,556**	0
Total global (including UK) Scope 1 + 2 emissions/FTE		1.4		1.4		**1.2**	-12
Total global (including UK) emissions/FTE		2.1		1.8		**3.3**	85

1 Scope 3 emissions from business travel and office operations (waste, water, paper).
2 Location-based factors have been applied where there are no residual mix factors available.

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

The Company has reported consistent with the TCFD recommendations during the year ended 31 December 2022, with the exception of the recommendation regarding targets under the Metrics and Targets pillar where we have provided an explanation.

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

Governance

Describe the board's oversight of climate-related risks and opportunities

The Board has overall responsibility and accountability for all risks and opportunities, including all climate-related matters. The Audit and Risk Committee monitors the impact of climate change on our principal risks, including their materiality, as part of their ongoing monitoring of actual and emerging business risks.

Read more:
Our governance framework on pages 92 and 93.

Describe management's role in assessing and managing climate-related risks and opportunities

Our CFO & COO takes overall executive responsibility for ESG matters (including climate change). Our CEO and the Executive Team lead the identification of climate-related opportunities as part of their responsibility for delivering the strategy and identify and manage climate-related risks within their relevant areas.

Read more:
Our governance framework on pages 92 and 93.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term, and their impact on the organisation's business, strategy, and financial planning

The risks and opportunities for our business are identified through existing business planning and risk management processes. In 2022, we revisited previously identified risks and opportunities and were satisfied that there were no new emerging risks to be considered. Further detail on the review undertaken and the risks and opportunities identified through the review are set out on the next page.

Read more:
Climate scenario analysis on page 63.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

In 2021, we undertook climate scenario analysis to understand how the climate-related risks and opportunities that we face may manifest themselves under two different temperature pathways (including one aligned to the Paris Agreement). We are satisfied that this remains relevant.

Read more:
Climate scenario analysis on page 63.

Risk Management

Describe the organisation's processes for identifying, assessing and managing climate-related risks and how those processes are integrated into the organisation's overall risk management

Our processes for identifying, assessing and managing the impact of climate change on our principal risks are integrated into our existing risk management processes.

Read more:
Our risk management framework on pages 75 and 76.

Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
The metrics used by the Board to assess our climate-related opportunities are set out on page 59. The principal climate-related risk that we have identified relates to stakeholder environmental expectations, which the Board assesses through stakeholder feedback.

Read more:
Our impact on pages 58 and 59.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks
Our scope 1, 2 and limited scope 3 emissions are disclosed on page 61. During the year, we evaluated other scope 3 categories and selected purchased goods and services and capital goods as the most relevant categories for Clarksons. Work to measure emissions within these categories in our largest locations commenced in 2022. In light of the implementation of a new finance system, further work is required to enhance the robustness of that data, which remains an area of focus. We will provide a further update in the 2023 Annual Report.

Read more:
Our environmental performance on pages 58 to 61.

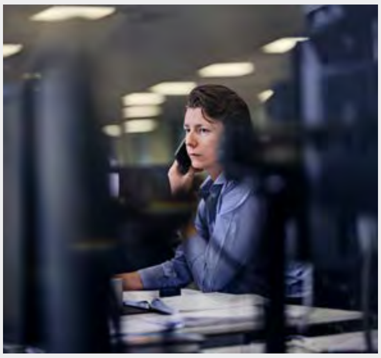
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets
We have confirmed our commitment to achieving net zero by 2050 in line with current UK government targets. We will consider the actions to be taken in this regard and provide an update in the 2023 Annual Report.

Evaluating climate risks and opportunities

The risks and opportunities relating to climate change for our business are identified through existing business planning and risk management processes, As set out on page 73 of the 2021 Annual Report, in 2021 we conducted a thorough analysis of transition and physical risks and opportunities that could affect the shipping industry. As a result, one risk and two opportunities were assessed in terms of likelihood and impact, in line with our risk management framework, from a long-term perspective, in accordance with internally developed maritime-specific climate scenarios:

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

In 2022 we revisited the risks and opportunities relating to climate change for our business, and were satisfied that there were no new emerging risks which needed to be factored into our assessment. Focusing therefore on the one risk and two opportunities identified in 2021, we were satisfied that the climate scenario analysis that was described on pages 74 and 75 of the 2021 Annual Report remains relevant and that there have not been any new developments that need to be factored in to this analysis.



Focusing on our people and our communities

Our people

We believe that everything centres around our excellent people. They are at the heart of the business and drive the products and services we provide, and the way we engage with our clients. Our people remain the biggest differentiating factor for us, and the diverse range of backgrounds, nationalities, skills and experience within our global teams is representative of the international markets we operate in. This, together with our commitment to continually develop and empower our people and support them in a role and environment where they can thrive and perform at their best, underpins our culture. Our people strive to deliver our strategic pillars, embody our cultural values and act in accordance with our behaviours every day.

COVID-19

During 2022, the impact of COVID-19 largely retreated as we returned to a normal way of working and doing business in most of our global locations, with some exceptions. As we were able to return to office locations and meet with clients and other stakeholders, we have benefited enormously from the return to in-person engagement and collaboration. However, the lessons learnt during the pandemic remain in focus and the well-being of our people and their families will remain at the centre of our thinking.

Health and well-being

This year we have invested more to further support the well-being of our people, with the addition of resources that provide digital therapy, health, and well-being support for our global workforce in addition to our comprehensive packages of other benefits.

It is a signature of our culture for our managers to be closely engaged with their teams. We have enjoyed the huge personal, social and business-related benefits of being back together in the office.

Engagement

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

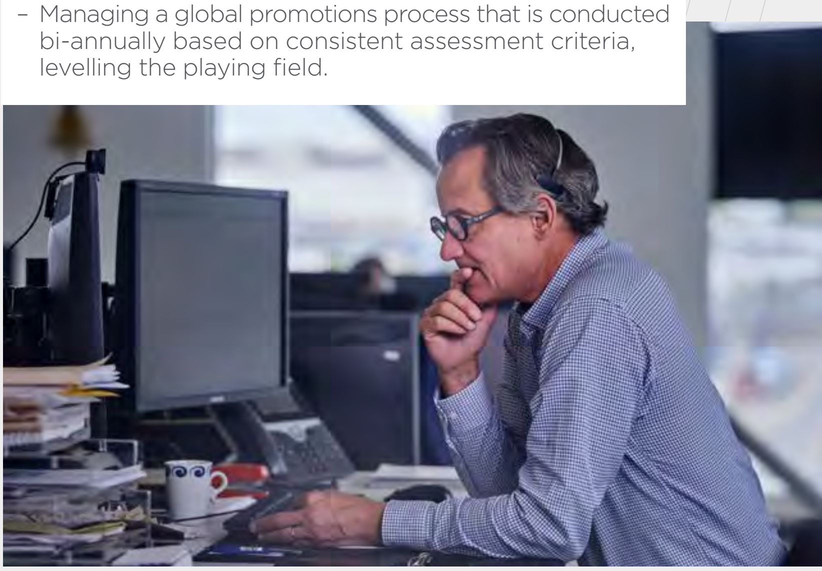
The management style of our organisation is to engage directly and personally with our people, and our management structures and hierarchies support this. Every line manager maintains open lines of communication with their teams, and this remains the most effective way of ensuring consistent engagement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

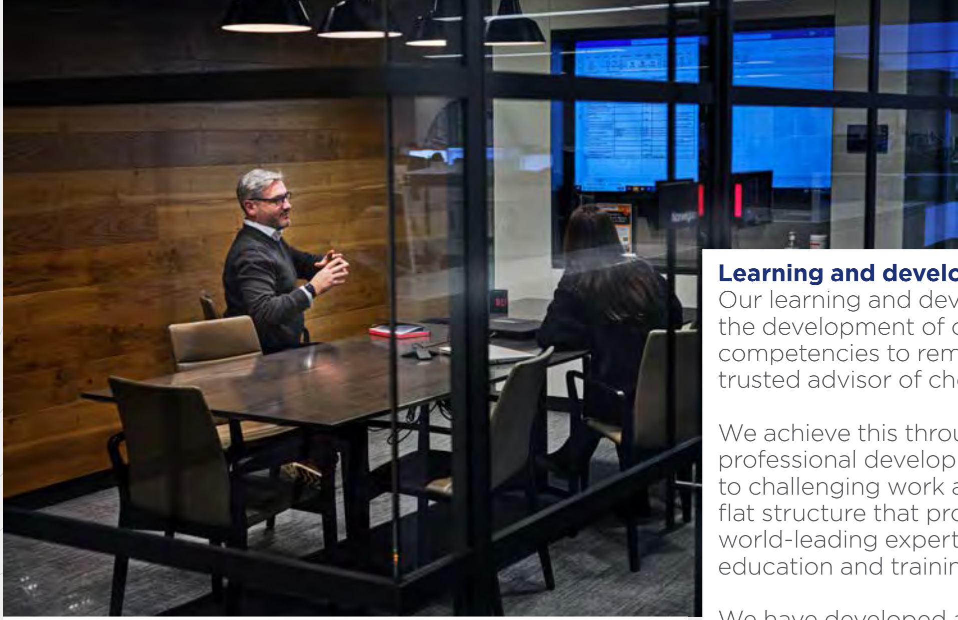
Other specific and targeted forms of engagement with employees comes from:
- Global executive and divisional management forums that meet monthly.
- Employee pulse surveys for certain divisions.
- The Employee Voice Forum with Non-Executive Directors, which is attended by employees from various divisions across the business and provides for and encourages two-way communication between our employees and Non-Executive Directors. The forum is chaired by Heike Truol, our Employee Engagement Director. Discussions over the last year have centred on key topics impacting the industry such as digital transformation and the green transition and the impact this has on our employees, the ESG agenda and the experience of our entry-level talent.
- Increased use of our internal communications channel (Voyage) which is updated with news from our 56 offices; education on topics of interest to the industry; information regarding the evolution of products and services provided by the Group; and 'Focus on' and 'Clarksons meet' content to get to know global colleagues.
- Regular communications from senior management updating employees on key matters, and in particular video updates from our CEO and CFO & COO presenting publicly released financial results and updates on the work of the CSR Committee.
- We have brought our people together for team, office or leadership events and offsites which has been a huge boost to morale and reinforced the personal nature of the environment in which we operate.
- Monthly CSR Committee meetings attended by a cross-section of employee Committee members and visiting attendees focusing on the charitable causes that are important to our global community.

We also recognise the benefits of encouraging employee engagement through share ownership. Further detail on the participation of our employees in share plans can be found on page 98.

Talent management, promotion, recognition and reward

We have continued to invest in developing and retaining the best talent in our markets. Our key objective and focus is to ensure that our people become our future leaders. We create an environment in which our people have a broad experience; collaborate across our business; and participate in the running of their respective business divisions to gain exposure to leadership responsibilities. We achieve this by:
- Global executive and divisional management forums that meet monthly.
- Managing a global promotions process that is conducted bi-annually based on consistent assessment criteria, levelling the playing field.



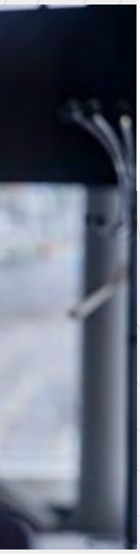


- Leveraging our competency and behaviours framework, which we use to attract, retain, develop and promote our people based on consistent criteria, and which is designed to be transparent about expectations.
- A bespoke management and leadership development programme which will be undertaken by managers and leaders.
- Regular sessions with Maritime Masters in which they present and lead seminars.
- Widening the scope of our development programmes to help employees at all stages of their career take control of their personal development, support retention of our early- and mid-level management and facilitate succession planning.

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

Recruitment

We remain focused on attracting, engaging and retaining the best talent. Our in-house recruitment model is evolving with direct search capabilities which enable us to hire the best talent and access more diverse recruitment pools. The model enables a consistent candidate experience, whilst leveraging our employer brand. Our new employer brand represents our broad expertise and market specialisms that are underpinned by data and enabled by technology, allowing us to access talent interested in driving the continued disruptive change in our industry. We are evolving our recruitment channels for greater access to, and engagement with, a diverse and broad spectrum of both active and passive talent, and we are building talent pipelines for future hiring needs. We are developing our recruitment platform to meet the demands of a competitive talent marketplace and we continue to monitor our inclusive recruitment practices on an ongoing basis. We partner with organisations that share our values and support our goals.



Learning and development

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

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

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

Our growing commitment to learning is reinforced with work on the development of the Clarksons Academy – a centralised global portal supporting induction, technical and industry training, personal and professional development and providing global access to online learning programmes with a leading provider, Goodhabitz. This enables all our staff to access a broad range of courses to support ongoing personal and professional development.

In 2022, we launched a fresh approach to performance management, with an emphasis on delivery of the Group's strategic goals as cascaded down through the business lines, and behavioural assessment against the Clarksons Behaviour Framework (as included on page 2).

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

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

Diversity and inclusion

We have committed to a progressive and strategic diversity and inclusion approach that comprehensively targets all aspects of the organisation. We strive to ensure that we use a diversity and inclusion lens at every opportunity. We are honest with ourselves about our current context and some of the challenges we face in our industry.

To help us on this change journey, we are partnering with a strategic diversity and inclusion specialist focusing initially on quantitative data as the bedrock of a strategy to understand the requirements for meaningful change. This will be augmented with qualitative data collection and analysis to support an evidence-based strategy for our short-term, mid-term, and long-term inclusion goals.

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

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

Health and safety

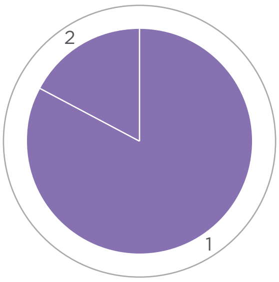
It is vital to look after the health, safety and well-being of our people. Our objective is to provide a safe and secure workplace for all. Our policies and procedures are designed to minimise the risk of injury and ill health of our workforce as well as other people attending our premises.

The Board has approved the Group Health and Safety Framework and has appointed the CFO & COO as sponsor for health and safety. The CFO & COO chairs the Group Health and Safety Committee, which is responsible for monitoring compliance of the framework and reporting to the Board. The Board receives updates on health and safety matters, covering any areas of concern and key updates from operational committees.

Gender diversity

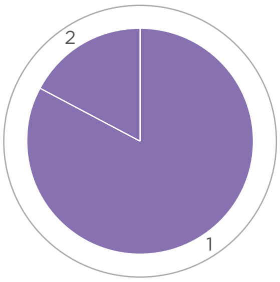
As at 31 December 2022

Executive Committee



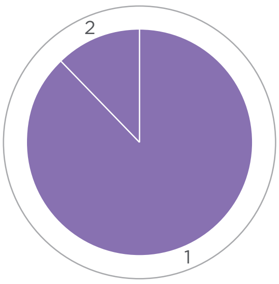
1. Male: 15
2. Female: 3

Executive Committee and direct reports



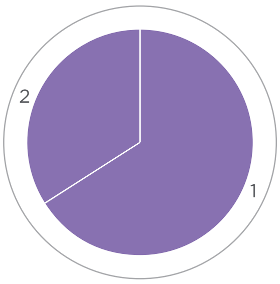
1. Male: 167
2. Female: 33

Senior managers[1]



1. Male: 201
2. Female: 27

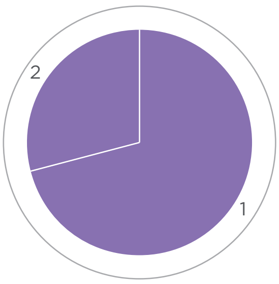
New hires



1. Male: 237
2. Female: 123

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

All employees



1. Male: 1,320
2. Female: 527

Read more:
Diversity and inclusion on pages 65, 66, 106 and 107.

Each site is responsible for managing its own health and safety in line with the Group Health and Safety Framework and in compliance with local laws and regulations. With the exception of some higher-risk activities within our Support division, such as port agency and freight forwarding, all locations conduct office-based activities only and are therefore considered relatively low risk. Health and safety in the UK is managed by two committees that report to the Group Health and Safety Committee – a committee dedicated to the highest-risk activities in the Support division and a further committee focused on UK office activities.

Communities

Industry partners

Throughout 2022, we partnered with a number of maritime associations which are paving the way for the future of the maritime industry.

This was demonstrated by our continuing support for Maritime UK's Maritime Masters programme. We ran a series of webinars for postgraduate students studying for Master's qualifications at nine leading UK universities and business schools, culminating in the hosting of a virtual finalists reception in October. These webinars proved to be very popular and will be provided again in support of the 2023 Maritime Masters programme.

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

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

Charitable donations

We are committed to giving back to society through our corporate social responsibility programme. Our aim is to bring about positive social change and have a lasting impact on people and communities. Activities within our corporate social responsibility programme are overseen by our CSR Committee.

In 2022, we supported a number of charities which included initiatives for mental and physical health, education, homelessness and maritime-related causes. One of the great charities we supported was Mission to Seafarers, which helps care for seafarers around the world with the provision of practical and emotional support.

We also proudly participated in Mercy Ships Cargo Day in November 2022, with brokers across our offices forgoing 50% of their commission, resulting in a contribution of over US$195,000 to Mercy Ships, a development organisation that deploys hospital ships to some of the poorest countries in the world, delivering vital, free healthcare to people in desperate need.

We encourage individual employee fundraising efforts globally, and during the year we supported various initiatives raised by our people, including the rebuilding of homes destroyed in the Bangladesh floods. A Payroll Giving scheme is available in the UK for employees to make regular, tax-free donations from their gross pay.

During the year, 200 employees across the Group took part in our Survival of the Fittest challenge as part of Charity Giving Day 2022, in a bid to win the fitness challenge and to also raise funds for The Clarkson Foundation. Funds were also raised on the day by a gala dinner and auction in London, and the Group provided matched funding for amounts raised by employees, resulting in over £250,000 being donated to The Clarkson Foundation.

As well as fundraising, we encourage our employees to volunteer their time and skills. The Aberdeen office, comprising the offshore and port services teams, supported AberNecessities (a baby bank for disadvantaged families) throughout the year with funds from bake sales and volunteering. This included helping to sort through donated items, pack and deliver Christmas Eve boxes so that 'No Child Should Go Without', as well as assisting the charity with their cardboard waste disposal.

We continued our participation in the Growth Project, a collaborative project between business leaders and their equivalent charity leaders. This year-long scheme is designed to help both sides understand their role as leaders in their respective organisations. It combines training and close mentoring in monthly meet-ups. Three leaders joined the scheme from Clarksons and were paired with 'Global Girl Project', which supports the mobilisation of socially minded and community-driven girls around the world; the 'Sam and Bella Sebba Charitable Foundation', a grant-making body which seeks to promote a more humane society by supporting vulnerable people and protecting their rights; and 'FAST London', a community youth charity in South London. Once again, the project has been very successful, with all Clarksons participants finding the experience impactful from both a personal and a professional perspective.

In total, Clarksons CSR initiatives led to over £850,000 being donated towards charitable causes in 2022.

The Clarkson Foundation

Welcome to The Clarkson Foundation

Making a tangible difference.

Operating as an independent registered charity, The Clarkson Foundation is managed by a Board of Trustees comprised of Clarksons employees from across the business, utilising their skills to make a positive impact on society.

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

Funds are raised for the charity by donations from Clarkson PLC and through a broad range of activities such as the annual Charity Giving Day, which sees Clarksons employees take part in various fundraising activities.

Since its formation in 2020, The Clarkson Foundation has provided grants to fund a variety of charitable projects in the UK and overseas. Clarksons employees are encouraged to put forward charities meaningful to them for consideration. The Trustees select initiatives to support by focusing on projects which can achieve the biggest impact and demonstrate operational efficiency. The charities supported during the year tackle issues including physical and mental health, poverty, homelessness and disaster relief. In 2022, over £250,000 was donated to support various charities, some of which are set out to the right.

Dig Deep
Dig Deep was provided a grant to fund the building of safe toilets, clean water facilities and hygiene education in five schools in Bomet, Kenya. The project was so successful that a further grant was provided to fund nine community spring protection projects in 2023, which will have an estimated 9,000 direct beneficiaries over the next five years, improving health, livelihoods and female empowerment.

Renaissance Foundation
A grant was provided to the Renaissance Foundation to fund equipment for its new Hub in Aldgate, London. The Hub will be the charity's permanent home – providing a safe, welcoming and consistent space for young patients and young carers to thrive.

Global Girl Project
A donation was made to the Global Girl Project to help with the delivery of its leadership programme for girls. The Global Girl Project mobilises women around the globe for social change through community development and social action.

Frontline 19
A grant was provided to Frontline 19 to support its free, confidential therapy service to the UK's National Health Service and frontline workers to ensure those who need help can access support quickly and easily.

Disaster Emergency Committee ('DEC')
A grant was made to support the DEC's appeal for Ukraine, to help DEC charities deliver food, warmth, clean water and medical care to people in Ukraine and vital support to refugees in neighbouring countries.

The Wave Project
The Wave Project delivers 'surf therapy' in the UK to young people at risk of mental ill-health to improve their emotional and physical well-being. In 2021, a grant was awarded to fund a new minibus for The Wave Project's Northern Ireland location on the Causeway Coast. In 2022, a further grant was provided to fund a minibus for the Isle of Wight which helps over 60 children each year.

The Whitechapel Mission
Having supported the charity over Christmas in 2021, The Whitechapel Mission in London was provided a further grant for the provision of 450 hot meals during the 2022 Christmas period for those experiencing homelessness. In addition, a donation was made to support the 'Choc & Socks' scheme, to provide a small gift and hygiene kit to people using the centre.

The Trussell Trust
A grant was made to support the work of The Trussell Trust. The charity supports a nationwide network of food banks in the UK and provides emergency food and support to people locked in poverty.

For more information
www.theclarksonfoundation.com

Dig Deep

The Trussell Trust

Maintaining robust governance

How we do business
We are committed to conducting our business in an ethical, honest and professional manner wherever we operate and to:
- Act fairly, honestly and with integrity at all times and in everything we do, and to comply with all applicable laws.
- Treat our employees, clients, contractors, suppliers and other stakeholders fairly and with respect.
- Create a high-quality, equal opportunity working environment for all our employees, based on merit and free from discrimination, bullying and harassment.
- Respect human rights.

Compliance at Clarksons
To enshrine our commitment to act ethically, we have a Compliance Code which sets out the expectations and standards we place on ourselves and our staff. Following our code is mandatory and all employees, officers and Board members are required to read, understand and commit to our Compliance Code annually.

The Compliance Code contains a suite of robust and proportionate policies and procedures that mitigate ethics and compliance risks such as sanctions breaches, bribery and corruption, money laundering, insider dealing, market abuse and conflicts of interest.

Annual mandatory online training modules are completed each year by all relevant employees, officers and Board members to raise and reinforce awareness in these and other areas, particularly for those exposed to greater risk of ethical or legal breaches.

Our global compliance support team help embed the policies and procedures across our offices and divisions. A clear and accessible whistleblower policy exists to enable reporting of misconduct in confidence (and anonymously) to an independent external provider without fear of reprisal. Whistleblowing reports arising from its operation are overseen by the Board in line with the UK Corporate Governance Code. Where required, local mandatory whistleblowing policies also exist.

Sound financial and due diligence controls are in place which help reduce the risk of inter alia money laundering, sanctions breaches and bribery and corruption. These include transparent accounting records; risk-based due diligence on all staff, clients and third parties; external audit and an outsourced internal audit function; and an effective Audit and Risk Committee.

A clear tone from the top enhances our culture of integrity and supports an ethical and compliant stance.

In addition, our regulated businesses are subject to further compliance requirements which are set out in their specific compliance codes and implemented through specific procedures.

Anti-bribery and corruption (‘ABC’)
In line with overall compliance processes, the Group has a robust ABC compliance programme consisting of:
- A formal ABC policy highlighting our zero tolerance of bribery and corruption which is communicated to and applies to all employees and third parties undertaking business for or on behalf of the Group.
- An external Group ABC policy statement available on our website to communicate the Group’s ethical position.
- ABC online and bespoke training for all employees to raise and reinforce awareness, particularly with those open to greater risk of bribery and corruption.
- Risk-based due diligence, carried out on clients, contractors, suppliers and employees before contracting with them and periodically thereafter.
- A sound system of financial controls which helps reduce the risk of bribery and corruption, such as separation of duties and delegated authority levels, transparent accounting records and a requirement for full supporting documentation for all transactions.
- A comprehensive set of policies which address possible bribery and corruption risks, for example conflicts of interest, expenses and gifts and hospitality policies.
- Our whistleblower policy to permit reporting of misconduct to an external provider without fear of reprisal.
- External audit and an outsourced internal audit function, whose effectiveness is evaluated annually.
- An effective Audit and Risk Committee, which oversees our compliance programme.

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

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

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

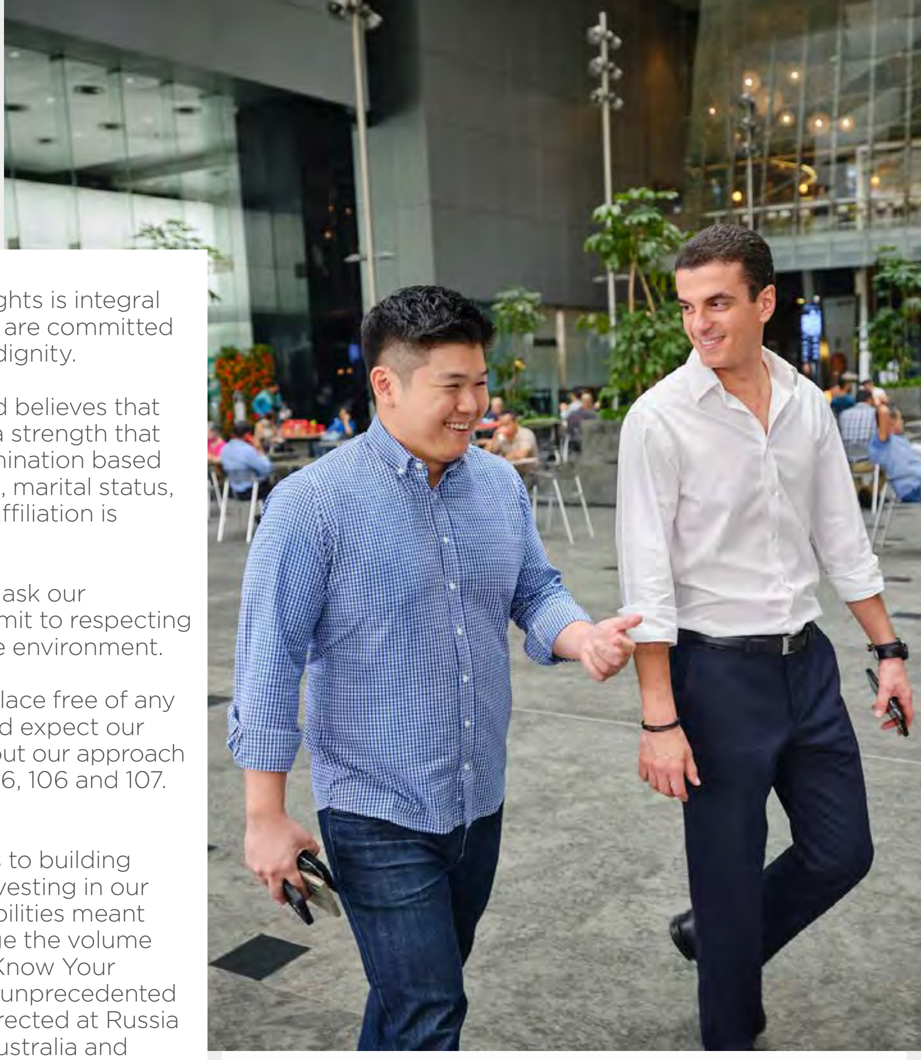
We are committed to providing a workplace free of any form of harassment or discrimination and expect our suppliers to do the same. Read more about our approach to diversity and inclusion on pages 65, 66, 106 and 107.

Sanctions
Our commitment over the last five years to building a global KYC/due diligence team and investing in our sanctions technical and personnel capabilities meant that we have been well placed to manage the volume of sanctions enquiries and consequent Know Your Customer ('KYC') analysis following the unprecedented number of sanctions enacted in 2022 directed at Russia from the EU, US, EEA, UK, Singapore, Australia and the G7. The sanctions have included the designation of thousands of Russian individuals and Russian companies, wide-ranging export and import bans as well as financial sanctions.

Sanctions in 2022
In early 2022, the UK and EU prohibited UK and EU persons from brokering the sale or charter of vessels to 'Russian persons'. EU and UK shipbrokers must now perform additional due diligence to ensure that prospective buyers and charterers of a vessel are not Russian Persons. Russian Persons are defined not just as entities located in Russia or incorporated under the laws of Russia, which is relatively easy to establish, but also as entities 'domiciled in Russia'. It can be challenging to ascertain whether an entity is domiciled in Russia. It requires EU/UK shipbrokers to assess where a company has its 'central administration' or 'principal place of business'. We are uniquely placed to be able to do this level of due diligence partly due to the size and expertise of our KYC team and access to third-party and proprietary databases, but also due to our global reach, local knowledge and ability to investigate on the ground.

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

Our supply chain comprises worldwide suppliers providing a wide range of support functions and products including catering, maintenance, information technology, cleaning and security. In our material supplier contracts in the UK, we request that our suppliers commit to ensuring that their supply chain complies with legislation with regard to modern slavery.



Our General Terms and Conditions also include client obligations to comply with modern slavery legislation.

Our procurement procedures seek to ensure that our suppliers, contractors and service providers act ethically and with integrity, and have in place effective systems and controls so that modern slavery is not taking place within their own businesses. Our Supplier Charter asks our suppliers to commit to respecting human rights, diversity, inclusion and the environment. Suppliers which do not meet the standards we expect are not engaged to provide goods or services.

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

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

Suppliers
Whilst we do not consider suppliers to be a significant stakeholder in our business, we are committed to treating our suppliers fairly. You can read more about how the Board takes account of suppliers in its decision-making on page 54.

Non-financial information statement

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

Reporting requirement	Key policies and standards, and more information
Environmental matters	**Read more:** Environment on pages 58 to 63.
Our employees	Global Staff Handbook Global Diversity and Inclusion Policy Compliance Code Global Privacy Statement and Policy Health and Safety Policy Statement Whistleblowing Policy **Read more:** Our people on pages 64 to 67. How we do business on pages 70 and 71.
Social matters	CSR Committee **Read more:** Communities on page 67.
Human rights	Ethics Policy Statement Modern Slavery and Human Trafficking Statement Global Privacy Statement and Policy **Read more:** Our people on pages 64 to 67. How we do business on pages 70 and 71.
Anti-corruption and anti-bribery	Anti-Bribery and Corruption Policy **Read more:** How we do business on pages 70 and 71.
Business model	**Read more:** Our business model on pages 46 to 51.
Principal risks	**Read more:** Risk management on pages 77 to 81.
Non-financial key performance indicators	**Read more:** Key performance indicators on pages 14 and 15.

Effective risk management

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

Our risk management framework ensures that we manage risks against a risk appetite that seeks to protect on the downside while promoting the necessary entrepreneurism to seize opportunities which further our strategy, to create value for shareholders and other stakeholders.

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

Risk environment

Our business model determines our inherent internal risk:

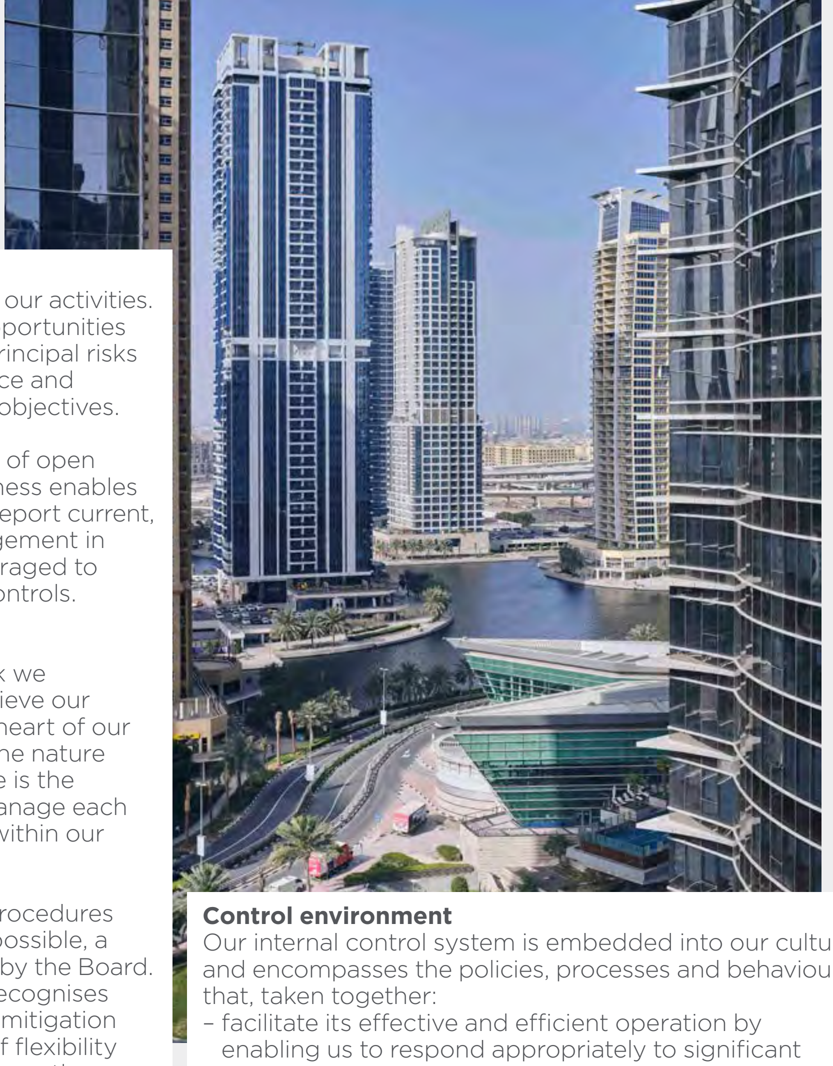
We act as agents in the provision of services for and on behalf of our clients
As agents, we are bound by the scope and authority determined by our General Terms and Conditions, which are communicated to our clients on commencement of business with them. We do not take principal trading positions, other than in the convertible bonds business and in exceptional circumstances in the Financial division should there be a failure of a client to meet its obligations during the settlement period.

We do not own physical assets of material value
The strength of our balance sheet comes from cash and other current working capital which grow with our consistently profitable business. Our profit and cash flows are not exposed to asset valuations or the risk of loss or damage to physical assets of material value integral to our day-to-day business.

Capital commitments
Aside from regulatory capital commitments in our regulated entities, we are not required to commit amounts of capital in the conduct of our day-to-day business.

Borrowings
The Group has no borrowings, except for interest-bearing loans and borrowings in the Financial division.

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



Risk culture

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

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

Risk appetite

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

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

Control environment

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

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

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

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

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

Read more:
- Our strategy on pages 44 and 45.
- Our markets on pages 38 to 43.
- Principal risks on pages 77 to 81.

Risk governance

Top down
Risk oversight and assessment

The Board is responsible for:

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

The Audit and Risk Committee is responsible for:

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

Operational management is responsible for:

- Embedding risk management processes and internal controls across divisions and functional areas;
- Ensuring effective risk identification, assessment and mitigation is performed across the business; and
- Ensuring risk awareness and safety culture is embedded across the business.

Bottom up
Assessment at operational level

Approach and framework

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

Our risk assessment is formed in stages:

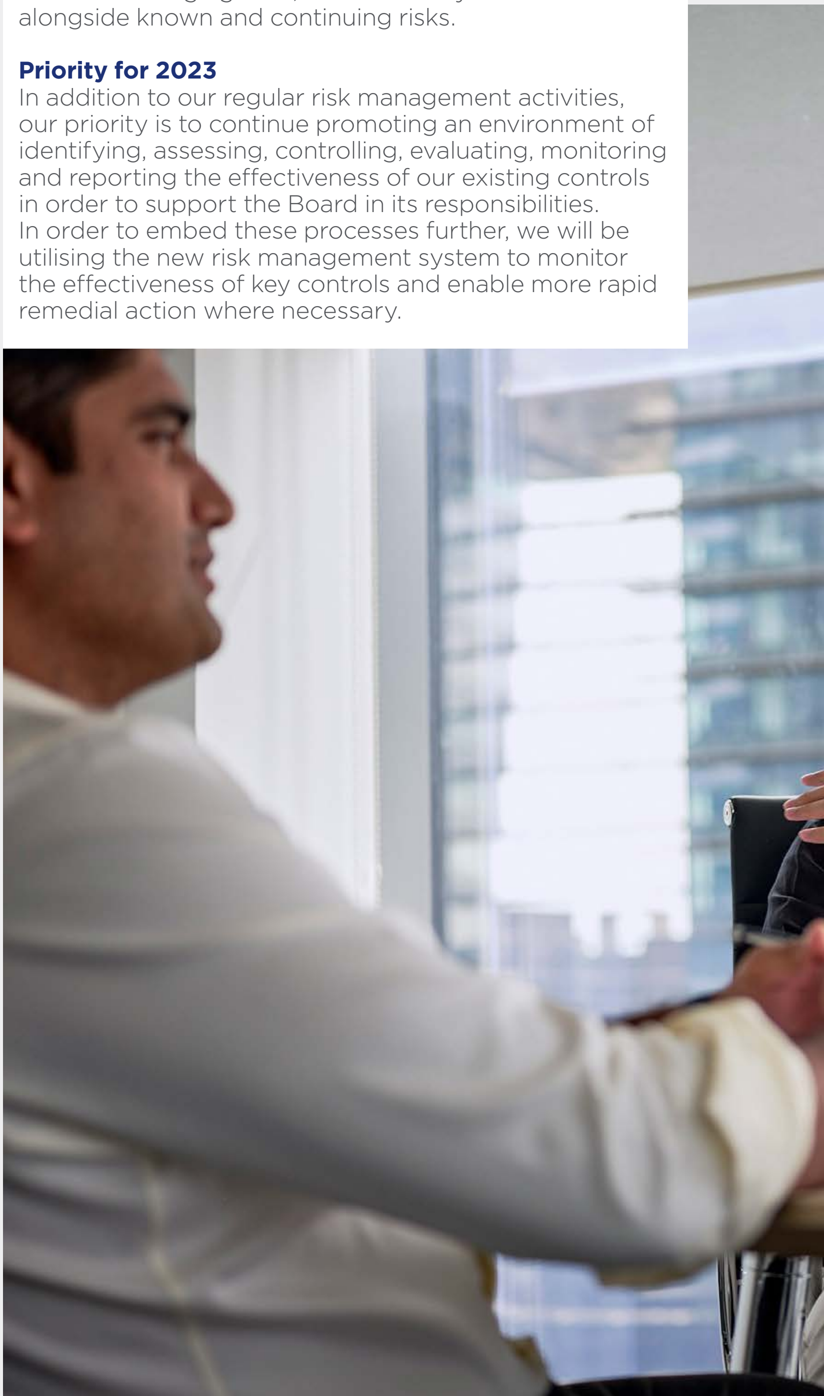
1. Identify current and emerging risks facing the Group including an appraisal of the extent the risk is affected by climate change;
2. Document risks on a centrally managed risk register;
3. Identify the level of appetite appropriate for each risk;
4. Assess the likelihood of occurrence of each risk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

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

Every year, through an integration of culture, compliance and training, we make further progress in embedding our risk management approach with all employees. During the year we introduced a new risk management system. Using this system we continue to work hard to improve risk awareness and enhance controls and procedures to further mitigate risks.

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

Priority for 2023
In addition to our regular risk management activities, our priority is to continue promoting an environment of identifying, assessing, controlling, evaluating, monitoring and reporting the effectiveness of our existing controls in order to support the Board in its responsibilities.
In order to embed these processes further, we will be utilising the new risk management system to monitor the effectiveness of key controls and enable more rapid remedial action where necessary.



Principal risks

The principal risks which may impact the Group's ability to execute its strategic objectives have not changed since 2021.

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

Whilst not a principal risk for the Group at this time, we consider climate change to be a thematic risk which potentially impacts a number of our principal risks. The Audit and Risk Committee recognises that the assessment of the opportunities and the impact on principal risks arising from climate change requires consideration of much longer timescales beyond the 36 months used in the viability analysis on page 82, and will continue to take a long-term view of the potential impacts and mitigants for the Group. We continue to assess and manage areas where climate change can impact our business and clients, and seek ways in which we can proactively support our clients through the green transition.

Loss of key personnel – Board members

Change in risk factor since 2021
No change

Link to strategic objective
People

Description
At the Annual General Meeting in May 2023, the Company will seek approval of its new 2023 Directors' Remuneration Policy. This shareholder vote is binding.

Accordingly there are specific risks arising from existing contractual arrangements:
- The terms of the existing Executive Directors' contracts are proven to work in the context of our business and competitive environment, and have delivered outstanding shareholder value for many years. Seeking to amend these terms unilaterally could threaten the retention of the Executive Directors, which would not be in the interests of our stakeholders.
- Furthermore, the unilateral amendment of the contracts of the Executive Directors would trigger a fundamental breach of contract rendering the contracts null and void thereby preventing the Company from relying on the protections (gardening leave and post-termination restrictions) that it has in the existing contracts.
- The retention of the Non-Executive Directors could be threatened should it become clear that shareholders are not prepared to vote in favour of either the Directors' Remuneration Policy or individual Non-Executive Director re-elections.

Controls/mitigating factors
We explain the work that has been undertaken to mitigate this risk in the Directors' Remuneration Report.

Activities in 2022
Continuing engagement with major shareholders to ensure an understanding of the context of the Directors' Remuneration Policy and its alignment and continuing importance to the success of the Group's strategy.

Read more:
Directors' Remuneration Report on pages 116 to 119.

Economic factors

Change in risk factor since 2021
Increase

Link to strategic objective
Growth

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

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

Economic stimuli and continued globalisation of the world economy had a beneficial impact on world trade and the business during 2021. However, subsequent macro-economic headwinds including high inflation and increasing interest rates, impacts from the Russia-Ukraine conflict, weak economic conditions in China and pressure on consumers are all undermining the outlook.

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

Activities in 2022
Our results for 2022 show the robustness of our strategy and business model against volatility in our markets.

Cyber risk and data security

Change in risk factor since 2021
Increase

Link to strategic objective
Trust

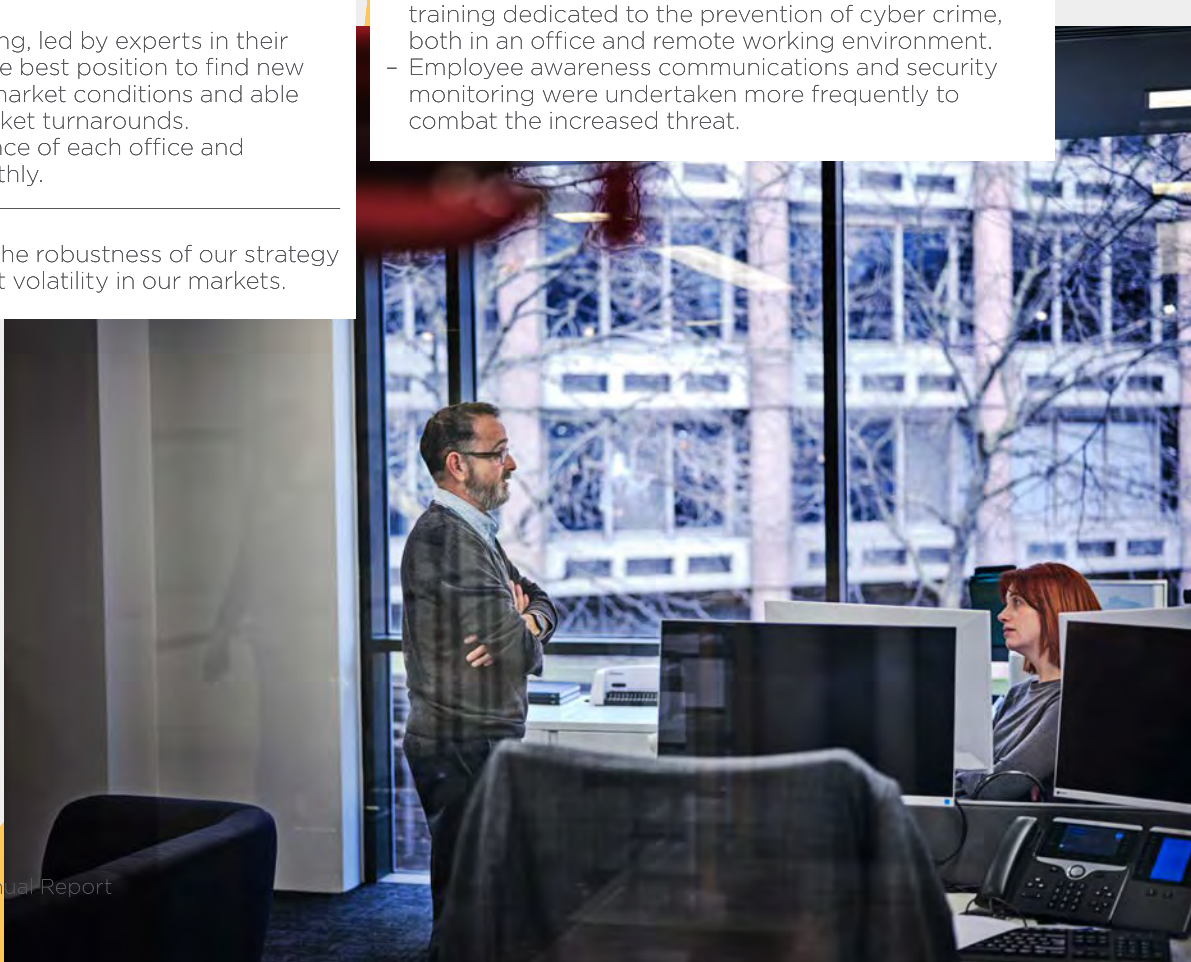
Description
Financial loss, reputational damage or operational disruption resulting from a major breach in the confidentiality, integrity or availability of our IT systems and data.

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

We continue to see an increased volume of spam, targeted phishing type emails and ransomware attacks. The identification of the Log4j vulnerability, the increased frequency of zero-day attacks and more sophisticated methods of attack are further examples of the risks we face.

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

Activities in 2022
- We continued to invest significantly in enhanced security policies and measures, people, resources and training dedicated to the prevention of cyber crime, both in an office and remote working environment.
- Employee awareness communications and security monitoring were undertaken more frequently to combat the increased threat.



Loss of key personnel – normal course of business

Change in risk factor since 2021
Increase

Link to strategic objective
People

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

The continued strong shipping market has improved the financial position of competitors and thus their ability to poach our staff through enticing financial packages.

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

Activities in 2022
- We continued to make strategic hires.
- We have promoted new Managing Directors, Directors and Divisional Directors to expand the cohort of future leaders.
- We further leveraged our competency and behaviours framework to support leadership and employee development, based on consistent criteria of performance requirements.
- We launched a bespoke management and leadership development programme, which will be undertaken by managers and leaders.
- We continued to monitor staff turnover and staff absenteeism in order to understand the reasons behind such activity.
- A number of employees transferred locations within the Group, accommodating both the employees' and the Group's needs, and enabling the injection of new thinking and the spread of best practice.
- We promoted online seminars and personal development modules to encourage continued career progression.
- We awarded one-off salary payments to junior employees worldwide to support them in light of the cost of living crisis.

Read more:
Our people on pages 64 to 67.

Adverse movements in foreign exchange

Change in risk factor since 2021
Increase

Link to strategic objective
Growth

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

The average exchange rate in 2022 of US$1.23/£1 was significantly lower than in 2021 when the average was US$1.38/£1. There is a heightened risk of a weakening in the US dollar.

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

Activities in 2022
We continued to apply our hedging strategy consistently and, as at 31 December 2022, the Group had hedges in place for 2023, 2024 and 2025 of US$91m, US$75m and US$25m respectively.

Read more:
Our financial risk management objectives and policies in note 27 on pages 188 to 191.

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

Change in risk factor since 2021
No change

Link to strategic objective
Understanding, Growth

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

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

Activities in 2022
- We continued to provide for doubtful debts on a conservative basis.
- There were no unexpected losses arising from a client failure in 2022.
- We monitored cash collections daily.

Read more:
Our trade receivables in note 14 on page 177.

Breaches in rules and regulations

Change in risk factor since 2021
No change

Link to strategic objective
Trust

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

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

Controls/mitigating factors
- Investment in compliance, quality assurance and legal functions to ensure best practice is consistently applied throughout the Group.
- Internal compliance tools help ensure all employees have access to information that can assist them when negotiating transactions.
- Policies and procedures for all areas and regular training including mandatory annual training.

Activities in 2022
- We continued to invest in compliance resources, including KYC, and to develop our internal compliance tools for use by all our staff to reflect changes in rules and regulations.
- Our annual compliance training pack was updated during the year and subsequently released in February 2023. This includes modules on sanctions, anti-bribery and corruption and market abuse, as well as circulation of the latest Compliance Code. Every member of staff is required to pass their compliance training modules and confirm that they have read, understood and accept the contents of the Compliance Code.

Read more:
How we do business on pages 70 and 71.

Changes in the broking industry

Change in risk factor since 2021
No change

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

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

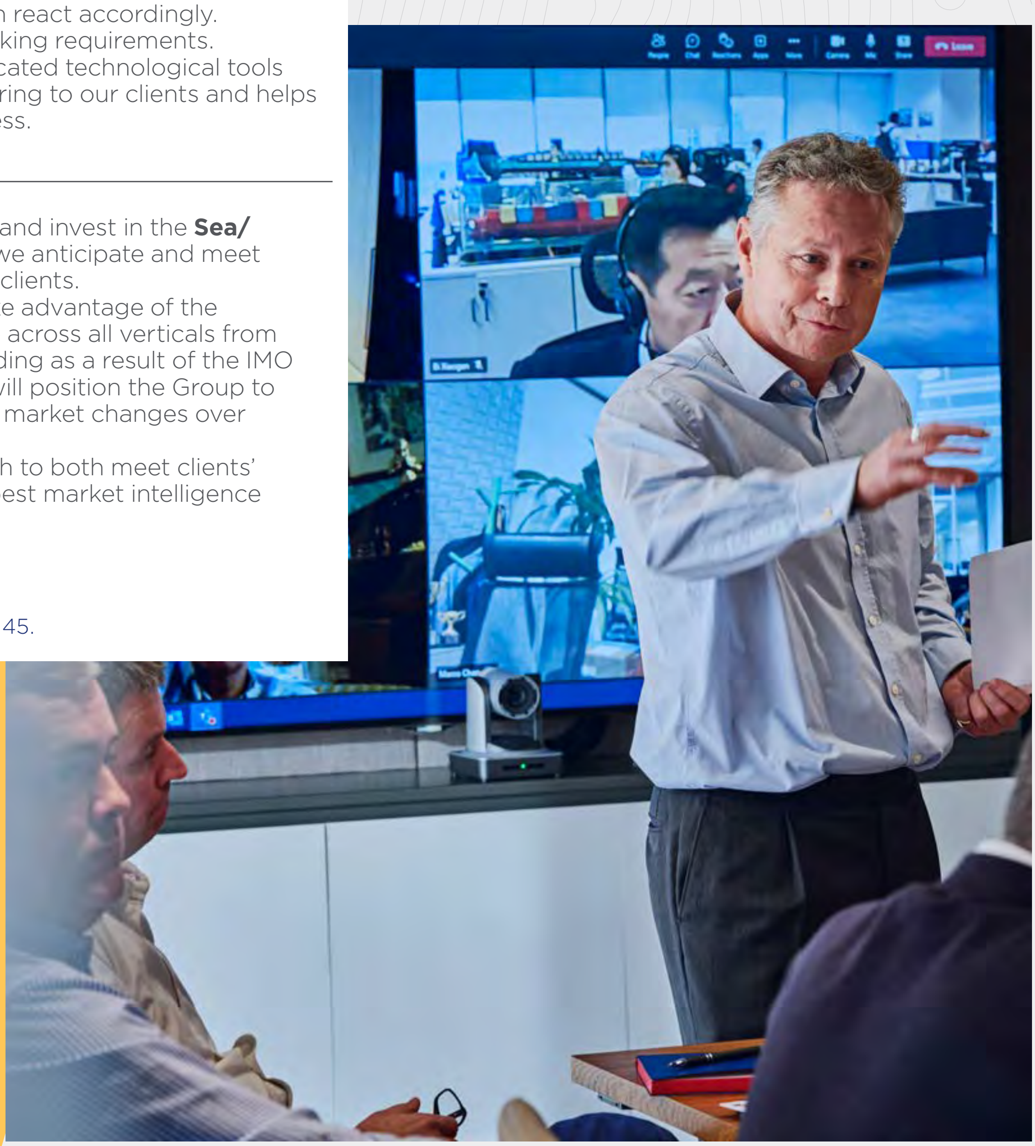
Clients are using technology as a source of increasing efficiency. They are also considering environmental factors when making their strategic decisions.

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

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

Activities in 2022
- We continued to develop and invest in the **Sea/** suite tools to ensure that we anticipate and meet the evolving needs of our clients.
- We actively worked to take advantage of the opportunities which arose across all verticals from the green transition, including as a result of the IMO target set for 2030. This will position the Group to play a strong role in these market changes over the longer term.
- We expanded our research to both meet clients' needs and to ensure the best market intelligence for our Broking teams.

Read more:
Our strategy on pages 44 and 45.



Viability statement

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

In carrying out their robust assessment, the Directors have considered the resilience of the Group with reference to:

- the risk appetite set by the Board;
- the Group's principal risks and their impact on the strategic objectives;
- the effectiveness of mitigating actions;
- the business model;
- future projected operational performance; and
- financial performance, solvency and liquidity over the assessment period.

The Board conducted this review for the three-year period to 31 December 2025, which is appropriate for the following reasons:

- cash flow projections are carried out for a three-year period;
- historical average newbuilding process from inception to delivery is two to three years;
- existing hedging activities extend to 2025;
- pension scheme funding is subject to triennial valuations; and
- our external investment analysts provide estimates and forecasts for three years of market expectations for revenue and profit before taxation.

The Board has identified the principal risks that could impact the Group. See pages 77 to 81 for more information on these risks, together with mitigating factors and controls. The Board does not consider that any single event detailed on page 83 would give rise to a viability event for the Group. Failure to monitor and take the appropriate mitigating action could result in a combination of smaller events or circumstances accumulating to create conditions in which the longer-term viability is brought into question. The compounding of events will only occur if no action is taken to mitigate each of the smaller events which arise; therefore the probability of such a compound viability event is considered to be low.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying profit and good cash inflow. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop and geo-political tensions. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Three different scenarios were considered:

- Management modelled the impact of a reduction in profitability to £30m (a level of profit the Group has exceeded in every year since 2013), whilst taking no mitigating actions: the Group remained cash generative before dividends.
- Management assessed the impact of a significant reduction in world seaborne trade similar to that experienced in the global financial crisis in 2008 and the COVID-19 pandemic in 2020: seaborne trade recovered in 2009 and 2021 along with the profitability of the Group. Since 1990, no two consecutive years have seen reductions in world seaborne trade.
- Management undertook a reverse stress test over a period of three years to determine what it might take for the Group to encounter financial difficulties. This test was based on current levels of overheads, the net cash and available funds[1] position at 31 December 2022, the collection of debts and the invoicing and collection of the forward order book. This test determined that, in the absence of any mitigating action which would be applied in these circumstances, less than 30% of current levels of new business would be required to remain cash positive over a three-year period.

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

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

Based on their assessment of the prospects and viability of the Group and the outcome of the sensitivity analyses, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 December 2025. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty.

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

Viability analysis

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

Risk	Analysis
Loss of key personnel – Board members	The loss of one or more Non-Executive Directors will not have a direct impact on the trading performance or financial position of the Group.
Economic factors	Our markets are multi-cyclical and volatile. Our industry has not seen a two-year period of volume decline since 1990. The Group is consistently profitable, assisted by the forward order book. Sustained declines in world trade rarely occur overnight, so the business will be able to respond with appropriate measures, as occurred during the COVID-19 pandemic.
Cyber risk and data security	We utilise state-of-the-art internal processes and training to prevent any cyber attack breaching our defences. A successful attack could occur without warning and could affect the Group's ability to conduct business for a period of time. Emails can be quickly rerouted or run on other unaffected parts of our network. In the event of an attack which causes the loss of the network, it is possible to reconstruct it using backups. Assuming suitable hardware is available, key services can be restored within hours and all other services within days. Whilst this might result in errors, omissions and possible claims, key business decisions can still be taken using other forms of communication.
Loss of key personnel – normal course of business	No one global divisional team accounts for more than 22% of revenue or 36% of underlying profit before taxation[1] in 2022. No individual has generated more than 4% of new business for the Group in 2022 or 2021.
Adverse movements in foreign exchange	The majority of the Group's revenues is in US dollars. Over the last three years, the USD/GBP rate has reached lows of 1.07 and highs of 1.42. The Group has hedges in place for 2023, 2024 and 2025, reducing the effect of any changes in the exchange rate.
Financial loss arising from failure of a client to meet its obligations	The Group benefits from having thousands of clients spread around the world in a wide range of sectors. The largest client balance, other than amounts arising on a settlement across the year end, accounts for less than 2% of the total outstanding trade receivables balance at 31 December 2022.
Breaches in rules and regulations	The Group has extensive and adequate tools and procedures to ensure compliance with rules and regulations. The Group continues to develop and invest in these tools to improve further the effectiveness of these procedures.
Changes in the broking industry	Broking contributes a considerable proportion to the Group's results. We closely monitor technological changes which will impact the industry and are developing our own applications based on our views of clients' broking requirements.

Going concern

The Group's business activities, strategic objectives, business performance and financial position, together with the factors likely to affect its future development, are set out in the Strategic Report on pages 4 to 83.

A full explanation of the work undertaken by management and considered by the Directors is set out in the viability statement on page 82.

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

The Strategic Report on pages 4 to 83 was approved by the Board and signed on its behalf by:

Jeff Woyda
Chief Financial Officer & Chief Operating Officer
3 March 2023

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

Governance at a glance

Key governance activities

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

Read more:
On pages 44, 45 and 94.

Engagement with shareholders regarding AGM voting outcomes, including remuneration

Read more:
On pages 98 and 99.

Appointment of Sue Harris as Senior Independent Director

Read more:
On page 102.

Completion of the external evaluation of the Board's effectiveness

Read more:
On pages 104 and 105.

Continued review of executive succession planning

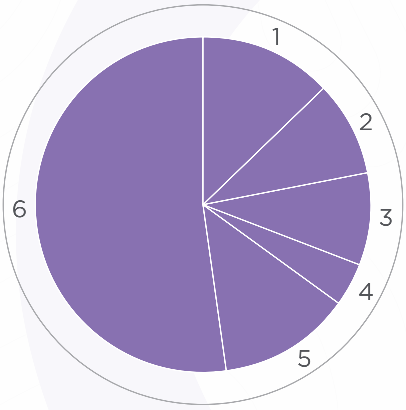
Read more:
On page 102.

Board meeting attendance

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

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

How the Board spent its time



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

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

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

4. Risk management
Regular updates on risks and controls.

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

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

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

Engagement activities: Shareholders

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

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

Engagement activities: Employees

54%
of employees participating in share plans/holding shares

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

Chair's introduction to Corporate Governance Report

Laurence Hollingworth
Chair

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

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

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

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

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

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

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

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

Laurence Hollingworth
Chair
3 March 2023

Code compliance

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

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

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

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

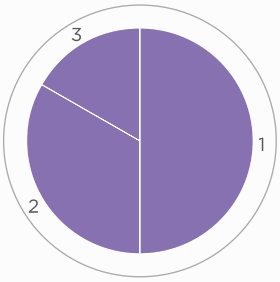
The Executive Directors receive a cash supplement in lieu of pension. Whilst not aligned with the contribution rates for the wider workforce for contractual reasons, the Company has undertaken to align this with that available to the majority of the wider workforce in the UK (or any other country in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

Board of Directors

Board diversity and independence

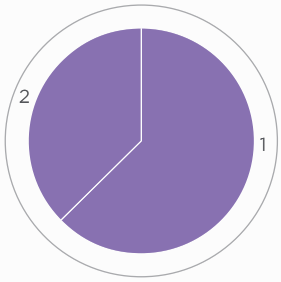
We recognise that diversity, in its broadest sense, is a key driver of an effective board, leading to effective debate, challenge and decision-making.

Non-Executive Director tenure
As at 3 March 2023



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

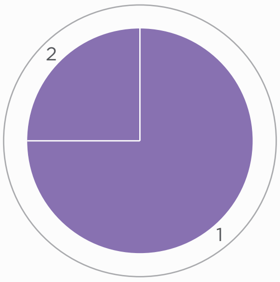
Gender
As at 3 March 2023[1]



1. Male: 5
2. Female: 3

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

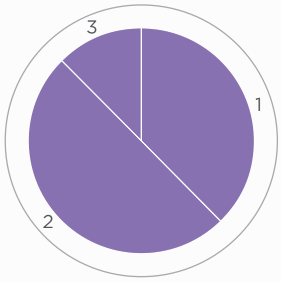
Female representation in Senior Board roles[1]
As at 3 March 2023



1. Male: 3
2. Female: 1

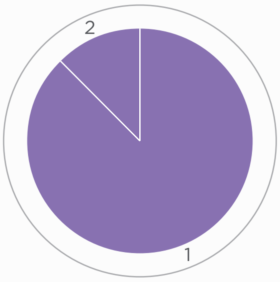
1. As defined by Listing Rule 9.8.6(9) and the FTSE Women Leaders Review as being the Chair, Senior Independent Director, CEO or CFO.

Age
As at 3 March 2023



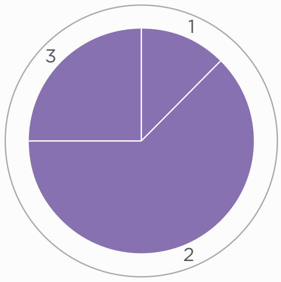
1. 50–59: 3
2. 60–69: 4
3. 70–79: 1

Ethnicity
As at 3 March 2023



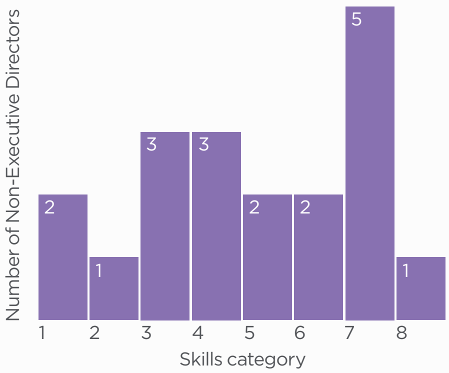
1. White: 7
2. Mixed/multiple ethnic group: 1

Independence
As at 3 March 2023



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

Skills and experience
As at 3 March 2023[1]



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

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

3. Investment banking
Executive experience of investment banking

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

5. Technology and IT
Technology experience, including cyber security

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

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

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

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

Chair

Laurence Hollingworth, Chair

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

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

Executive Directors

Andi Case, Chief Executive Officer

Appointed: June 2008

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

Jeff Woyda, Chief Financial Officer & Chief Operating Officer

Appointed: November 2006

Key areas of expertise: financial, strategy, technology

Non-Executive Directors

Martine Bond, Independent Non-Executive Director

Appointed: March 2021

Key areas of expertise: global business, strategy, technology

Sue Harris, Senior Independent Director

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

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

Dr Tim Miller, Independent Non-Executive Director

Appointed: May 2018

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

Birger Nergaard, Independent Non-Executive Director

Appointed: February 2015

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

Heike Truol, Independent Non-Executive Director

Appointed: January 2020

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

Laurence Hollingworth
N R

Chair

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

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

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

Andi Case
Chief Executive Officer

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

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

Principal external appointments
None

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

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

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

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

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

Committee membership

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

Martine Bond

A R

Independent Non-Executive Director

Skills and expertise

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

Career experience

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

Principal external appointments

- Executive vice president at State Street Global Markets

Sue Harris

A N

Senior Independent Director

Skills and expertise

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

Career experience

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

Principal external appointments

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

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

Dr Tim Miller

A R

Independent Non-Executive Director

Skills and expertise

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

Career experience

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

Principal external appointments

- Non-Executive Director of Equiniti Financial Services Limited

Birger Nergaard

N R

Independent Non-Executive Director

Skills and expertise

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

Career experience

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

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

Principal external appointments

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

Heike Truol

A N

Independent Non-Executive Director

Skills and expertise

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

Career experience

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

Principal external appointments

- Chief Commercial Officer of MineHub Technologies Inc.

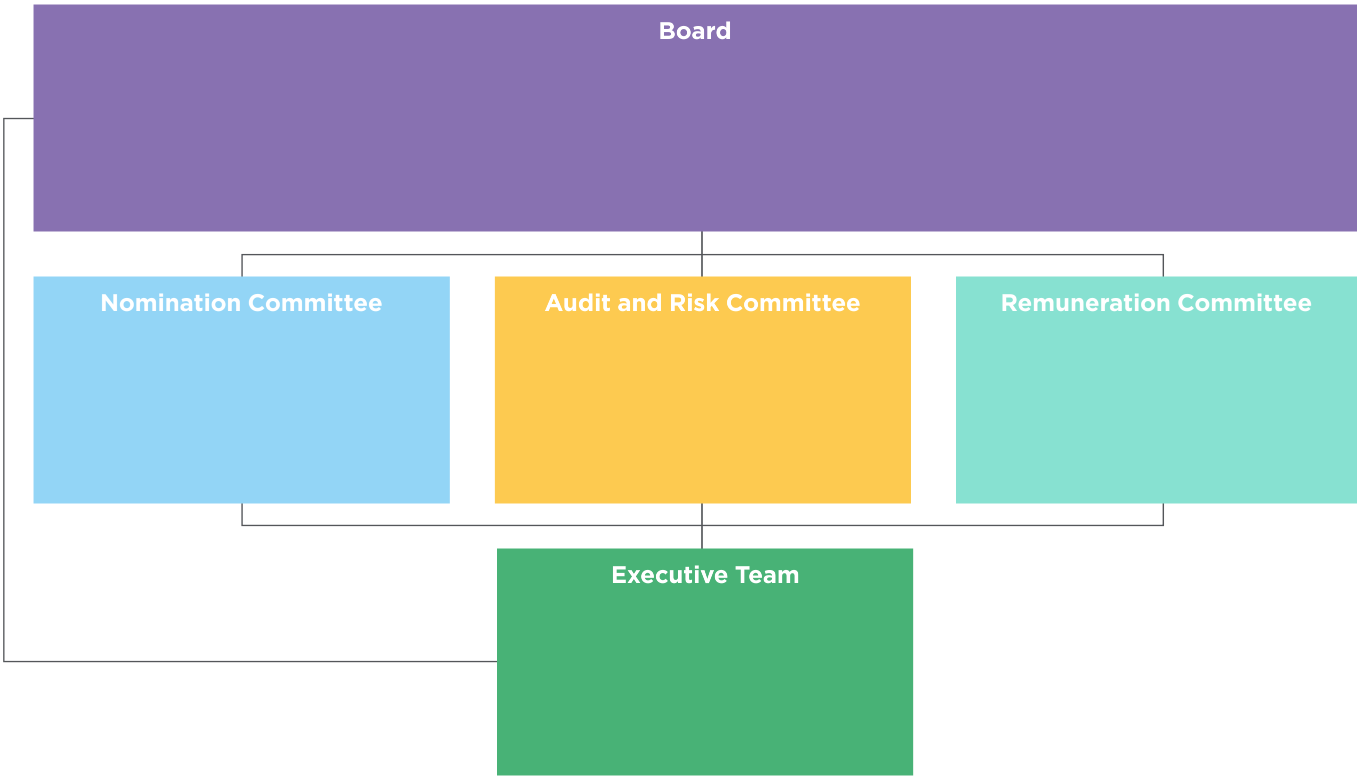
Governance framework

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

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

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

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



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

Board

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

Individual roles and activities:

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

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

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

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

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

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

Nomination Committee

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

Audit and Risk Committee

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

Remuneration Committee

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

Executive Team

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

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

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

An effective Board

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

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

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

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

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

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

Purpose, values, behaviours and culture

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

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

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

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

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

The key elements of our culture

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

Governance arrangements and Board resources

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

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

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

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

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

Conflicts of interest

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

Stakeholder engagement

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

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

Information flow to Board

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

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

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

Our people

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

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

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

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

Q&A with Heike Truol

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

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

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

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

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

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

Heike Truol
Employee Engagement Director

Our shareholders

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

Institutional investors

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

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

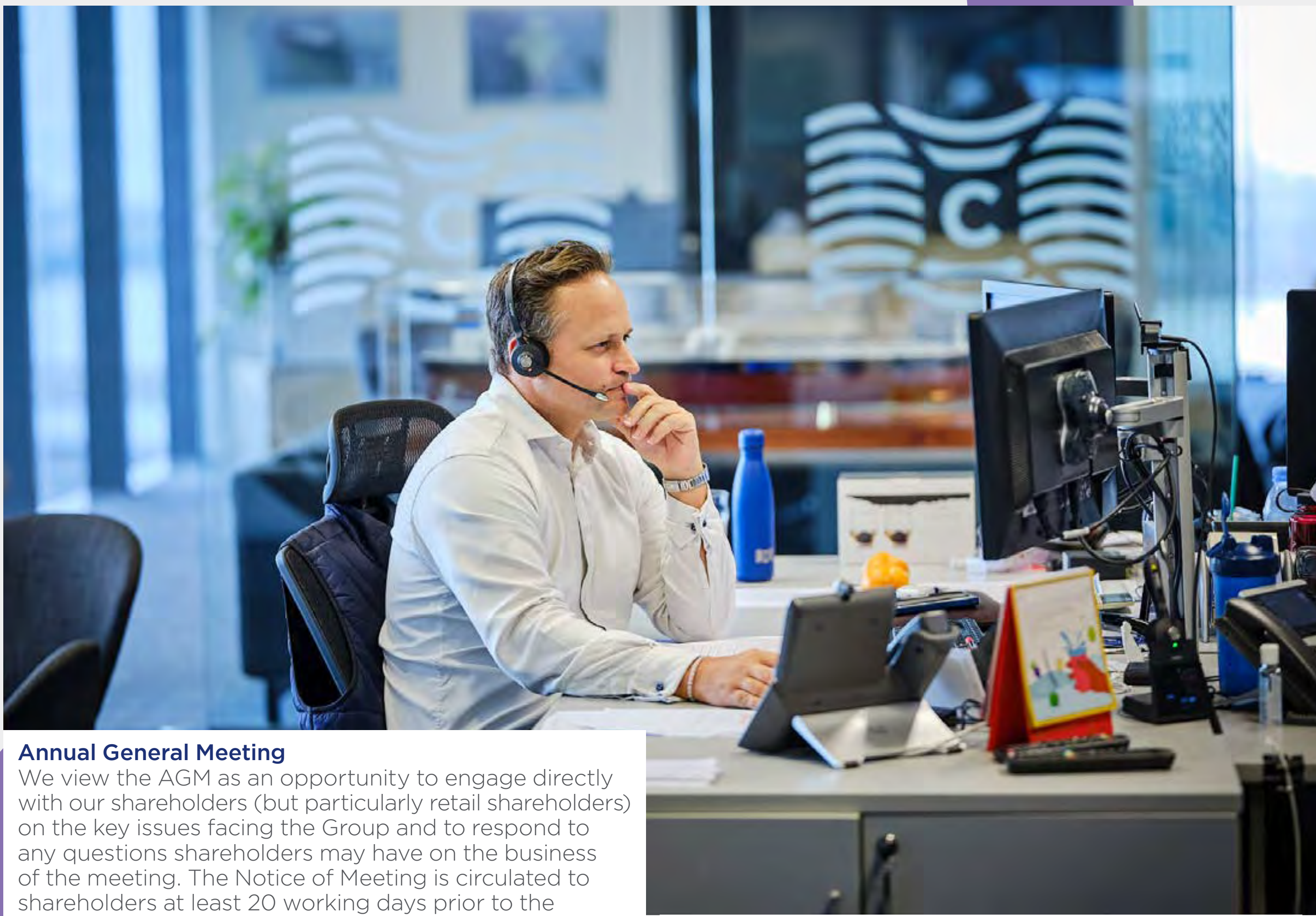
Retail shareholders

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

Employee shareholders

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

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



Annual General Meeting

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

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

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

Nomination Committee Report
At a glance

Committee highlights

Appointment of Sue Harris as Senior Independent Director

Read more:
On pages 101 and 102.

Refreshing of the membership of the Board Committees

Read more:
On page 101.

Key points

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

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

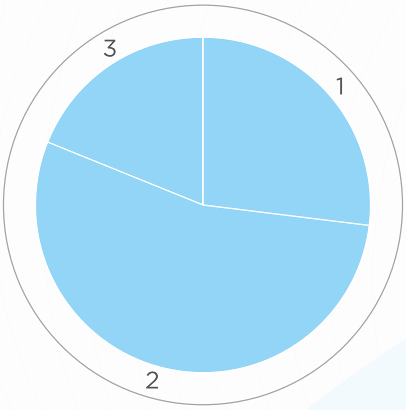
The Nomination Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/home/investors/corporate-governance/

Meeting attendance

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

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

How the Nomination Committee spent its time



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

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

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

Laurence Hollingworth
Nomination Committee Chair

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

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

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

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

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

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

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

Laurence Hollingworth
Nomination Committee Chair
3 March 2023

Succession planning

Non-Executive Directors

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

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

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

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

Chair

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

SID

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

Executive positions and senior management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Board and Committee effectiveness

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

2022 review

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

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

Board

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

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

Committees

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

Stages of the Board and Committee effectiveness review

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

Director performance evaluations

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

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

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

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

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

2021 review

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

Diversity

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

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

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

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

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

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

Induction

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

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

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

Development

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

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

Audit and Risk Committee Report
At a glance

Committee highlights

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

Read more:
On pages 76, 109 and 114.

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

Read more:
On pages 109 and 114.

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

Read more:
On page 114.

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

Read more:
On page 115.

Key points

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

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

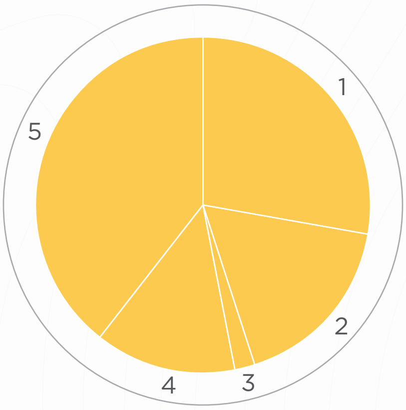
The Audit and Risk Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/home/investors/corporate-governance

Meeting attendance

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

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

How the Audit and Risk Committee spent its time



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

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

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

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

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

Sue Harris
Audit and Risk Committee Chair

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

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

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

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

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

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

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

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

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

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

Sue Harris
Audit and Risk Committee Chair
3 March 2023

Significant issues considered in relation to the financial statements

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

Financial reporting

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

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

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

Fair, balanced and understandable

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

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

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

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

Is the Annual Report fair?

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

Is the Annual Report balanced?

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

Is the Annual Report understandable?

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

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

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

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

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

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

External audit

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

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

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

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

Independence

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

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

In assessing the External Auditor's independence, the Audit and Risk Committee also reviews PwC's annual independence letter which provides the Audit and Risk Committee with assurances over the internal control procedures PwC has in place to safeguard its independence and objectivity. These include:
- Confirmation that there are no relationships between PwC and the Group or investments in the Company held by individuals that could impact on PwC's integrity, independence and objectivity;
- Compliance with the Group's Non-Audit Services Policy, the nature and value of any non-audit services provided and the safeguards in place to mitigate any threats to independence; and
- Confirmation of PwC's rotation rules and that these have been adhered to – in accordance with PwC's rotation rules and UK Ethical Standards, the lead audit partner must change every five years and other senior members of the audit team rotate at regular intervals.

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

Non-Audit Services Policy

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

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

Auditor effectiveness

The Audit and Risk Committee conducts an annual assessment of the effectiveness of the External Auditor and the external audit process and reports its findings to the Board. It does this through:
- Reviewing the approach, plan and scope;
- Evaluating delivery and performance against the audit plan, including feedback from the CFO & COO and senior management in the Finance team;
- Assessing the qualifications, experience and expertise of the audit team assigned to conduct the audit; the availability of the necessary resources to conduct a comprehensive, timely and effective audit; and the audit team's knowledge of the Company and the environment in which the Group operates;
- Considering whether PwC is appropriately focused on the most significant risk areas, and the effectiveness of review processes and partner oversight;

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

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

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

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

Internal controls and risk management

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

Overview of internal controls

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

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

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

Principal risks

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

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

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

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

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

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

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

Going concern

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

Viability statement

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

Compliance

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

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

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

Internal audit

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

Group activities

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

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

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

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

Clarksons Securities AS ('Securities')

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

Annual statement – Remuneration Committee Chair

Dr Tim Miller
Remuneration Committee Chair

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

Wider context

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

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

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

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

Performance and reward for 2022

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

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

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

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

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

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

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

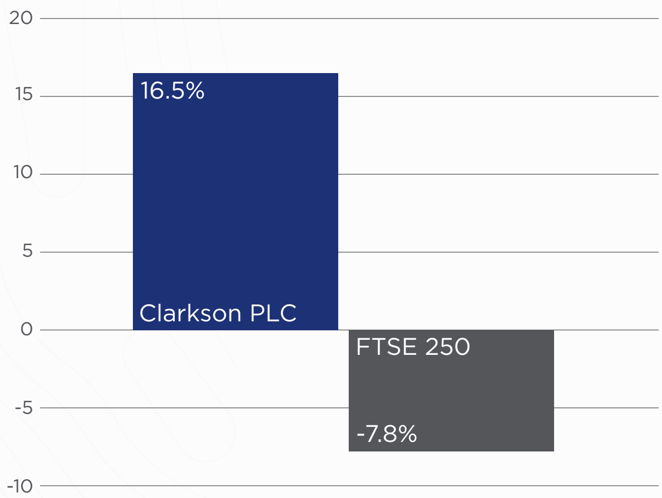
Policy renewal

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

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

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

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



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

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

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

Key changes for new Executive Directors as committed to since 2020:
- Capping the annual bonus opportunity.
- Deferring a greater proportion of the annual bonus.
- Compensation for fixed pay only on severance.
- No enhancement on a change of control.
- The rate of any employer pension contributions will be aligned with that available to the majority of the wider workforce in the UK (or any other country in which the executive is based).

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

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

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

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

The way in which remuneration and contractual commitments have been handled has been central to the Company's success and has served shareholders well since Andi became CEO in 2008 and Jeff became CFO in late 2006 (and also became COO in 2015). During their tenure at the helm:
- Clarksons' share price has increased from a low point in December 2008, following the credit crunch and collapse of freight rates, of £3.20 to £32.35 (as at 31 December 2022), a 910% increase in absolute terms, and an outperformance of the FTSE 250 by 205% over the same time.
- Ordinary dividends have increased by 100%, through one of the worst ever shipping markets since the financial crisis in 2008, in line with our commitment to a progressive dividend policy which has been unbroken for 20 years.
- £247.8m has been paid in dividends to shareholders.

As is evident here, and is recognised by the Board, Andi and Jeff are each performing two roles (the more typical role of a listed company executive director but also that of being leading operational executives in the core business, which they have done for over 10 years) and they are rewarded accordingly in line with their Board-approved contracts of employment. The Board believes that it is neither feasible nor commercially appropriate to make immediate changes to the current arrangements for the incumbent Executive Directors for the following reasons:
- Andi and Jeff have binding long-term contractual terms. Attempting to break these would not only breach long-standing contractual arrangements but go against the principles and values on which Clarksons has been built, and therefore would send a very negative message to multiple stakeholders, particularly our employees and clients but also to our shareholders, if such changes negated covenants.
- The Board cannot oblige Andi and Jeff to agree to changes to their contractual terms and does not believe that they should be penalised for dual roles which make a significant contribution to the Company.
- Our pay arrangements across the Group as a whole are in line with commission-based businesses, including other leading shipbroking businesses. Moreover, Andi and Jeff have, during their employment at Clarksons, conducted themselves in a manner to ensure their remuneration is appropriate in the context of the rest of the senior management team and shareholders' interests.

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

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

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

Implementation of the Directors' Remuneration Policy in 2023

The Policy will be implemented in 2023 as follows:

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

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

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

All-employee remuneration matters

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

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

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

Conclusion

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

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

Dr Tim Miller
Remuneration Committee Chair
3 March 2023

Remuneration Committee – at a glance

Committee highlights

Consideration of workforce remuneration

Read more:
On page 119.

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

Read more:
On pages 116 to 119.

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

Read more:
On pages 98 and 99.

Key points

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

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

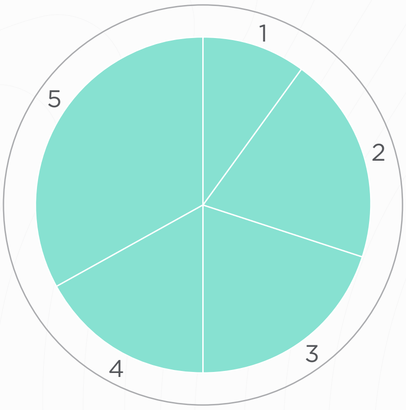
The Remuneration Committee's Terms of Reference are reviewed annually and are available at www.clarksons.com/home/investors/corporate-governance/

Meeting attendance

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

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

How the Remuneration Committee spent its time



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

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

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

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

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

Implementation of the Directors' Remuneration Policy for 2023

Base salary

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

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

Taxable benefits

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

Annual bonus for 2023

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

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

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

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

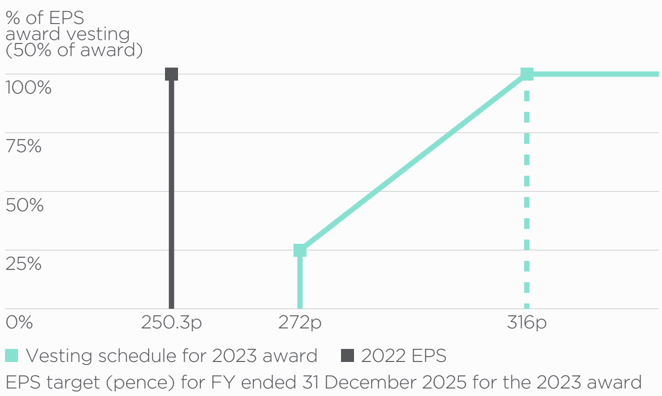
Long-term incentive awards to be granted in 2023

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

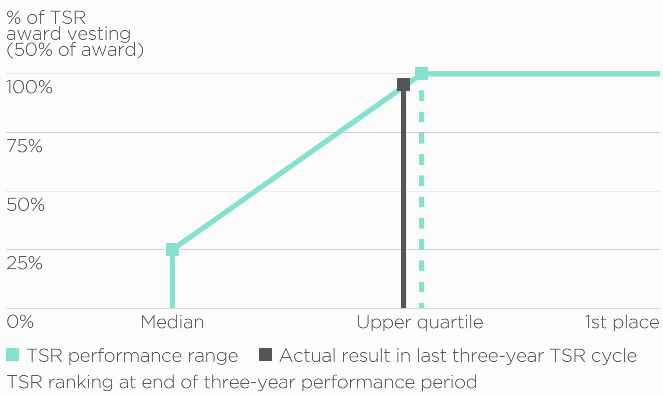
EPS and relative TSR are considered to be the most appropriate measures of long-term performance for the Group, in that they ensure executives are incentivised and rewarded for the earnings performance of the Group as well as returning value to shareholders.

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

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



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



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

Fees for the Non-Executive Directors

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

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

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

Single total figure tables (audited)

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

Executive Directors

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

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

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

Non-Executive Directors

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

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

Annual bonus targets (audited)

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

Executive Directors: bonus pool

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

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

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

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

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

Bonus waiver

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

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

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

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

Long-term incentive awards (audited)

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

Long-term incentive awards: performance outturn

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

The award details for the Executive Directors are as follows:

Long-term incentive awards: vesting outcome

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

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

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

Scheme interests (audited)

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

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

Executive share plan participation

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

1 Performance Awards are granted as nil-cost options, which lapse 10 years after the date of grant to the extent not previously exercised.
All Performance Awards are subject to performance measures (50% based on relative TSR measured over a three-year performance period and 50% based on EPS at the end of the performance period).
Deferred Awards represent deferred bonus and are granted as restricted share awards. Further restricted share awards will be made to Andi Case and Jeff Woyda in 2023 in respect of the deferral of 10% of their 2022 bonus.
2 Deferred Awards which vested during the year were valued at £404,008 (based on the closing share price on the date of vesting).
The aggregate of the amount of gains made by Directors on the exercise of share options was £1,977,372 (based on the closing share price on the date of exercise).
3 Face value is calculated using the share price used to determine the number of shares under the award as set out below. This share price was calculated using the average middle market quotation over the three-day period on the dates specified:
– Awards made on 14 May 2018: £30.58 (13-17 April 2018)
– Awards made on 18 April 2019: £23.67 (15-17 April 2019)
– Awards made on 7 May 2020: £24.02 (4-6 May 2020)
– Awards made on 13 April 2021: £28.87 (8-12 April 2021)
– Awards made on 19 April 2022: £35.02 (12-14 April 2022)
4 Assumes that threshold is met in respect of both the TSR and EPS performance measures.
5 Although the performance period for these awards ended on 31 December 2022, the awards will formally vest on 7 May 2023.

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

ShareSave participation

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

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

Directors' interests in shares

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

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

Executive Directors' shareholdings (audited)

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

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

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

Non-Executive Directors' shareholdings (audited)

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

1 Shareholdings disclosed as at 31 December 2022, or date of resignation if earlier.
2 Ordinary shares held by Acane AS on behalf of Birger Nergaard and his connected persons.

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

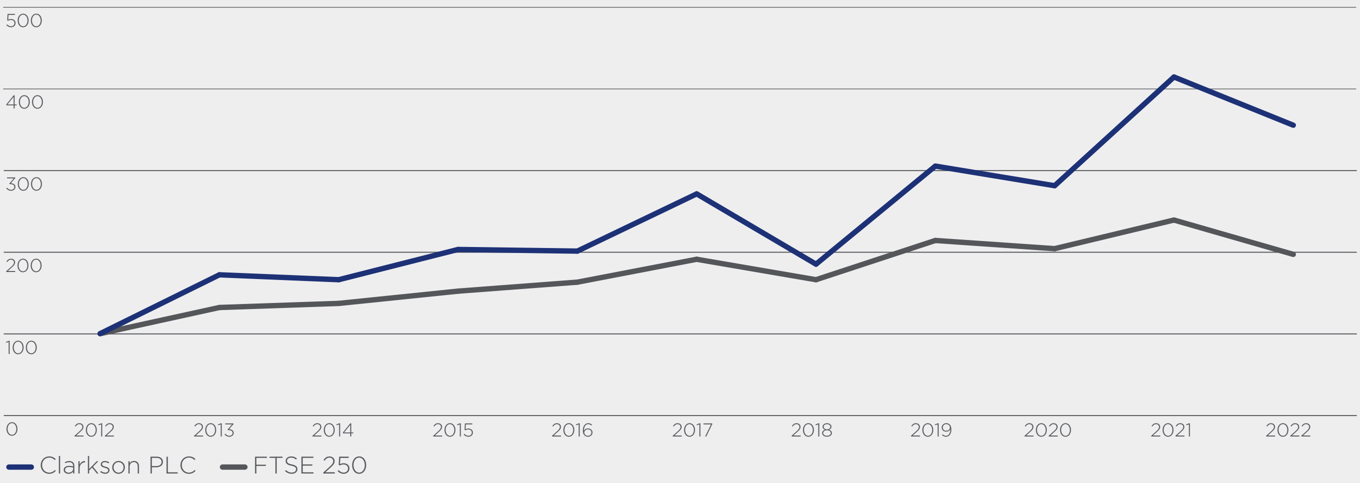
Pensions (audited)
Andi Case and Jeff Woyda receive a cash supplement (up to 15% of base salary) in lieu of pension (net of employer's national insurance contributions), which is included in the single figure table on page 122 as pension. No contributions were paid into Group pension schemes on their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

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

Payments for loss of office (audited)
No payments were made in respect of loss of office during the year ended 31 December 2022.

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

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



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

CEO remuneration

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

Annual change in remuneration of Directors and employees

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

Relative pay

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

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

CEO pay ratio

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

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

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

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

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

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

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

Relative importance of spend on pay

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

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

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

External advisor

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

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

Statement of shareholder voting at AGM

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

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

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

Directors' Remuneration Policy

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

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

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

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

How the Committee operates to set the Remuneration Policy

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

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

Summary of overall Remuneration Policy

The objectives of the Policy are to:

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

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

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

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

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

Consideration of shareholder views

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

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

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

	Purpose and link to strategy	Operation	Maximum opportunity	Performance framework

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

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

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

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

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

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

Notes to the Policy table:

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

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

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

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

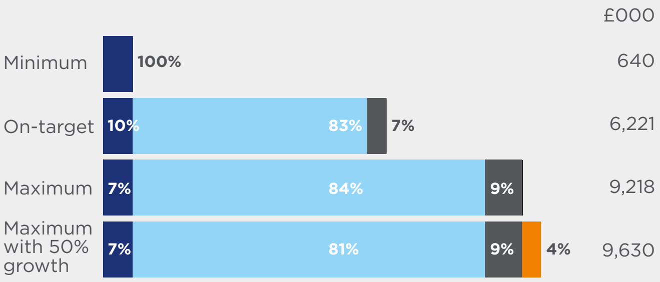
5 For the avoidance of doubt, in approving this Policy, authority is given to the Company to honour any commitments entered into in the previous remuneration policy or with current or former Directors (such as the payment of a pension or the vesting or exercise of past share awards) that have been disclosed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

Directors' remuneration scenarios

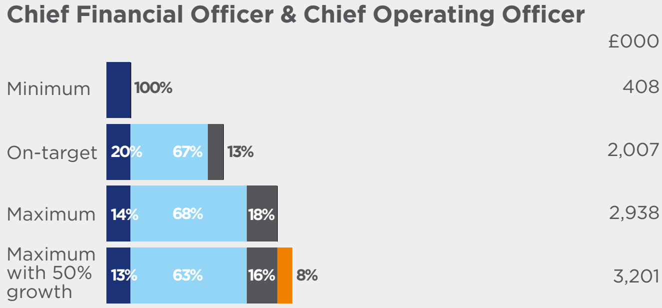
The Company's Policy results in a proportionate breakdown of total remuneration such that, in line with most other wholesale brokerage and agency companies, a very high proportion of the package is performance-related.

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

Chief Executive Officer



Chief Financial Officer & Chief Operating Officer



Fixed pay Long-term incentive Annual bonus Share price growth

1 Basic salary levels applying on 1 January 2023.
2 The value of taxable benefits is estimated at 2022 values.
3 The value of the pension receivable is up to 15% of basic salary.
4 – Minimum performance assumes no award is earned under the annual bonus plan and no vesting is achieved under the LTIP;
– On-target performance assumes an annual bonus calculated by reference to the average of the previous three years' bonus and 50% being achieved under the LTIP; and
– Maximum performance assumes a 50% uplift on the average of the previous three years' bonus and full vesting under the LTIP. It should, however, be noted that there is in fact no upper limit as explained on page 133 and the above charts are purely for illustrative purposes.
5 The final column shows share price appreciation on the LTIP of 50%.

Directors' recruitment and promotions

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

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

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

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

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

Directors' service contracts and payments for loss of office

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

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

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

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

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

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

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

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

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

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

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

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

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

Dr Tim Miller
Remuneration Committee Chair
3 March 2023

Directors' Report

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

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

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

	Detail	Section	Location
Substantial shareholders	As of 31 December 2022, the Company had been notified under the Disclosure Guidance and Transparency Rules of the following holdings of voting rights in its issued share capital: Shareholder — % of total voting rights disclosed RS Platou Holding AS — 6.63 BlackRock, Inc. — 5.09 Aegon Asset Management UK — 3.57 Montanaro Asset Management Limited — 3.19 Invesco Ltd. — 3.18 Between 31 December 2022 and the date of this report, the Company received two notifications from BlackRock, Inc., the most recent of which was on 1 March 2023, disclosing an interest of below 5% in the Company's total voting rights.		
Significant agreements	The service contracts of the CEO and CFO & COO include provisions regarding a change of control of the Company. Further details are included in the Directors' Remuneration Policy. There are no further agreements between any Group company and any of its employees or any Director of any Group company which provide for compensation to be paid to an employee or a Director for termination of employment or for loss of office as a consequence of a takeover of the Company. There are no significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control following a takeover bid for the Company.	Directors' Remuneration Report	Page 137
Dividend	The Directors recommend a final dividend of 64p per ordinary share for the year ended 31 December 2022. Subject to shareholder approval at the AGM, the final dividend will be paid on 26 May 2023 to shareholders on the register at the close of business on 12 May 2023. The interim dividend paid during the year was 29p which, together with the final dividend, will provide a total dividend of 93p per ordinary share for the year (2021: 84p).		
External Auditor	The Board recommends that PricewaterhouseCoopers LLP ('PwC') be reappointed as the Company's External Auditor with effect from the 2023 AGM, at which resolutions regarding PwC's reappointment and to authorise the Board to set their remuneration will be proposed.	Audit and Risk Committee Report	Page 113
Articles of Association	The Company's Articles of Association were adopted at the 2019 AGM. Any amendments to the Articles of Association can only be made by a special resolution at a general meeting of shareholders.		
Political donations	The Group did not make any political donations or incur any political expenditure in the UK or the EU during 2022.		
Financial instruments	Our risk management objectives and policies in relation to the use of financial instruments can be found in the notes to the consolidated financial statements.	Note 27 to the consolidated financial statements	Pages 188 to 191
Emissions reporting	Details relating to required emissions reporting are set out within the Our impact section.	Our impact	Pages 60 to 61

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

By order of the Board:

Deborah Abrehart
Group Company Secretary
3 March 2023

Directors' Responsibilities Statement

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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

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

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

Directors' confirmations

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

Each of the Directors, whose names and functions are listed in the Corporate Governance Report in this Annual Report, confirm that, to the best of their knowledge:
- the Group and Parent Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company, and of the profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

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

Laurence Hollingworth
Chair
3 March 2023

Independent auditors' report to the members of Clarkson PLC

Report on the audit of the financial statements

Opinion

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

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

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

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Overview

Audit scope

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

Key audit matters

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

Materiality

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

The scope of our audit

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

Key audit matters

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

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

The key audit matters below are consistent with last year.

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

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

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

How we tailored the audit scope

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

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

The impact of climate risk on our audit

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

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

Materiality

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

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

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

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

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

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

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

Conclusions relating to going concern

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

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

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

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

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

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

Directors' Remuneration

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

Corporate Governance statement

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

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

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

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

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

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:
- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to international trade regulations and regulatory licence requirements for the Group's Securities business, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the artificial inflation of reported results through the posting of inappropriate journal entries and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:
- Inspecting correspondence with regulators and tax authorities.
- Reviewing minutes of meetings of those charged with governance including the Board, Audit and Risk Committee and Remuneration Committee.
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Evaluating management's controls designed to prevent and detect irregularities.
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions.
- Challenging assumptions and judgements made by management in their critical accounting estimates including the key audit matters described above.

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

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

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

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

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

Other matter

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

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

Consolidated income statement
for the year ended 31 December

	Notes	2022 Before acquisition-related costs £m	2022 Acquisition-related costs (note 5) £m	2022 After acquisition-related costs £m	2021 Before acquisition-related costs £m	2021 Acquisition-related costs (note 5) £m	2021 After acquisition-related costs £m
Revenue	3, 4	**603.8**	–	**603.8**	443.3	–	443.3
Cost of sales	3	**(21.8)**	–	**(21.8)**	(16.5)	–	(16.5)
Trading profit		**582.0**	–	**582.0**	426.8	–	426.8
Administrative expenses		**(481.2)**	**(0.8)**	**(482.0)**	(355.7)	(0.3)	(356.0)
Operating profit/(loss)	3, 4	**100.8**	**(0.8)**	**100.0**	71.1	(0.3)	70.8
Finance income	3	**1.9**	–	**1.9**	1.3	–	1.3
Finance costs	3	**(2.2)**	–	**(2.2)**	(3.1)	–	(3.1)
Other finance income – pensions	3	**0.4**	–	**0.4**	0.1	–	0.1
Profit/(loss) before taxation		**100.9**	**(0.8)**	**100.1**	69.4	(0.3)	69.1
Taxation	6	**(20.6)**	**0.1**	**(20.5)**	(14.7)	–	(14.7)
Profit/(loss) for the year		**80.3**	**(0.7)**	**79.6**	54.7	(0.3)	54.4
Attributable to:							
Equity holders of the Parent Company		**76.3**	**(0.7)**	**75.6**	50.4	(0.3)	50.1
Non-controlling interests		**4.0**	–	**4.0**	4.3	–	4.3
Profit/(loss) for the year		**80.3**	**(0.7)**	**79.6**	54.7	(0.3)	54.4
Earnings per share							
Basic	7	**250.3p**		**247.9p**	165.6p		164.6p
Diluted	7	**248.5p**		**246.1p**	164.2p		163.2p

Included in the Consolidated Income Statement are net impairment losses on financial assets amounting to £5.8m (2021: £2.6m).

Consolidated statement of comprehensive income
for the year ended 31 December

	Notes	2022 £m	2021 £m
Profit for the year		**79.6**	54.4
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on employee benefit schemes – net of tax	22	**(5.5)**	7.2
Changes in the fair value of equity instruments at fair value through other comprehensive income – net of tax		–	(1.7)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on retranslation of foreign operations		**13.5**	0.5
Foreign currency hedges recycled to profit or loss – net of tax	24	**3.3**	(2.4)
Foreign currency hedge revaluations – net of tax	24	**(8.9)**	(0.8)
Other comprehensive income		**2.4**	2.8
Total comprehensive income for the year		**82.0**	57.2
Attributable to:			
Equity holders of the Parent Company		**78.0**	52.9
Non-controlling interests		**4.0**	4.3
Total comprehensive income for the year		**82.0**	57.2

Consolidated balance sheet
as at 31 December

	Notes	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	9	**25.5**	22.5
Investment properties	10	**1.0**	1.2
Right-of-use assets	11	**39.3**	45.1
Intangible assets	12	**188.9**	183.2
Trade and other receivables	14	**2.6**	1.0
Investments	15	**1.2**	1.0
Employee benefits	22	**15.8**	25.8
Deferred tax assets	6	**14.6**	10.5
		288.9	290.3
Current assets			
Inventories	16	**2.4**	1.5
Trade and other receivables	14	**150.1**	117.4
Income tax receivable		**3.0**	1.0
Investments	15	**3.5**	10.3
Cash and cash equivalents	17	**384.4**	261.6
		543.4	391.8
Current liabilities			
Trade and other payables	18	**(335.9)**	(235.4)
Lease liabilities	19	**(9.9)**	(9.7)
Income tax payable		**(19.8)**	(11.6)
Provisions	20	**(0.6)**	(0.6)
		(366.2)	(257.3)
Net current assets		**177.2**	134.5
Non-current liabilities			
Trade and other payables	18	**(5.8)**	(2.7)
Lease liabilities	19	**(37.7)**	(44.1)
Provisions	20	**(1.9)**	(1.6)
Employee benefits	22	**(0.4)**	(3.8)
Deferred tax liabilities	6	**(7.1)**	(11.0)
		(52.9)	(63.2)
Net assets		**413.2**	361.6
Capital and reserves			
Share capital	23	**7.7**	7.6
Other reserves	24	**114.8**	104.0
Retained earnings		**287.2**	245.3
Equity attributable to shareholders of the Parent Company		**409.7**	356.9
Non-controlling interests		**3.5**	4.7
Total equity		**413.2**	361.6

The financial statements on pages 151 to 193 were approved by the Board on 3 March 2023, and signed on its behalf by:

Laurence Hollingworth
Chair

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Registered number: 1190238

Consolidated statement of changes in equity
for the year ended 31 December

	Notes	Attributable to equity holders of the Parent Company Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2022		**7.6**	**104.0**	**245.3**	**356.9**	**4.7**	**361.6**
Profit for the year		–	–	**75.6**	**75.6**	**4.0**	**79.6**
Other comprehensive income/(loss)		–	**7.9**	**(5.5)**	**2.4**	–	**2.4**
Total comprehensive income for the year		–	**7.9**	**70.1**	**78.0**	**4.0**	**82.0**
Transactions with owners:							
Share issues	23,24	**0.1**	**2.6**	–	**2.7**	–	**2.7**
Employee share schemes	24	–	**0.3**	**(1.3)**	**(1.0)**	–	**(1.0)**
Tax on other employee benefits	6	–	–	**(0.2)**	**(0.2)**	–	**(0.2)**
Tax on other items in equity	6	–	–	**(0.4)**	**(0.4)**	–	**(0.4)**
Dividend paid	8	–	–	**(25.9)**	**(25.9)**	**(4.3)**	**(30.2)**
Contribution to non-controlling interests		–	–	**(0.4)**	**(0.4)**	**(0.9)**	**(1.3)**
Total transactions with owners		**0.1**	**2.9**	**(28.2)**	**(25.2)**	**(5.2)**	**(30.4)**
Balance at 31 December 2022		**7.7**	**114.8**	**287.2**	**409.7**	**3.5**	**413.2**

	Notes	Attributable to equity holders of the Parent Company Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2021		7.6	104.6	211.9	324.1	4.3	328.4
Profit for the year		–	–	50.1	50.1	4.3	54.4
Other comprehensive (loss)/income		–	(2.7)	5.5	2.8	–	2.8
Total comprehensive (loss)/income for the year		–	(2.7)	55.6	52.9	4.3	57.2
Transactions with owners:							
Share issues	24	–	1.8	–	1.8	–	1.8
Employee share schemes	24	–	0.3	(0.1)	0.2	–	0.2
Tax on other employee benefits	6	–	–	2.3	2.3	–	2.3
Dividend paid	8	–	–	(24.4)	(24.4)	(3.9)	(28.3)
Total transactions with owners		–	2.1	(22.2)	(20.1)	(3.9)	(24.0)
Balance at 31 December 2021		7.6	104.0	245.3	356.9	4.7	361.6

Consolidated cash flow statement
for the year ended 31 December

	Notes	2022 £m	2021 Restated £m*
Cash flows from operating activities			
Profit before taxation		**100.1**	69.1
Adjustments for:			
Foreign exchange differences	3	**(0.5)**	(3.2)
Depreciation	3, 9, 10, 11	**13.7**	13.3
Share-based payment expense	21	**1.8**	1.8
Loss/(gain) on sale of property, plant and equipment		**1.5**	(0.6)
Amortisation of intangibles	3, 12	**4.1**	1.6
Difference between pension contributions paid and amount recognised in the income statement		**0.4**	(0.1)
Finance income	3	**(1.9)**	(1.3)
Finance costs	3	**2.2**	3.1
Other finance income – pensions	3	**(0.4)**	(0.1)
Increase in inventories	16	**(0.9)**	(0.2)
Increase in trade and other receivables		**(26.1)**	(38.7)
Increase in bonus accrual		**88.8**	60.4
Increase in trade and other payables		**16.2**	29.1
Increase in provisions		**0.5**	0.1
Cash generated from operations		**199.5**	134.3
Income tax paid		**(20.6)**	(9.2)
Net cash flow from operating activities		**178.9**	125.1
Cash flows from investing activities			
Interest received		**1.3**	0.2
Purchase of property, plant and equipment	9	**(7.6)**	(3.7)
Purchase of intangible assets	12	**(2.0)**	(2.9)
Purchase of investments		**(0.6)**	(3.5)
Proceeds from sale of investments		**1.0**	9.4
Proceeds from sale of property, plant and equipment		**0.7**	1.6
Transfer from current investments (cash on deposit and government bonds)	15	**6.8**	20.0
Transfer to current investments (cash on deposit and government bonds)	15	**(0.3)**	(6.8)
Acquisition of subsidiaries, net of cash acquired	12	**(4.9)**	–
Dividends received from investments	3	**0.2**	–
Net cash flow from investing activities		**(5.4)**	14.3
Cash flows from financing activities			
Interest paid and other charges		**(2.2)**	(2.3)
Dividend paid	8	**(25.9)**	(24.4)
Dividend paid to non-controlling interests		**(4.3)**	(3.9)
Repayment of borrowings		**(0.6)**	(0.1)
Principal elements of lease payments		**(11.2)**	(9.1)
Proceeds from shares issued		**2.7**	1.8
Contributions to non-controlling interests		**(1.3)**	–
ESOP shares acquired		**(20.4)**	(13.2)
Net cash flow from financing activities		**(63.2)**	(51.2)
Net increase in cash and cash equivalents		**110.3**	88.2
Cash and cash equivalents at 1 January		**261.6**	173.4
Net foreign exchange differences		**12.5**	–
Cash and cash equivalents at 31 December	17	**384.4**	261.6

* Restatement in relation to equity-settled liabilities, see note 2.1 for further details.

1 Corporate information
The Group and Parent Company financial statements of Clarkson PLC for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 3 March 2023. Clarkson PLC is a Public Limited Company, listed on the London Stock Exchange, incorporated in the UK, registered in England and Wales and domiciled in the UK.

The term 'Parent Company' refers to Clarkson PLC and 'Group' refers to the Company, its consolidated subsidiaries and the relevant assets and liabilities of the share purchase trusts.

Copies of the Annual Report will be circulated to all shareholders and will also be available from the registered office of the Company at Commodity Quay, St Katharine Docks, London E1W 1BF.

2 Statement of accounting policies
2.1 Basis of preparation
The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022. Additional accounting policies for the Parent Company are set out in note A.

The financial statements are presented in pounds sterling and all values are rounded to the nearest one hundred thousand pounds sterling (£0.1m) except when otherwise indicated.

The consolidated income statement is shown in columnar format to assist with understanding the Group's results by presenting profit for the year before acquisition-related costs; this is referred to as 'underlying profit'. The column 'acquisition-related costs' includes the amortisation of acquired intangible assets, the costs of acquiring new businesses and the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on acquisitions. These notes form an integral part of the financial statements on pages 151 to 193.

Statement of compliance
The consolidated financial statements of the Clarkson PLC Group have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the Disclosure Guidance and Transparency Rules Sourcebook of the United Kingdom's Financial Conduct Authority.

The consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and fair value through other comprehensive income.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated a profit and good cash inflows. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop and geo-political tensions. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Three different scenarios were considered:

- Management modelled the impact of a reduction in profitability to £30m (a level of profit the Group has exceeded in every year since 2013), whilst taking no mitigating actions: the Group remained cash generative before dividends.
- Management assessed the impact of a significant reduction in world seaborne trade similar to that experienced in the global financial crisis in 2008 and the pandemic in 2020: seaborne trade recovered in 2009 and 2021 along with the profitability of the Group. Since 1990 no two consecutive years have seen reductions in world seaborne trade.
- Management undertook a reverse stress test over a period of three years to determine what it might take for the Group to encounter financial difficulties. This test was based on current levels of overheads, the net cash and available funds position at 31 December 2022, the collection of debts and the invoicing and collection of the forward order book. This test determined that, in the absence of any mitigating action which would be applied in these circumstances, no new business would be required to remain cash positive for at least the next 12 months.

Under the first two scenarios, the Group is able to generate profits and cash, and has positive net cash and available funds* available to it. In the third scenario, current net cash and available funds* together with the collection of debts and the forward order book would leave sufficient cash resources to cover at least the next 12 months without any new business.

Accordingly, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for at least the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Except where noted, the accounting policies set out in this note have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation
The Group's consolidated financial statements incorporate the results and net assets of Clarkson PLC and all its subsidiary undertakings made up to 31 December each year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are unconsolidated from the date that control ceases.

See note W to the Parent Company financial statements for full details on subsidiaries.

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

2 Statement of accounting policies continued

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation, however for the purposes of segmental reporting, internal recharges are included within the appropriate segments.

Presentation of cash flow statement

Following correspondence this year with the Corporate Reporting Review Team of the Financial Reporting Council ('FRC'), we have agreed to restate the cash flows relating to certain equity-settled liabilities within the Consolidated Cash Flow Statement both within 'net cash flow from operating activities' and 'financing activities'. We have restated the Consolidated Cash Flow Statement for the year ended 31 December 2021 to add back £11.3m of equity-settled liabilities payments as 'operating activities' in the line 'increase in bonus accrual' and deduct £11.3m of shares acquired by the ESOP as 'financing activities'.

Cash flow statement 2021	As previously presented £m	Adjustment £m	Restated £m
Net cash flow from operating activities	113.8	11.3	125.1
Net cash flow from financing activities	(39.9)	(11.3)	(51.2)

This presentation has also been adopted for the year ended 31 December 2022. There is no net impact upon the cash flow statement overall and there is no impact on any balance sheet or income statement figures.

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

2.2 Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework –Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 January 2022 and not early adopted

Certain new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Critical accounting judgements and estimates

The following are the critical accounting judgements, apart from those involving estimations (dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Judgements

Revenue recognition

IFRS 15 'Revenue from Contracts with Customers' requires the Group to assess its revenue streams, including whether the recognition of revenue should be at a 'point in time' or 'over time'. Where revenue is at a point in time, a judgement is also required as to at what point this is. The Group has defined and determined its performance obligations, which continues to be the successful satisfaction of the negotiated contract between counterparties and therefore recognises revenue at this point in time. This is a critical judgement, since if the performance obligation was deemed to be satisfied at an earlier point or over time, the revenue recognition would differ.

In addition, for certain clients, the Group considers that there is uncertainty at the time of invoicing as to whether the clients are capable of settling their invoices when due. The Group continues to trade with such clients which are deemed to be key market participants or preferred counterparties for certain transactions. At the point of revenue recognition, these amounts are invoiced but provisions are made which directly offset against revenue, on the basis consideration is not certain. See note 2.19 for further details.

2 Statement of accounting policies continued

Alternative performance measures

The Group excludes adjusting items (acquisition-related costs) from its underlying earnings measure. The Directors believe that alternative performance measures can provide users of the financial statements with a better understanding of the Group's underlying financial performance, if used properly. If improperly used and presented, these measures could mislead the users of the financial statements by obscuring the real profitability and financial position of the Group. Directors' judgement is required as to what items qualify for this classification. Further details are included on pages 214 and 215.

Recognition of software assets

A judgement is made regarding the decision to capitalise expenditure on the balance sheet relating to the development of software assets across the Group in accordance with IAS 38. This includes considering if the future economic benefit from the asset can be readily identified and estimated and will flow to the relevant entity in the Group. Once capitalised, a further judgement is made to determine the point at which the software becomes fully operational and thus when the asset will begin to be amortised through the income statement over its useful economic life.

IFRS 16 'Leases'

Key judgements made in calculating the initial measurement include determining the lease term where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), such as for options with renewal dates in the next 12 months.

A judgement is made at the commencement of a lease as to whether elements of the contract are lease components or non-lease components. If an element does not convey the right to control the use of an identified asset for a period of time in exchange for consideration then this is treated as a non-lease component. The most significant non-lease component attributable to the Group is service charges.

Estimation uncertainty

The assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Impairment of trade receivables

Trade receivables are amounts due from customers in the ordinary course of business. Trade receivables are classified as current assets if collection is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current assets. The provision for impairment of receivables represents management's best estimate of expected credit losses to arise on trade receivables at the balance sheet date. Determining the amount of the provision includes analysis of specific customers' creditworthiness which may be impaired as indicated by the age of the invoice, the existence of any disputes, recent historical payment patterns and any known information regarding the client's financial position.
In a limited number of circumstances, where doubt exists as to the ability to collect payment, a provision is made at the time of invoicing (see Judgements: Revenue recognition on page 156). For clients where a specific provision is not recognised, management is required to estimate expected credit losses in accordance with IFRS 9 'Financial Instruments'. This estimate takes into account the Group's history of bad debt write-offs and extended unpaid invoices for each of its segments and also views on market conditions both for certain business lines and territories. Determining the amount of a provision for impairment is inherently challenging and in a given year there is a risk this estimate may materially change in the following year, either due to successful, unforeseen collections or sudden deterioration or failures of clients. This is therefore deemed to be a critical accounting estimate. See note 14 for further details.

Impairment testing of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which assets on the balance sheet have been allocated. The value-in-use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates.
As determining such assumptions is inherently uncertain and subject to future factors, there is the potential that these may differ in subsequent periods. See note 13 for further details.

Employee benefits

The determination of the Group's defined benefit obligation depends on certain assumptions, such as the selection of the discount rate, inflation rates and mortality rates. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's financial statements within the next year. See note 22 for further details.

2 Statement of accounting policies continued

2.4 Property, plant and equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, is stated on the balance sheet at its historic cost.

Freehold and long leasehold properties, leasehold improvements, office furniture and equipment and motor vehicles are recorded at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset.

Land is not depreciated. Depreciation on other assets is charged on a straight-line basis over the estimated useful life (after allowing for estimated residual value based on current prices) of the asset, and is charged from the time an asset becomes available for its intended use. Estimated useful lives are as follows:

Freehold and long leasehold properties	10–60 years
Leasehold improvements	Over the period of the lease
Office furniture and equipment	2–10 years
Motor vehicles	4–5 years

Estimates of useful lives and residual scrap values are assessed annually.

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

2.5 Investment properties

Land and buildings held for long-term investment and to earn rental income are classified as investment properties. Investment properties are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset, and is charged from the time an asset becomes available for its intended use. Estimated useful lives are as follows:

Investment properties	60 years

In addition to historical cost accounting, the Directors have also presented, through additional narrative, the fair value of the investment properties in note 10.

2.6 Business combinations and goodwill

Business combinations are accounted for using the acquisition method.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

All transaction costs are expensed in the income statement as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the income statement. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units identified according to operating segment.

2.7 Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Costs incurred on development projects, relating to the introduction or design of new systems or improvement of the existing systems, are only capitalised as intangible assets if capitalisation criteria under IAS 38 'Intangible Assets' are met; that is, where the related expenditure is separately identifiable, the costs are measurable and management is satisfied as to the ultimate technical and commercial viability of the project such that it will generate future economic benefits based on all relevant available information. Capitalised development costs are amortised from the date the system is fully operational over their expected useful lives (not exceeding five years). Other costs linked to development projects that do not meet the above criteria such as data population, research expenditure and staff training costs are recognised within administrative expenses as incurred.

Costs incurred in the provision and implementation of Software as a Service ('SaaS') agreements, including subscriptions, software configuration and customisation, data migration, testing and training are expensed in the income statement as incurred. To the extent that a SaaS agreement has a separately identifiable intangible asset that is material, the costs are capitalised until the software application use commences and then amortised over their expected useful life (not exceeding five years).

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement within administrative expenses.

Intangible assets are amortised as follows:

Trade name and non-contractual commercial relationships

Amortisation is calculated using estimates of revenues generated by each asset over their estimated useful lives which is typically up to five years.

2 Statement of accounting policies continued

Forward order book on acquisition

Amortisation is calculated based on expected future cash flows estimated to be up to five years.

Development costs

Amortisation is calculated from the point at which the asset is ready for use, over the estimated useful life which is typically five years.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually.

Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

2.9 Investments and other financial assets

Classification

Financial assets within the scope of IFRS 9 'Financial Instruments' are classified as financial assets at fair value through profit or loss ('FVPL'), financial assets at fair value through other comprehensive income ('FVOCI') and financial assets at amortised cost.

The Group determines the classification of its financial assets on initial recognition, taking into account the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss ('FVPL')

These assets are measured at fair value. Net gains and losses are recognised in profit or loss in finance revenue or finance costs. Any interest or dividend income are recognised in profit or loss in finance revenue or finance costs. No assets were so designated at initial recognition of IFRS 9.

Financial assets at fair value through other comprehensive income ('FVOCI')

These assets are measured at fair value. Dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity, and the amount can be measured reliably. Dividends are recognised in the income statement unless they clearly represent recovery of a part of the cost of the investment. Changes in fair value are recognised in other comprehensive income and are never recycled to the income statement, even if the asset is sold or impaired.

Recognition and measurement

Fair value

The fair value of investments in equity instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's-length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis, or other valuation models.

Amortised cost

Loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

2 Statement of accounting policies continued

2.10 Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

Impairment losses for trade receivables are recognised within revenue to the extent there is uncertainty at the time of invoicing as to whether the clients are capable of settling their invoices when due. A provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due. The provision is determined with reference to specific analysis of increased credit loss risk for clients and lifetime expected credit losses applied to all other trade receivables (the simplified approach). The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ('FIFO') method and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of between one day and three months.

2.13 Derivative financial instruments and hedge accounting

The Group uses various derivative financial instruments to reduce exposure to foreign exchange movements. These can include foreign currency contracts and currency options. All derivative financial instruments are initially recognised on the balance sheet at their fair value adjusted for transaction costs.

The fair values of financial instrument derivatives are determined by reference to quoted prices in an active market.

The method of recognising the movements in the fair value of the derivative depends on whether the instrument has been designated as a hedging instrument (determined with reference to IFRS 9 'Financial Instruments') and, if so, the cash flow being hedged. To qualify for hedge accounting, the terms of the hedge must be clearly documented at inception and there must be an expectation that the derivative will be highly effective in offsetting changes in the cash flow of the hedged risk. Hedge effectiveness is tested throughout the life of the hedge and if at any point it is concluded that the relationship can no longer be expected to remain highly effective in achieving its objective, the hedge relationship is terminated. The Group designates the hedged risk as movements in the spot rate, with changes in the forward rate recognised in other comprehensive income.

Gains and losses on financial instrument derivatives which qualify for hedge accounting are recognised according to the nature of the hedge relationship and the item being hedged.

Cash flow hedges: derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to changes in cash flows attributable to a particular asset or liability or a highly probable forecast transaction. Gains or losses on designated cash flow hedges are recognised directly in equity in other comprehensive income, to the extent that they are determined to be effective. Any remaining portion of the gain or loss is recognised immediately in the income statement. On recognition of the hedged asset or liability, any gains or losses that had previously been recognised directly in equity are included in the initial measurement of the fair value of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there and is recognised in the income statement when the forecast transaction is ultimately recognised. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement and reported in revenue.

Where financial instrument derivatives do not qualify for hedge accounting, changes in the fair market value are recognised immediately in the income statement.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2 Statement of accounting policies continued

2.16 Employee benefits

The Group operates various post-employment schemes, including both defined contribution and defined benefit pension plans.

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension arrangements on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset/liability recognised in the balance sheet in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the end of the reporting period and the fair value of plan assets. Where the Group does not have an unconditional right to a scheme's surplus, this asset is not recognised in the balance sheet. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in administrative expenses.

The net interest revenue/cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This revenue/cost is included in other finance revenue – pensions in the income statement.

2.17 Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby consideration is received in the form of equity instruments for services rendered (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of these awards were valued using either a Monte Carlo valuation model or a Black-Scholes model, depending on the type of award being valued. See note 21 for further details.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share. See note 7 for further details.

The social security contributions payable in connection with the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

2.18 Share capital

Ordinary shares are recognised in equity as share capital at their nominal value. The difference between consideration received and the nominal value is recognised in the share premium account, except when applying the merger relief provision of the Companies Act 2006.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Company shares held in trust in connection with the Group's employee share schemes are deducted from consolidated shareholders' equity. Purchases, sales and transfers of the Company's shares are disclosed as changes in consolidated shareholders' equity. The assets and liabilities of the trusts are consolidated in full into the Group's consolidated financial statements.

2.19 Revenue recognition

Revenue is recognised in accordance with satisfaction of performance obligations of contracts.

Broking

Shipbroking and offshore revenue consists of commission receivable and is predominantly recognised at a point in time. The point in time is deemed to be when the underlying parties to the transaction have completed their respective obligations and successfully fulfilled the contract between them as brokered and overseen by Clarksons.

2 Statement of accounting policies continued

The transaction price is fixed and determined with reference to the contracted commission rate for the broker. Broking revenue contracts vary, with certain contracts having a single performance obligation and others, such as newbuilds, containing multiple performance obligations. In the case of single performance obligation contracts, the transaction is allocated wholly against that performance obligation. In the case of multiple performance obligation contracts, the transaction price is allocated with reference to the agreed stages of completion in the underlying contract. The price for such stages is agreed between the underlying counterparties and Clarksons' commission is derived as a percentage of this. The stage of completion is deemed a reasonable proxy for the allocation of the total consideration transaction price to performance obligations in the contract.

Time charter commission revenue is recognised over time in line with the period of time for which the vessel is being chartered, which is deemed to be the most faithful representation of the service provided over the period of the contract. The transaction price is apportioned evenly over the life of the charter per the contract.

Futures broking commissions are recognised when the services have been performed.

Financial

Revenue consists of commissions and fees receivable from financial services activities. Fees from investment banking activities, syndication and other financial solutions are recognised at a point in time, on a success basis, when certain criteria in applicable agreements have been met. Financial revenue usually involves a single performance obligation (being successful execution of the relevant financial services activity). The transaction price is allocated wholly to the point in time when this performance obligation is satisfied. The transaction price usually is determined as a fixed percentage of the underlying financial services transaction.

Support

Agency income is recognised at a point in time when vessels arrive in port. The transaction price is clearly defined in the contract as the fee for providing the service and an agreed charge is made for disbursements, if applicable.

Revenue from the sale of goods is recognised on delivery of goods to the customer. The transaction price is clearly defined in the sales order for each product ordered.

Port services income is recognised on the vessel load or discharge completion date and stores rent on an over time basis. The transaction price is clearly defined in the contract as the fee per tonne of product loaded, stored or discharged.

Freight forwarding income is recognised on the date of dispatch of goods or services. The transaction price is clearly defined as per the quote provided to the customer for the storage or transportation of goods.

The transaction price is allocated wholly to the performance obligation.

Research

Revenue comprises both fees for one-off projects, which are recognised as and when services are performed, and sales of shipping publications and other information, which is recognised when the research products are delivered. Subscriptions to periodicals and other information are recognised over time, which is determined with reference to the subscription period and therefore the most faithful representation of how the client consumes the benefit. The transaction price is agreed in the contract and is on a per product basis and either recognised wholly at a point in time, or in the case of subscriptions, it is spread evenly over the subscription period. The transaction price is allocated wholly to the performance obligation.

Contract assets/liabilities

Except for Research, which is generally invoiced in advance, invoicing typically aligns with the timing that performance obligations are satisfied. Payment terms are set out in note 14.

At the year-end, there may be amounts where invoices have not been raised but performance obligations are deemed satisfied. These are recognised as contract assets and mainly arise in Broking and Financial. In Research, amounts invoiced ahead of performance obligations being satisfied are included as contract liabilities.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group considers the executive members of the Company's Board to be the chief operating decision maker.

Transactions between operating segments are at arm's length.

2.21 Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into pounds sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period as an approximation of rates prevailing at the date of the transaction. Exchange differences arising, if any, are recognised in the consolidated statement of comprehensive income and transferred to the Group's currency translation reserve. Such translation differences are recognised as income or expense in the period in which an operation is disposed. Cumulative translation differences have been set to zero at the date of transition to IFRS.

2 Statement of accounting policies continued

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.22 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax is recognised in the income statement, except on items relating to equity, in which case the related current income tax is recognised directly in equity.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority, where there is an intention to settle the balances on a net basis.

2.23 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the lessee's incremental borrowing rate, as the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is based on the rate payable for loans of a similar term and asset value, or from a series of inputs including government bond yields and adjustments to take into account entity-specific risk profiles.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable; variable lease payments that depend on an index or rate; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) if one of the following occurs:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Non-lease components are charged to the income statement in line with the services being provided.

The right-of-use assets comprise the initial measurement of the corresponding lease liability less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation.

Whenever the Group incurs an obligation for costs to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 with a corresponding entry within the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset and starts at the commencement date of the lease. See note 2.8 for the policy on impairment.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

All of the Group's leases are classified as operating leases with rental income from these leases recognised on a straight-line basis over the term of the relevant lease.

3 Revenue and expenses

	2022 £m	2021 £m
Revenue		
Revenue from contracts with customers	**603.4**	443.0
Revenue from other sources: rental income	**0.4**	0.3
	603.8	443.3

Revenue is disaggregated further in note 4, which is the level at which it is analysed within the business. Further information on the timing of transfer of goods and services for revenue streams is included in note 2. Included in revenue is £7.9m (2021: £6.8m) that was included in the contract liability balance at the beginning of the year.

The forward order book comprises contracts where the Group's performance obligations are not yet satisfied and accordingly, no revenue or asset is recognised.

	2022 £m	2021 £m
Cost of sales		
Agency services	**5.9**	5.4
Inventories	**14.2**	9.6
Other	**1.7**	1.5
	21.8	16.5

	2022 £m	2021 £m
Finance income		
Bank interest income	**1.2**	0.1
Dividend income	**0.2**	–
Other finance income	**0.5**	1.2
	1.9	1.3

	2022 £m	2021 £m
Finance costs		
Bank interest charges	**–**	0.2
Interest expenses on lease liabilities	**1.9**	2.0
Other finance costs	**0.3**	0.9
	2.2	3.1

	2022 £m	2021 £m
Other finance income – pensions		
Net benefit income	**0.4**	0.1

Operating profit

Operating profit from continuing operations is stated after charging/(crediting):

	2022 £m	2021 £m
Depreciation	**13.7**	13.3
Amortisation of intangible assets	**4.1**	1.6
Net foreign exchange gains	**(0.5)**	(3.2)
Research and development	**21.2**	15.1
Short-term lease expense	**0.3**	0.3

3 Revenue and expenses continued

	2022 £000	2021 £000
Auditor's remuneration		
Fees payable to the Company's Auditor for the audit of the Company's and Group financial statements	**350**	348
Fees payable to the Company's Auditor and their associates for other services:		
The auditing of financial statements of subsidiaries of the Company	**384**	327
Audit-related assurance services	**89**	83
	823	758

Audit-related assurance services consists of £46,500 (2021: £44,500) in relation to the half year review and £42,500 (2021: £38,000) of other audit-related services in relation to required regulatory reporting.

	2022 £m	2021 £m
Employee compensation and benefits expense		
Wages and salaries	**350.1**	258.5
Social security costs	**28.8**	23.8
Share-based payment expense	**1.8**	1.8
Pension costs – defined contribution plans	**9.3**	8.4
	390.0	292.5

The numbers above include remuneration and pension entitlements for each Director. Details are included in the Director's Remuneration Report in the Directors' emoluments and compensation table on page 122. The Clarkson PLC Directors are considered to be the only key management personnel.

The average monthly number of persons employed by the Group during the year, including Executive Directors, is analysed below:

	2022	2021
Broking	**1,256**	1,194
Financial	**106**	102
Support	**298**	266
Research	**123**	124
	1,783	1,686

4 Segmental information

The Group considers the executive members of the Company's Board to be the chief operating decision maker. The Board receives segmental operating and financial information on a regular basis. The segments are determined by the class of business the Company provides and are Broking, Financial, Support and Research. This is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting.

Clarksons' Broking division represents services provided to shipowners and charterers in the transportation by sea of a wide range of cargoes. It also represents services provided to buyers and sellers/yards relating to sale and purchase transactions. Also included is a futures broking operation which arranges principal-to-principal cash-settled contracts for differences based upon standardised freight contracts.

The Financial division represents full-service investment banking, specialising in the maritime, oil services and natural resources sectors. Clarksons also provides structured asset finance services and structured projects in the shipping, offshore and real estate sectors.

Support includes port and agency services representing ship agency services provided throughout the UK and Egypt.

Research services encompass the provision of shipping-related information and publications.

All areas of the business work closely together to provide the best possible service to our clients. Internal recharges are included within the appropriate segments. Segment revenue represents revenue from external customers.

The Group is not reliant on any major customer that contributes more than 10% of Group revenue.

4 Segmental information continued

Business segments

	Revenue 2022 £m	Revenue 2021 £m	Results 2022 £m	Results 2021 £m
Broking	**495.5**	340.0	**117.6**	73.6
Financial	**49.8**	56.0	**7.8**	13.3
Support	**39.0**	29.6	**5.0**	3.3
Research	**19.5**	17.7	**7.0**	6.1
Segment revenue/profit	**603.8**	443.3	**137.4**	96.3
Head office costs			**(36.6)**	(25.2)
Operating profit before acquisition-related costs			**100.8**	71.1
Acquisition-related costs			**(0.8)**	(0.3)
Operating profit			**100.0**	70.8
Finance income			**1.9**	1.3
Finance costs			**(2.2)**	(3.1)
Other finance income – pensions			**0.4**	0.1
Profit before taxation			**100.1**	69.1
Taxation			**(20.5)**	(14.7)
Profit for the year			**79.6**	54.4

Business segments

	Assets 2022 £m	Assets 2021 £m	Liabilities 2022 £m	Liabilities 2021 £m
Broking	**642.7**	479.8	**287.0**	201.0
Financial	**101.1**	107.3	**48.4**	50.5
Support	**41.6**	37.3	**16.4**	14.7
Research	**11.4**	18.8	**12.8**	12.0
Segment assets/liabilities	**796.8**	643.2	**364.6**	278.2
Unallocated assets/liabilities	**35.5**	38.9	**54.5**	42.3
	832.3	682.1	**419.1**	320.5

Unallocated assets predominantly relate to head office cash balances and cash on deposit, the pension scheme surplus and tax assets. Unallocated liabilities include the pension scheme deficit, tax liabilities and head office accruals.

Business segments

	Non-current asset additions				Depreciation		Amortisation	
	Property, plant and equipment 2022 £m	**Intangible assets 2022 £m**	Property, plant and equipment 2021 £m	Intangible assets 2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Broking	**11.5**	**9.3**	7.5	2.9	**11.0**	9.4	**4.1**	1.6
Financial	**0.8**	–	0.1	–	**1.2**	1.9	–	–
Support	**1.2**	**0.2**	3.0	–	**1.2**	1.6	–	–
Research	–	–	0.2	–	**0.2**	0.4	–	–
	13.5	**9.5**	10.8	2.9	**13.6**	13.3	**4.1**	1.6

4 Segmental information continued

Geographical segments – by origin of invoice

	Revenue 2022 £m	Revenue 2021 £m
Europe, Middle East and Africa*	**434.4**	330.9
Americas	**32.2**	18.9
Asia-Pacific	**137.2**	93.5
	603.8	443.3

Geographical segments – by location of assets

	Non-current assets** 2022 £m	Non-current assets** 2021 £m
Europe, Middle East and Africa*	**237.7**	232.8
Americas	**5.4**	8.6
Asia-Pacific	**15.4**	12.6
	258.5	254.0

* Includes revenue for the UK of £254.0m (2021: £198.0m) and non-current assets for the UK of £117.2m (2021: £115.6m).
** Non-current assets exclude deferred tax assets and employee benefits.

5 Acquisition-related costs

Included in acquisition-related costs is £0.2m (2021: £0.2m) relating to amortisation of intangibles acquired as part of previous acquisitions and cash and share-based payment charges of £0.3m (2021: £0.1m).

Also included in administrative expenses is £0.3m of transaction costs relating to acquisitions in the current year. See note 12 for further details.

6 Taxation

Tax charged in the consolidated income statement is as follows:

	2022 £m	2021 £m
Current tax		
Tax on profits for the year	**26.9**	13.1
Adjustments in respect of prior years	**(0.7)**	(0.6)
	26.2	12.5
Deferred tax		
Origination and reversal of temporary differences	**(4.9)**	2.5
Impact of change in tax rates	**(0.8)**	(0.3)
	(5.7)	2.2
Total tax charge in the income statement	**20.5**	14.7

6 Taxation continued

Tax relating to items (credited)/charged to equity is as follows:

		2022 £m	2021 £m
Current tax			
Employee benefits	– on pension benefits	**(0.1)**	–
Employee benefits	– other employee benefits	**(0.3)**	(0.3)
Other items in equity		**0.4**	–
		–	(0.3)
Deferred tax			
Employee benefits	– on pension benefits	**(1.6)**	3.1
Employee benefits	– other employee benefits	**1.1**	(2.0)
Foreign currency contracts		**(1.8)**	(0.8)
		(2.3)	0.3
Total tax credit in the statement of changes in equity		**(2.3)**	–

Reconciliation of tax charge

The tax charge in the consolidated income statement for the year is higher (2021: higher) than the average standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £m	2021 £m
Profit before taxation	**100.1**	69.1
Profit at UK average standard rate of corporation tax of 19% (2021: 19%)	**19.0**	13.1
Effects of:		
Expenses not deductible for tax purposes	**2.3**	2.1
Higher/(Lower) tax rates on overseas earnings	**0.4**	(1.0)
Tax losses (recognised)/not recognised	**(0.1)**	0.5
Adjustments relating to prior year	**(1.3)**	(0.5)
Adjustments relating to changes in tax rates	**(0.8)**	(0.3)
Other adjustments	**1.0**	0.8
Total tax charge in the income statement	**20.5**	14.7

Deferred tax

Deferred tax (credited)/charged in the consolidated income statement is as follows:

		2022 £m	2021 £m
Employee benefits	– on pension benefits	**(0.1)**	(0.7)
Employee benefits	– on employee benefits	**(6.7)**	–
In relation to earnings of overseas subsidiaries		**0.5**	0.7
Intangible assets		–	1.2
Other items		**0.6**	1.0
Deferred tax (credit)/charge in the income statement		**(5.7)**	2.2

6 Taxation continued

Deferred tax included in the balance sheet is as follows:

		2022 £m	2021 £m
Deferred tax assets			
Employee benefits	– on pension benefits	**0.1**	0.9
	– other employee benefits	**15.8**	10.3
Foreign currency contracts		**1.7**	0.2
Other temporary differences		**0.9**	1.4
Deferred tax assets before offset		**18.5**	12.8
Offset against deferred tax liabilities		**(3.9)**	(2.3)
Deferred tax assets in the balance sheet		**14.6**	10.5
Deferred tax liabilities			
Employee benefits	– on pension benefits	**(3.9)**	(6.5)
In relation to earnings of overseas subsidiaries		**(2.8)**	(2.3)
Foreign currency contracts		–	(0.2)
Intangible assets		**(2.4)**	(2.3)
Other temporary differences		**(1.9)**	(2.0)
Deferred tax liabilities before offset		**(11.0)**	(13.3)
Offset against deferred tax assets		**3.9**	2.3
Deferred tax liabilities in the balance sheet		**(7.1)**	(11.0)

Deferred tax assets and liabilities are offset and reported net where appropriate within territories.

Included in the above are deferred tax assets of £8.3m (2021: £2.5m) and deferred tax liabilities of £nil (2021: £0.3m) which are due within one year. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

All deferred tax movements arise from the origination and reversal of temporary differences. The Group did not recognise a deferred tax asset of £3.1m (2021: £3.3m) in respect of unused tax losses of £9.4m (2021:£10.2m), which predominantly have either no expiry date or an expiry date of 10 years or more.

Deferred taxes at the balance sheet date have been measured using the appropriate enacted tax rates and are reflected in these financial statements.

The UK Government announced on 3 March 2021 that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using this tax rate and are reflected in these financial statements.

7 Earnings per share

	2022 Underlying £m	2022 Reported £m	2021 Underlying £m	2021 Reported £m
Profit for the year attributable to equity holders of the Parent Company	**76.3**	**75.6**	50.4	50.1

	2022 Underlying Million	2022 Reported Million	2021 Underlying Million	2021 Reported Million
Weighted average number of ordinary shares (excluding share purchase trusts' shares) – basic	**30.5**	**30.5**	30.4	30.4
Dilutive effect of share options	**0.2**	**0.2**	0.3	0.3
Weighted average number of ordinary shares (excluding share purchase trusts' shares) – diluted	**30.7**	**30.7**	30.7	30.7

	2022 Underlying	2022 Reported	2021 Underlying	2021 Reported
Basic earnings per share	**250.3p**	**247.9p**	165.6p	164.6p
Diluted earnings per share	**248.5p**	**246.1p**	164.2p	163.2p

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

The share awards relating to Directors, where the performance conditions have not yet been met at the balance sheet date, are not included in the above numbers. The weighted average number of these shares was nil (2021: nil).

There were 34,089 share options in relation to the employee ShareSave scheme that are not included because they are anti-dilutive at the year end (2021: 66,313). These options could potentially dilute basic earnings per share in the future.

8 Dividends

	2022 £m	2021 £m
Declared and paid during the year:		
Final dividend for 2021 of 57p per share (2020: 54p per share)	**17.2**	16.4
Interim dividend for 2022 of 29p per share (2021: 27p per share)	**8.7**	8.0
Dividend paid	**25.9**	24.4
Proposed for approval at the AGM (not recognised as a liability at 31 December):		
Final dividend for 2022 proposed of 64p per share (2021: 57p per share)	**19.6**	17.4

9 Property, plant and equipment

31 December 2022

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
Original cost					
At 1 January 2022	9.4	18.7	23.4	1.3	52.8
Additions	1.2	2.1	4.3	–	7.6
Arising on acquisitions	–	–	0.1	–	0.1
Disposals	(0.9)	(0.6)	(1.1)	(0.2)	(2.8)
Foreign exchange differences	0.3	0.4	0.6	–	1.3
At 31 December 2022	10.0	20.6	27.3	1.1	59.0
Accumulated depreciation					
At 1 January 2022	1.9	9.8	17.9	0.7	30.3
Charged during the year	0.2	1.4	2.3	0.2	4.1
Disposals	(0.1)	(0.5)	(1.1)	(0.1)	(1.8)
Foreign exchange differences	0.1	0.3	0.5	–	0.9
At 31 December 2022	2.1	11.0	19.6	0.8	33.5
Net book value at 31 December 2022	7.9	9.6	7.7	0.3	25.5

31 December 2021

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Motor vehicles £m	Total £m
Original cost					
At 1 January 2021	9.2	18.7	25.6	1.6	55.1
Additions	1.0	0.6	1.8	0.3	3.7
Disposals	(0.8)	(0.6)	(3.9)	(0.6)	(5.9)
Foreign exchange differences	–	–	(0.1)	–	(0.1)
At 31 December 2021	9.4	18.7	23.4	1.3	52.8
Accumulated depreciation					
At 1 January 2021	1.9	8.9	19.0	1.0	30.8
Charged during the year	0.3	1.4	2.6	0.2	4.5
Disposals	(0.3)	(0.5)	(3.6)	(0.5)	(4.9)
Foreign exchange differences	–	–	(0.1)	–	(0.1)
At 31 December 2021	1.9	9.8	17.9	0.7	30.3
Net book value at 31 December 2021	7.5	8.9	5.5	0.6	22.5

At 31 December 2022 there was £5.6m included in the above figures relating to fully depreciated property, plant and equipment that is still in use (2021: £4.0m).

10 Investment properties

	2022 £m	2021 £m
Cost		
At 1 January and 31 December	**2.1**	2.1
Accumulated depreciation		
At 1 January	**0.9**	0.9
Charged during the year*	**0.1**	0.0*
Foreign exchange differences	**0.1**	–
At 31 December	**1.1**	0.9
Net book value at 31 December	**1.0**	1.2

* The depreciation charged during 2021 was less than £0.1m.

The fair value of the investment properties at 31 December 2022 was £2.3m (2021: £2.2m). This was based on valuations from external independent valuers who have the appropriate professional qualifications and recent experience of valuing properties in the location and of the type being valued.

11 Right-of-use assets

	Leasehold properties 2022 £m	Leasehold properties 2021 £m
Cost		
As at 1 January	**69.5**	63.4
Additions	**5.9**	7.1
Disposals	**(6.6)**	(0.8)
Foreign exchange differences	**2.0**	(0.2)
At 31 December	**70.8**	69.5
Accumulated depreciation		
As at 1 January	**24.4**	16.4
Charged during the year	**9.5**	8.8
Disposals	**(3.3)**	(0.7)
Foreign exchange differences	**0.9**	(0.1)
At 31 December	**31.5**	24.4
Net book value at 31 December	**39.3**	45.1

12 Intangible assets

31 December 2022

	Goodwill £m	Development costs £m	Other intangible assets £m	Total £m
Cost				
At 1 January 2022	**284.8**	**19.3**	**30.6**	**334.7**
Additions	–	**2.0**	–	**2.0**
Arising on acquisitions	**5.4**	–	**2.1**	**7.5**
Other (reclassification)	**(0.2)**	–	**0.2**	–
Foreign exchange differences	**1.9**	–	**0.5**	**2.4**
At 31 December 2022	**291.9**	**21.3**	**33.4**	**346.6**
Accumulated amortisation and impairment				
At 1 January 2022	**118.9**	**2.2**	**30.4**	**151.5**
Charged during the year	–	**4.0**	**0.1**	**4.1**
Other (reclassification)	**(0.1)**	–	**0.1**	–
Foreign exchange differences	**1.5**	–	**0.6**	**2.1**
At 31 December 2022	**120.3**	**6.2**	**31.2**	**157.7**
Net book value at 31 December 2022	**171.6**	**15.1**	**2.2**	**188.9**

31 December 2021

	Goodwill £m	Development costs £m	Other intangible assets £m	Total £m
Cost				
At 1 January 2021	287.4	16.4	30.9	334.7
Additions	–	2.9	–	2.9
Foreign exchange differences	(2.6)	–	(0.3)	(2.9)
At 31 December 2021	284.8	19.3	30.6	334.7
Accumulated amortisation and impairment				
At 1 January 2021	120.6	0.8	30.4	151.8
Charged during the year	–	1.4	0.2	1.6
Foreign exchange differences	(1.7)	–	(0.2)	(1.9)
At 31 December 2021	118.9	2.2	30.4	151.5
Net book value at 31 December 2021	165.9	17.1	0.2	183.2

Development costs are amortised based on their estimated useful life, which will not typically exceed five years, when ready for use. These costs represent expenditure incurred in relation to the **Sea/** suite of products, see page 36 for further details on **Sea/**.

All intangible assets are held in the currency of the businesses acquired and are subject to foreign exchange retranslations to the closing rate at each year-end.

In 2022 the Group made acquisitions, which are detailed below, resulting in goodwill of £5.4m and £2.1m of other intangibles assets.

Acquisitions – 2022

On 3 October 2022, the Group, through Maritech Holdings Limited, the legal entity behind **Sea/**, acquired 100% of the share capital of Swedish-based technology company Chinsay AB and its 100% subsidiary Chinsay Pte. Ltd. located in Singapore ('Chinsay'). Cash consideration of US$3.2m (£2.9m) was paid. Post year-end Chinsay AB changed its name to Sea by Maritech Sweden AB and Chinsay Pte. Ltd. changed its name to Sea by Maritech Singapore Pte. Ltd.

On 4 November 2022, a further acquisition was completed by Maritech Holdings Limited. 100% of the share capital of Setapp Sp. z.o.o. ('Setapp'), a Polish technology company, was acquired for cash consideration of €3.0m (£2.6m).

12 Intangible assets continued

Both acquisitions allow **Sea/** to continue to build The Intelligent Marketplace for Fixing Freight and project the business towards its purpose of powering better decisions to enable sustainable shipping.

In 2022, the Group also acquired 100% of the share capital of PPE Suppliers Limited ('PPE') through Gibb Group Ltd for £0.2m resulting in goodwill of £0.2m.

The net assets acquired in the PPE and Setapp acquisitions were each less than £0.1m.

The following table summarises the consideration paid, the provisional fair value of the net assets acquired, and the liabilities assumed relating to the Chinsay acquisition.

Fair value of identifiable assets acquired and liabilities assumed:	Total £m
Intangible assets	2.1
Property, plant and equipment	0.1
Trade and other receivables	0.5
Cash and cash equivalents	0.1
Total assets	2.8
Trade and other payables	(1.5)
Interest bearing loans and borrowings	(0.6)
Deferred tax liabilities	(0.4)
Total liabilities	(2.5)
Net identifiable assets acquired	0.3
Goodwill	2.6
Total consideration paid in cash	2.9

The goodwill is attributable to the team acquired and the synergies arising on the business combination.

There were no acquisitions in the year ended 31 December 2021.

Chinsay contributed revenues of £0.5m and net loss after tax of £0.5m to the Group for the period 3 October 2022 to 31 December 2022. If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenue and reported profit for the year ended 31 December 2022 would have been £605.7m and £78.7m respectively.

Setapp contributed revenues of £0.2m and net loss after tax of £0.1m to the Group for the period 4 November 2022 to 31 December 2022. If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenue and reported profit for the year ended 31 December 2022 would have been £605.1m and £78.8m respectively.

These amounts have been calculated extrapolating the subsidiaries' results without the need for adjustments for differences in accounting policies between the Group and the subsidiaries, including the additional depreciation and amortisation that would have been charged assuming that the fair value adjustments to intangible assets had applied from 1 January 2022, together with the consequential tax effects.

This information is not necessarily indicative of the 2022 results of the combined Group had the acquisitions actually been made at the beginning of the period presented, or indicative of the future consolidated performance given the nature of the business acquired.

	2022 £m	2021 £m
Outflow of cash to acquire subsidiaries, net of cash acquired		
Chinsay cash consideration	**2.9**	–
Setapp cash consideration	**2.6**	–
PPE cash consideration	**0.2**	–
	5.7	
Less: Cash acquired	**(0.1)**	–
Less: Amounts withheld	**(0.7)**	
Net outflow of cash – investing activities	**4.9**	–

Acquisition-related costs of £0.3m are included in administrative expenses in the income statement and in operating cash flows in the cash flow statement.

13 Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to operating division.

The carrying amount of goodwill acquired through business combinations is as follows:

	2022 £m	2021 £m
Dry cargo chartering	**16.1**	12.0
Container chartering	**2.0**	1.8
Tankers chartering	**10.6**	10.6
Specialised products chartering	**13.1**	12.9
Gas chartering	**2.8**	2.7
Sale and purchase broking	**45.8**	45.8
Offshore broking	**48.1**	47.1
Securities	**14.1**	14.1
Project finance	**12.6**	12.7
Port and agency services	**3.1**	2.9
Research services	**3.3**	3.3
	171.6	165.9

The movement in the aggregate carrying value is analysed in more detail in note 12.

Goodwill is allocated to CGUs which are tested for impairment at least annually. The goodwill arising in each CGU is similar in nature and thus the testing for impairment uses the same approach.

The recoverable amounts of the CGUs are assessed using a value-in-use model. Value-in-use is calculated as the net present value of the projected risk-adjusted cash flows of the CGU to which the goodwill is allocated.

The key assumptions used for value-in-use calculations are as follows:

- The pre-tax discount rate for the chartering and broking CGUs is 12.7% (2021: 11.3%); port and agency services is 13.3% (2021: 11.3%); research services is 13.2% (2021: 11.3%); and for securities and project finance is 13.4% (2021: 11.9%). As all broking and chartering CGUs have operations that are global in nature and similar risk profiles, the same discount rate has been used.
- These discount rates are based on the Group's weighted average cost of capital ('WACC') and adjusted for CGU-specific risk factors. The Group's WACC is a function of the Group's cost of equity, derived using a Capital Asset Pricing Model. The cost of equity includes a number of variables to reflect the inherent risk of the business being evaluated.
- The cash flow projections are based on financial budgets and strategic plans approved by the Board, extrapolated over a five-year period. These assume a level of revenue and profits which are based on both past performance and expectations for future market development and take into account the cyclicality of the business in which the CGU operates. The effect on cash flows of climate change was considered but assessed to have no material impact at this time. Cash flows beyond the five-year period are extrapolated in perpetuity using a conservative growth rate of 1.7% (2021: 1.7%) across all CGUs.

The results of the Directors' review of goodwill indicate remaining headroom for all CGUs.

As the offshore broking and securities CGUs were subject to impairment in previous years, sensitivity analysis has been carried out using reasonably possible changes to key assumptions, none of which cause an impairment. An increase in the discount rate of 0.5% would decrease value-in-use by £1.8m for offshore broking and £0.4m for securities. A decrease in total pre-tax cash flows of 5% would decrease value-in-use by £3.0m for offshore broking and £1.0m for securities. For the other CGUs, there are no reasonably possible changes in key assumptions that would result in an impairment.

In light of continuing, global macro-economic and geo-political uncertainty, the Board keeps the carrying value of goodwill under constant review and continually monitors for any potential indicators of impairment.

14 Trade and other receivables

	2022 £m	2021 £m
Non-current		
Other receivables	**2.6**	1.0
	2.6	1.0
Current		
Trade receivables	**127.2**	97.6
Other receivables	**10.3**	7.6
Foreign currency contracts	**0.1**	1.3
Prepayments	**9.0**	5.5
Contract assets	**3.5**	5.4
	150.1	117.4

Trade receivables are non-interest bearing and are generally on terms payable within 90 days. As at 31 December 2022, the allowance for impairment of trade receivables was £19.6m (2021: £12.9m). The allowance is based on experience and ongoing market information about the creditworthiness of specific counterparties and expected credit losses in respect of the remaining balances.

The Group has unconditional rights to consideration in respect of trade receivables, except for £1.1m (2021: £1.6m) which relates to amounts invoiced in respect of subscriptions where revenue is recognised over time and the right to payment is conditional on satisfying this performance obligation. These amounts are deferred as revenue and included within the contract liability balance. See note 18.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of invoices over a period of 36 months before 1 January 2022 and the corresponding historical credit losses experienced within this period. These are then adjusted, if necessary, to reflect current and forward-looking information, such as the general economic condition of the market in which the counterparty operates.

The following table shows the exposure to credit risk and expected credit losses of trade receivables as at 31 December:

	2022			2021		
	Expected loss rate	**Gross carrying amount £m**	**Loss allowance £m**	Expected loss rate	Gross carrying amount £m	Loss allowance £m
0 – 3 months	**3.6%**	**116.2**	**4.2**	3.2%	89.4	2.9
3 – 12 months	**24.4%**	**20.1**	**4.9**	23.4%	14.5	3.4
Over 12 months	**100.0%**	**10.5**	**10.5**	100.0%	6.6	6.6
		146.8	**19.6**		110.5	12.9

Movements in the loss allowance for trade receivables were as follows:

	2022 £m	2021 £m
At 1 January	**12.9**	12.3
Release of loss allowance	**(8.2)**	(6.6)
Receivables written off during the year as uncollectible	**(0.3)**	(2.0)
Increase in loss allowance	**14.3**	9.2
Foreign exchange differences	**0.9**	–
At 31 December	**19.6**	12.9

Included within the movements in the loss allowance were amounts which were provided at the time of invoicing for which no revenue has been recognised, because collectability was not considered probable; see note 2. The other classes within trade and other receivables do not include any impaired items.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2022 £m	2021 £m
US dollar	**81.7**	74.9
Sterling	**19.8**	11.2
Norwegian krone	**22.9**	7.7
Other currencies	**2.8**	3.8
	127.2	97.6

15 Investments

	2022 £m	2021 £m
Non-current		
Financial assets at fair value through profit or loss	**1.2**	1.0
	1.2	1.0
Current		
Cash on deposit	**3.1**	2.8
Government bonds	–	6.8
Financial assets at fair value through profit or loss	**0.4**	0.7
	3.5	10.3

The non-current financial assets at fair value through profit or loss relate to equity and other investments. The Group held deposits totalling £3.1m (2021: £2.8m) with maturity periods greater than three months and £nil of government bonds (2021: £6.8m). Current financial assets at fair value through profit or loss relate to convertible bonds in the Financial segment.

16 Inventories

	2022 £m	2021 £m
Finished goods	**2.4**	1.5

The cost of inventories recognised as an expense and included in cost of sales amounted to £14.2m (2021: £9.6m).

17 Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**320.1**	260.7
Short-term deposits	**64.3**	0.9
	384.4	261.6

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £384.4m (2021: £261.6m).

Included in cash at bank and in hand is £12.4m (2021: £3.4m) of restricted funds relating to employee taxes, security trading deposits pending settlement, and other commitments.

18 Trade and other payables

	2022 £m	2021 £m
Current		
Trade payables	**50.0**	39.4
Other payables	**10.5**	8.3
Other tax and social security	**12.3**	6.7
Foreign currency contracts	**3.7**	–
Bonus accruals	**225.8**	148.9
Other accruals	**24.1**	23.9
Contract liabilities	**9.5**	8.2
	335.9	235.4
Non-current		
Other payables	**2.5**	2.0
Foreign currency contracts	**3.3**	0.7
	5.8	2.7

Trade payables and other payables are non-interest bearing and are normally settled on demand.

19 Lease liabilities

	2022 £m	2021 £m
Current		
Lease liabilities	**9.9**	9.7
Non-current		
Lease liabilities	**37.7**	44.1

A maturity analysis of undiscounted lease liability payments is included within note 27.

Included within lease liabilities are £11.8m (2021: £11.9m) of leases where payments are linked to an index. The liabilities in relation to these leases are only adjusted as and when the change in rental cash flows takes effect.

20 Provisions

	2022 £m	2021 £m
Current		
At 1 January	**0.6**	0.5
Arising during the year	**0.2**	0.1
Foreign exchange differences	**(0.2)**	–
At 31 December	**0.6**	0.6
Non-current		
At 1 January	**1.6**	1.5
Arising during the year	**0.3**	0.1
At 31 December	**1.9**	1.6

Provisions have been recognised for the dilapidation of various leasehold premises of £1.5m (2021: £1.5m) which will be utilised on cessation of the lease and £1.0m (2021: £0.7m) in relation to provisions for employee benefits.

21 Share-based payment plans

	2022 £m	2021 £m
Expense arising from equity-settled share-based payment transactions	**1.8**	1.8

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2022 or 2021.

Share options

Long-term incentive awards

Details of the long-term incentive awards are included in the Directors' Remuneration Report on page 134. Awards made to the Directors are given in the Directors' Remuneration Report on page 126. The fair value of awards that are not subject to a market-based performance condition were valued using a Black-Scholes model. The fair value of awards subject to a market-based performance condition were valued using a stochastic model. For awards subject to a holding period a Chaffe protective put method was used to estimate a discount for the lack of marketability.

ShareSave scheme

The ShareSave scheme (or local equivalent) enables eligible employees to acquire options to purchase ordinary shares in the Company at a discount. To participate in the scheme, the employees are required to save a set amount each month, up to a maximum of £500 per month, for a period of 24 to 36 months, depending on their jurisdiction. Under the terms of the scheme, at the end of the savings period the employees are entitled to purchase shares using their savings at a price of 15% to 20% (depending on jurisdiction) below the market price at grant date. Only employees that remain in service at the end of the savings period and make the required savings from their monthly salary for the savings period will become entitled to purchase the shares. Employees who cease their employment, do not save the required amount from their monthly salary, or elect not to exercise their option to purchase shares will be refunded their full savings. The fair value of these awards was valued using a Black-Scholes model.

Movements in the year

The following table illustrates the number of, and movements in, share options during the year:

	Outstanding at 1 January 2022	Granted in year	Lapsed in year	Exercised in year	Outstanding at 31 December 2022	Exercisable at 31 December 2022	Weighted average contractual life Years
Long-term incentive awards[1]	**160,003**	**38,548**	–	**(57,033)**	**141,518**	–	**8.19**
2018 ShareSave[2]	**17,218**	–	**(660)**	**(16,558)**	–	–	–
2019 ShareSave[3]	**164,784**	–	**(3,756)**	**(121,642)**	**39,386**	**39,386**	**0.33**
2020 ShareSave[4]	**114,001**	–	**(6,581)**	**(3,146)**	**104,274**	–	**1.33**
2021 ShareSave[5]	**66,313**	–	**(32,224)**	–	**34,089**	–	**2.24**
2022 ShareSave[6]	–	**237,327**	**(3,073)**	–	**234,254**	–	**3.28**
	522,319	**275,875**	**(46,294)**	**(198,379)**	**553,521**	**39,386**	

The exercise prices for share options outstanding at the year-end were: [1]£nil, [2]£22.12, [3]£18.30, [4]£19.28-£19.87, [5]£31.44-£32.18, [6]£22.05–£22.51.

The weighted average exercise price for each movement in share options are as follows:

	Outstanding at 1 January 2022 £	Granted in year £	Lapsed in year £	Exercised in year £	Outstanding at 31 December 2022 £	Exercisable at 31 December 2022 £
Long-term incentive awards	–	–	–	–	–	–
ShareSave	**21.21**	**22.50**	**27.95**	**18.78**	**22.02**	**18.30**
Total	**14.71**	**19.35**	**27.95**	**13.38**	**16.39**	**18.30**

The weighted average share price at the date of exercise was £30.92.

21 Share-based payment plans continued

The following table illustrates the number of, and movements in, share options for the previous year:

	Outstanding at 1 January 2021	Granted in year	Lapsed in year	Exercised in year	Outstanding at 31 December 2021	Exercisable at 31 December 2021	Weighted average contractual life Years
Long-term incentive awards[1]	155,178	46,760	–	(41,935)	160,003	–	8.25
2017 ShareSave[2]	35,638	–	(8,907)	(26,731)	–	–	–
2018 ShareSave[3]	65,274	–	(2,865)	(45,191)	17,218	17,218	0.33
2019 ShareSave[4]	188,770	–	(15,494)	(8,492)	164,784	–	1.33
2020 ShareSave[5]	129,101	–	(14,919)	(181)	114,001	–	2.29
2021 ShareSave[6]	–	68,545	(2,232)	–	66,313	–	3.24
	573,961	115,305	(44,417)	(122,530)	522,319	17,218	

The exercise prices for share options outstanding at the year-end were: [1]£nil, [2]£22.50, [3]£22.12, [4]£18.30-£20.74, [5]£19.28–£19.87, [6]£31.44–£32.18.

The weighted average exercise price for each movement in share options are as follows:

	Outstanding at 1 January 2021 £	Granted in year £	Lapsed in year £	Exercised in year £	Outstanding at 31 December 2021 £	Exercisable at 31 December 2021 £
Long-term incentive awards	–	–	–	–	–	–
ShareSave	19.61	31.48	20.41	22.08	21.21	22.12
Total	14.31	18.72	20.41	14.53	14.71	22.12

The weighted average share price at the date of exercise was £35.93.

Significant inputs

The inputs into the models used to value options granted in the period fell within the following ranges:

	2022	2021
Share price at date of grant (£)	**26.30-34.45**	29.00-38.90
Exercise price (£)	**0.00-22.51**	0.00-32.18
Expected term (years)	**2.0-3.3**	2.0-3.3
Risk-free interest rate (%)	**1.7-4.4**	0.2-0.4
Expected dividend yield (%)	**0.0-3.3**	0.0-2.1
Expected volatility (%)	**32.1-35.3**	35.1-37.5

Expected volatility is calculated using historical data, where available, over the period of time commensurate with the remaining performance period for long-term incentive awards and the expected award term for the ShareSave scheme, as at the date of grant.

Other employee incentives

During the year, 562,184 shares (2021: 264,634 shares) at a weighted average price of £33.06 (2021: £28.87) were awarded to employees in settlement of 2021 (2020) cash bonuses.

The fair value of these shares was determined based on the market price at the date of grant.

22 Employee benefits

The Group operates three final salary defined benefit pension schemes, being the Clarkson PLC scheme, the Plowrights scheme and the Stewarts scheme, all within the UK. The schemes are all registered as occupational pension schemes with HMRC and are subject to UK legislation and oversight from the Pensions Regulator. These are funded by the payment of contributions to separate trusts administered by Trustees who are required to act in the best interests of the schemes' beneficiaries. Responsibility for governance of each scheme lies with the respective board of trustees in accordance with the rules applicable to that scheme. Currently each board of trustees includes a representative of the relevant principal employer. The schemes' assets are invested in a range of pooled pension investment funds managed by professional fund managers.

Defined benefit pension arrangements give rise to open-ended commitments and liabilities for the sponsoring company. As a consequence, the Company closed its original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004. This section was closed to further accrual for all existing members as from 31 March 2006. The Plowrights scheme was closed to further accrual from 1 January 2006. The Stewarts scheme was closed to further accrual on 1 January 2004.

Every three years, a pension scheme must obtain from an actuary a report containing a valuation and a recommendation on rates of contribution. UK legislation requires that pension schemes are funded prudently and must adhere to the statutory funding objective. Triennial valuations for all the schemes have been prepared as detailed below.

The actuarial valuation of the Clarkson PLC scheme shows a pension surplus on an ongoing basis of £11.5m (105%) as at 31 March 2022. Following the 2016 valuation, Clarkson PLC and the Trustees agreed to cease funding with effect from 1 October 2016. Since 1 May 2021 all expenses of the scheme will be met from the surplus assets.

The actuarial valuation of the Plowrights scheme shows a pension surplus on an ongoing basis of £3.0m (108%) as at 31 March 2022. Clarkson PLC and the Trustees agreed to cease funding with effect from 1 December 2019. The expenses for the scheme will be met from the surplus assets.

The actuarial valuation of the Stewarts scheme showed a pension surplus on an ongoing basis of £0.1m (100%) as at 1 September 2021. Clarksons Offshore and Renewables Limited will continue to pay contributions of £0.4m per annum, which will include scheme expenses.

The Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if a scheme's assets underperform this yield, this will create a deficit. The largest two schemes have de-risked by replacing their equity holdings with less volatile investments.

Changes in bond yields

A decrease in corporate bond yields will increase a scheme's liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation. The majority of the schemes' assets are either unaffected by (fixed-interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

Other pension arrangements

Overseas pension arrangements have been determined in accordance with local practice and regulations. One such defined benefit arrangement is in Greece whereby the employer is obligated to pay an indemnity to employees on retirement.

During 2021, the Council of Greek Auditors considered the Interpretation Committee Agenda Decision of IFRIC and the agreement of the IFRS Board – Agenda Paper 2: 'Attributing Benefit to Periods of Service (IAS 19 Employee Benefits)'. A Working Group (consisting of experts in the field) was set up to review and examine Greek Legislation and whether it was in 'harmony' with the Interpretation of IFRIC and could be applied to each Defined Benefit Plan. As a result of this review, an actuarial gain of £0.6m has been recognised in other comprehensive income for the year ended 31 December 2021.

The Group also operates various other defined contribution pension arrangements. Where required, the Group also makes contributions to these schemes.

22 Employee benefits continued

The Group incurs no material expenses in the provision of post-retirement benefits other than pensions.

The following information relates to the sum of the three separate UK schemes.

Recognised in the balance sheet

	2022 £m	2021 £m
Fair value of schemes' assets	**134.7**	201.5
Present value of funded defined benefit obligations	**(115.2)**	(174.2)
	19.5	27.3
Effect of asset ceiling in relation to the Plowrights scheme	**(4.1)**	(5.3)
Net benefit asset recognised in the balance sheet	**15.4**	22.0

The net benefit asset disclosed above is the combined total of the three UK schemes. The Clarkson PLC scheme has a surplus of £15.8m (2021: £25.8m), the Plowrights scheme has a surplus of £nil (2021: £nil), and the Stewarts scheme has a deficit of £0.4m (2021: £3.8m). As there is no right of set-off between the schemes, the benefit asset of £15.8m (2021: £25.8m) is disclosed separately on the balance sheet from the benefit liability of £0.4m (2021: £3.8m).

The surplus in the Clarkson PLC scheme is recognised, as there are future economic benefits available in the form of a reduction in future contributions to the defined contribution section of the scheme and, in the event of wind up, excess surplus is refundable to the Group. There are no such future economic benefits in respect of the Plowrights scheme and therefore the surplus of £4.1m (2021: £5.3m) cannot be recognised.

A deferred tax asset on the benefit liability amounting to £0.1m (2021: £0.9m) and a deferred tax liability on the benefit asset of £3.9m (2021: £6.5m) is shown in note 6.

Recognised in the income statement

	2022 £m	2021 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	**3.6**	2.8
Interest cost on benefit obligation and asset ceiling	**(3.2)**	(2.7)
Recognised in administrative expenses:		
Scheme administrative expenses	**(0.8)**	(0.3)
Net benefit charge recognised in the income statement	**(0.4)**	(0.2)

Recognised in the statement of comprehensive income

	2022 £m	2021 £m
Actual return on schemes' assets	**(59.0)**	3.6
Less: expected return on schemes' assets	**(3.6)**	(2.8)
Actuarial (loss)/gain on schemes' assets	**(62.6)**	0.8
Actuarial gain on defined benefit obligations	**54.7**	10.2
Actuarial (loss)/gain recognised in the statement of comprehensive income	**(7.9)**	11.0
Tax credit/(charge) on actuarial gain/(loss)	**1.2**	(2.0)
Release/(recognition) of asset ceiling in relation to the Plowrights scheme	**1.3**	(1.3)
Tax (charge)/credit on asset ceiling	**(0.2)**	0.2
Tax credit/(charge) on change in tax rates	**0.1**	(1.3)
Net actuarial (loss)/gain on employee benefit obligations	**(5.5)**	6.6
Cumulative amount of actuarial gains, before tax, recognised in the statement of comprehensive income	**1.4**	9.3

22 Employee benefits continued

Schemes' assets

	2022 %	2022 £m	2021 %	2021 £m
Equities*	**1.1**	**1.5**	2.7	5.4
Government bonds*	**39.5**	**53.2**	44.0	88.6
Corporate bonds*	**30.4**	**40.9**	28.3	57.1
Investment funds*	**25.6**	**34.5**	23.7	47.7
Cash and other assets	**3.4**	**4.6**	1.3	2.7
	100.0	**134.7**	100.0	201.5

* Based on quoted market prices.

Net defined benefit asset

Changes in the fair value of the net defined benefit asset are as follows:

31 December 2022

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2022	**(174.2)**	**201.5**	**27.3**	**(5.3)**	**22.0**
Expected return on assets	–	**3.6**	**3.6**	–	**3.6**
Interest costs	**(3.1)**	–	**(3.1)**	**(0.1)**	**(3.2)**
Employer contributions	–	**0.4**	**0.4**	–	**0.4**
Administrative expenses	–	**(0.8)**	**(0.8)**	–	**(0.8)**
Benefits paid	**7.4**	**(7.4)**	–	–	–
Actuarial gain/(loss)	**54.7**	**(62.6)**	**(7.9)**	**1.3**	**(6.6)**
At 31 December 2022	**(115.2)**	**134.7**	**19.5**	**(4.1)**	**15.4**

31 December 2021

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2021	(188.6)	204.5	15.9	(3.9)	12.0
Expected return on assets	–	2.8	2.8	–	2.8
Interest costs	(2.5)	–	(2.5)	(0.1)	(2.6)
Employer contributions	–	0.4	0.4	–	0.4
Administrative expenses	–	(0.3)	(0.3)	–	(0.3)
Benefits paid	6.7	(6.7)	–	–	–
Actuarial gain/(loss)	10.2	0.8	11.0	(1.3)	9.7
At 31 December 2021	(174.2)	201.5	27.3	(5.3)	22.0

The Group expects, based on the valuations and funding requirements including expenses, to contribute £0.4m to its defined benefit pension schemes in 2023. (2022: £0.4m).

The principal weighted average valuation assumptions are as follows:

	2022 %	2021 %
Rate of increase in pensions in payment	**3.1**	3.3
Price inflation (RPI)	**3.3**	3.4
Price inflation (CPI)	**2.8**	3.1
Discount rate for scheme liabilities	**5.0**	1.8

22 Employee benefits continued

The mortality assumptions used to assess the defined benefit obligations at 31 December 2022 and 31 December 2021 are based on the 'SAPS' standard mortality tables, being SP3A for the Clarkson PLC scheme with a scheme specific adjustment of 90% (2021: 95%), SP3A for the Plowrights scheme with a scheme specific adjustment of 84% for males and 98% for females (2021: SP3A Light) and SP3A for the Stewarts scheme (2021: S2PA). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2022 (2021: model published in 2021). Examples of the assumed future life expectancy are given in the table below:

		Additional years	
		2022	2021
Post-retirement life expectancy on retirement at age 65:			
Employees retiring in the year	– male	**22.2–23.5**	21.8–23.4
	– female	**24.5–25.2**	23.8–24.9
Employees retiring in 20 years' time	– male	**23.5–24.8**	23.1–24.6
	– female	**25.9–26.6**	25.3–26.3

Experience adjustments

	2022 £m	2021 £m
Experience (loss)/gain on schemes' assets	**(62.6)**	0.8
(Loss)/gain on schemes' liabilities due to changes in demographic assumptions	**(0.3)**	2.8
Gain on schemes' liabilities due to changes in financial assumptions	**67.6**	4.3
(Loss)/gain on schemes' liabilities due to experience adjustments	**(12.6)**	3.1
Gain/(loss) on asset ceiling	**1.3**	(1.3)
Actuarial (loss)/gain	**(6.6)**	9.7
Income tax credit/(charge) on actuarial loss/gain	**1.1**	(3.1)
Actuarial (loss)/gain – net of tax	**(5.5)**	6.6

Sensitivities

The table below shows the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The impact of changes to each assumption is shown in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. A change of 0.25% is deemed appropriate given the movement in assumptions during the current and previous years. The sensitivities have been calculated using the same methodology as the main calculations. The weighted average duration of the defined obligation is 13 years.

	2022		2021	
	Change in assumption	**Change in defined benefit obligation**	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	**+0.25%**	**(2.9%)**	+0.25%	(4.0%)
	(0.25%)	**3.1%**	(0.25%)	4.3%
Price inflation (RPI)	**+0.25%**	**2.4%**	+0.25%	3.2%
	(0.25%)	**(2.3%)**	(0.25%)	(3.0%)

An increase of one year in the assumed life expectancy for both males and females would increase the benefit obligation by 3.3% (2021: 4.6%).

23 Share capital

Ordinary shares of 25p each, issued and fully paid:

	Number of shares	**2022 £m**	Number of shares	2021 £m
At 1 January	**30,480,764**	**7.6**	30,399,893	7.6
Additions	**141,346**	**0.1**	80,871	–
At 31 December	**30,622,110**	**7.7**	30,480,764	7.6

During the year, the Company issued 141,346 shares (2021: 80,871) in relation to the ShareSave scheme. The difference between the exercise price (ranging from £18.30-£22.12 (2021: £18.30-£22.50)) and the nominal value of £0.25 was taken to the share premium account, see note 24.

Shares held by Employee Benefit Trusts

The trustees have waived their right to dividends on the unallocated shares held in the employee share trust.

24 Other reserves

31 December 2022

	Share premium £m	ESOP reserve £m	Employee benefits reserve £m	Capital redemption reserve £m	Hedging reserve £m	Merger reserve £m	Currency translation reserve £m	Total £m
At 1 January 2022	**33.9**	**(0.5)**	**3.9**	**2.0**	**0.5**	**55.7**	**8.5**	**104.0**
Other comprehensive (loss)/ income:								
Foreign exchange differences on retranslation of foreign operations	–	–	–	–	–	–	**13.5**	**13.5**
Foreign currency hedges recycled to profit or loss – net of tax	–	–	–	–	**3.3**	–	–	**3.3**
Foreign currency hedge revaluations – net of tax	–	–	–	–	**(8.9)**	–	–	**(8.9)**
Total other comprehensive (loss)/income	–	–	–	–	**(5.6)**	–	**13.5**	**7.9**
Share issues	**2.6**	–	–	–	–	–	–	**2.6**
Employee share schemes:								
Share-based payments expense	–	–	**1.8**	–	–	–	–	**1.8**
Transfer to profit and loss on vesting	–	**2.0**	**(2.0)**	–	–	–	–	–
ESOP shares acquired	–	**(20.4)**	–	–	–	–	–	**(20.4)**
Equity-settled liabilities	–	**18.9**	–	–	–	–	–	**18.9**
Total employee share schemes	–.	**0.5**	**(0.2)**	–	–	–	–	**0.3**
At 31 December 2022	**36.5**	–	**3.7**	**2.0**	**(5.1)**	**55.7**	**22.0**	**114.8**

31 December 2021

	Share premium £m	ESOP reserve £m	Employee benefits reserve £m	Capital redemption reserve £m	Hedging reserve £m	Merger reserve £m	Currency translation reserve £m	Total £m
At 1 January 2021	32.1	(0.7)	3.8	2.0	3.7	55.7	8.0	104.6
Other comprehensive (loss)/ income:								
Foreign exchange differences on retranslation of foreign operations	–	–	–	–	–	–	0.5	0.5
Foreign currency hedges recycled to profit or loss – net of tax	–	–	–	–	(2.4)	–	–	(2.4)
Foreign currency hedge revaluations – net of tax	–	–	–	–	(0.8)	–	–	(0.8)
Total other comprehensive (loss)/income	–	–	–	–	(3.2)	–	0.5	(2.7)
Share issues	1.8	–	–	–	–	–	–	1.8
Employee share schemes:								
Share-based payments expense	–	–	1.8	–	–	–	–	1.8
Transfer to profit and loss on vesting	–	1.9	(1.7)	–	–	–	–	0.2
ESOP shares acquired*	–	(13.2)	–	–	–	–	–	(13.2)
Equity-settled liabilities*	–	11.5	–	–	–	–	–	11.5
Total employee share schemes	–	0.2	0.1	–	–	–	–	0.3
At 31 December 2021	33.9	(0.5)	3.9	2.0	0.5	55.7	8.5	104.0

* ESOP shares acquired was previously stated at £1.7m within the 2021 Annual Report. This has been grossed up with a new line item called Equity-settled liabilities. See note 2.1 for further information.

24 Other reserves continued

Nature and purpose of other reserves

ESOP reserve

The ESOP reserve in the Group represents nil shares (2021: 13,905 shares) purchased by the Employee Benefit Trusts to meet obligations under various incentive schemes. The shares are stated at cost. The market value of these shares at 31 December 2022 was £nil (2021: £0.5m). At 31 December 2022 none of these shares were under option (2021: none). During the year the share purchase trusts acquired 576,894 shares at a weighted average price of £35.34 (2021: 389,411 shares at £33.93); see note 21 for further details of share incentive schemes.

Employee benefits reserve

The employee benefits reserve is used to record the value of equity-settled share-based payments provided to employees. Details are included in note 21.

Capital redemption reserve

The capital redemption reserve arose on previous share buy-backs by Clarkson PLC.

Hedging reserve

This reserve comprises the effective portion of the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred. Realised hedges are recycled to the statement of comprehensive income. Movements are net of tax. Further details on hedging are shown in note 27.

Merger reserve

This comprises the premium on the share placing in November 2014 and the shares issued in February 2015 as part of the acquisition of Clarksons Norway AS (formerly Clarksons Platou AS/RS Platou ASA). No share premium is recorded in the financial statements, through the operation of the merger relief provisions of the Companies Act 2006.

Currency translation reserve

The currency translation reserve represents the currency translation differences arising from the consolidation of foreign operations.

25 Financial commitments and contingencies

Contingencies

The Group has given no financial commitments to suppliers (2021: none).

The Group has given no guarantees (2021: none).

From time to time, the Group is engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance.

There is currently no litigation that is expected to have a material adverse financial impact on the Group's consolidated results or net assets.

The Group also maintained throughout the financial year Directors' and Officers' liability insurance in respect of its Directors.

26 Events occurring after the reporting period

The Group acquired 100% of the share capital of DHSS Aviation B.V., DHSS Logistics B.V., DHSS Projects B.V. and DHSS Services B.V for cash consideration of €4.0m and additional maximum deferred consideration (including earn-out) of €6.3m.

27 Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables and lease liabilities. The Group's principal financial assets are trade receivables, investments, cash and cash equivalents and short-term deposits, which arise directly from its operations.

The Group has not entered into derivative transactions other than the forward currency contracts explained later in this section. It is, and has been throughout 2022 and 2021, the Group's policy that no trading in derivatives shall be undertaken for speculative purposes.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Group seeks to trade only with recognised, creditworthy third parties. Credit risk arises when debtors fail to pay their obligations. Receivable balances are monitored on an ongoing basis and any potential bad debts identified at an early stage. The maximum exposure is the carrying amounts as disclosed in note 14; based on experience and ongoing market information about the creditworthiness of counterparties, we reasonably expect to collect all amounts unimpaired. There are no significant concentrations of credit risk within the Group, due to the large number of customers comprising the Group's customer base.

Trade receivables are written off when there is no reasonable expectation of recovery, such as the commencement of legal proceedings, financial difficulties of the counterparty, or a significant time period has elapsed since the debt was due. Impairment losses on trade receivables are presented within revenue. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets are written off when there is no reasonable expectation of recovery, such as the commencement of legal proceedings, financial difficulties of the counterparty, or a significant time period has elapsed since the debt was due.

With respect to credit risk arising from cash and cash equivalents and deposits held as current investments, these are considered low risk as the financial institutions used are closely monitored by the Group treasury function to ensure they are held with creditworthy institutions and to ensure there is no over exposure to any one institution.

For all financial assets held, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

27 Financial risk management objectives and policies continued

Liquidity risk

The Group seeks to ensure that sufficient liquidity exists in the right locations to meet the Group's financial obligations and related funding requirements in a timely manner, including dividends and taxes, and provide funds for capital expenditure and investment opportunities as they arise. Cash and cash equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements are monitored by the Group's finance function with cash flow forecasting performed at both an entity and Group level. As a normal part of its operations, the Group could face liquidity issues if it experienced a sustained reduction in profitability, problems in the collection of debts from clients or unplanned expenditure.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

31 December 2022	**Less than 3 months £m**	**3 to 12 months £m**	**1 to 5 years £m**	**5 to 10 years £m**	**Over 10 years £m**	**Total £m**
Trade and other payables	**59.8**	**0.7**	**2.5**	–	–	**63.0**
Gross settled foreign currency contracts:						
Outflow	**10.4**	**55.7**	**78.3**	–	–	**144.4**
Inflow	**(9.2)**	**(53.2)**	**(75.0)**	–	–	**(137.4)**
Lease liabilities	**2.9**	**8.6**	**33.3**	**9.4**	–	**54.2**
	63.9	**11.8**	**39.1**	**9.4**	–	**124.2**

31 December 2021	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	5 to 10 years £m	Over 10 years £m	Total £m
Trade and other payables	47.7	–	2.0	–	–	49.7
Gross settled foreign currency contracts:						
Outflow	7.4	33.4	40.9	–	–	81.7
Inflow	(7.7)	(34.4)	(40.2)	–	–	(82.3)
Lease liabilities*	3.3	8.1	36.7	13.1	0.3	61.5
	50.7	7.1	39.4	13.1	0.3	110.6

* Restated to correct prior year disclosure error.

The following table shows the total liabilities arising from financing activities.

	2022			2021		
	Interest-bearing loans and borrowings £m	**Lease liabilities £m**	**Total £m**	Interest-bearing loans and borrowings £m	Lease liabilities £m	Total £m
At 1 January	–	**53.8**	**53.8**	0.1	56.1	56.2
Arising on acquisitions	**0.6**	–	**0.6**	–	–	–
Cash flows – principal	**(0.6)**	**(11.2)**	**(11.8)**	(0.1)	(9.1)	(9.2)
Cash flows – interest	–	**(1.9)**	**(1.9)**	–	(2.0)	(2.0)
Interest charges	–	**1.9**	**1.9**	–	2.0	2.0
Other non-cash movements	–	**6.2**	**6.2**	–	7.1	7.1
Foreign exchange differences	–	**(1.2)**	**(1.2)**	–	(0.3)	(0.3)
At 31 December	–	**47.6**	**47.6**	–	53.8	53.8

Other non-cash movements include the net impact of additions, modifications and terminations relating to leases during the year.

27 Financial risk management objectives and policies continued

Foreign exchange risk

The Group has transactional currency exposures arising from revenues and expenses in currencies other than its functional currency, which can significantly impact results and cash flows. The Group's revenue is mainly denominated in US dollars and the majority of expenses are denominated in local currencies. The Group also has balance sheet exposures, either at the local entity level where monetary assets and liabilities are held in currencies other than the functional currency, or at a Group level on the retranslation of non-sterling balances into the Group's functional currency.

Our aim is to manage this risk by reducing the impact of any fluctuations. The Group hedges currency exposure through forward sales of US dollar revenues. US dollars are also sold on the spot market to meet local currency expenditure requirements. Rates of exchange, non-sterling balances and asset exposures by currency are continually assessed.

The Group is most sensitive to changes in the US dollar exchange rates. The sensitivity analysis assumes an instantaneous 5% change in the US dollar exchange rates from their levels at 31 December 2022, with all other variables held constant. The following table demonstrates the sensitivity to a reasonably possible change in this rate, with all other variables held constant, of the Group's profit before taxation and equity.

	Strengthening/ (weakening) in rate	Effect on profit before taxation £m	Effect on equity £m
2022	**5%**	**2.2**	**(4.9)**
	(5%)	**(2.0)**	**4.5**
2021	5%	1.6	(1.9)
	(5%)	(1.4)	1.7

Derivative financial instruments

It is the Group's policy to cover or hedge a proportion of its future transactional US dollar revenues in the UK with foreign currency contracts. The strategy is to protect the Group against a significant weakening of the US dollar. See note 4 for total revenues generated in the UK which are predominantly US dollar-denominated. The Group considers the hedge to be effective if each forward contract is settled with the bank and the US dollars sold represent collections from previous months' invoicing. Should the hedging ratio be greater than one (that is, contracted sales are greater than US dollar revenues) then the hedge is deemed to be ineffective. Where these are designated and documented as hedging instruments in the context of IFRS 9 and are demonstrated to be effective, mark-to-market gains and losses are recognised directly in equity (see note 24). These are transferred to the income statement, within revenue, upon receipt of cash and conversion to sterling of the underlying item being hedged. All of the contracts settled during the year were effective. There were no contracts deemed ineffective during the year.

The fair value of foreign currency contracts at 31 December are as follows:

	Assets		Liabilities	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Foreign currency contracts	**0.1**	1.3	**7.0**	0.7

At 31 December 2022 the Group had sterling forward contracts of US$80m due for settlement in 2023 at an average rate of US$1.28/£1, US$70m due for settlement in 2024 at an average rate of US$1.28/£1 and US$25m due for settlement in 2025 at an average rate of US$1.23/£1 (2021: US$55m due for settlement in 2022 at an average rate of US$1.31/£1, US$30m due for settlement in 2023 at an average rate of US$1.37/£1 and US$25m due for settlement in 2024 at an average rate of US$1.37/£1).

In 2022, in addition to the above trades, the Group entered into NOK forward contracts of US$24m due for settlement in 2023 at an average rate of US$1/NOK9.81 and US$5m due for settlement in 2024 at an average rate of US$1/NOK9.76.

27 Financial risk management objectives and policies continued

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated as equity as shown in the consolidated balance sheet.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2022 or 31 December 2021. These financial statements are prepared on the going concern basis and the Group continues to pay dividends.

A number of the Group's trading entities are subject to regulation by the Norwegian FSA, the FCA in the UK, the MAS in Singapore, and DFTC and the NFA, SEC and FINRA in the US. Regulatory capital at an entity level depends on the jurisdiction in which it is incorporated. In each case, the approach is to hold an appropriate surplus over the local minimum requirement. Each regulated entity complied with their regulatory capital requirements throughout the year.

28 Financial instruments

Fair values

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December.

	Level 1		Level 2		Level 3	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Assets						
Investments at fair value through profit or loss ('FVPL')	**0.5**	0.5	**1.1**	1.2	–	–
Foreign currency contracts	–	–	**0.1**	1.3	–	–
	0.5	0.5	**1.2**	2.5	–	–
Liabilities						
Foreign currency contracts	–	–	**7.0**	0.7	–	–
	–	–	**7.0**	0.7	–	–

FVPL investments are valued based on quoted prices in an active market (Level 1) or based on quoted prices for similar assets (Level 2); FVOCI investments are categorised as Level 3 as the shares are not listed on an exchange and there were no recent observable arm's-length transactions in the shares. The fair value of the foreign currency contracts are calculated by management based on external valuations received. These valuations are calculated based on forward exchange rates at the balance sheet date.

Investment properties are not measured at fair value, but the fair value is disclosed in note 10.

28 Financial instruments continued

The classification of financial assets and financial liabilities at 31 December is as follows:

Financial assets

	2022 Hedging instruments £m	2022 Fair value through profit or loss £m	2022 Amortised cost £m	2022 Total £m	2021 Hedging instruments £m	2021 Fair value through profit or loss £m	2021 Amortised cost £m	2021 Total £m
Other receivables	–	–	**12.9**	**12.9**	–	–	8.6	8.6
Investments	–	**1.6**	**3.1**	**4.7**	–	1.7	9.6	11.3
Trade receivables	–	–	**127.2**	**127.2**	–	–	97.6	97.6
Foreign currency contracts	**0.1**	–	–	**0.1**	1.3	–	–	1.3
Cash and cash equivalents	–	–	**384.4**	**384.4**	–	–	261.6	261.6
	0.1	**1.6**	**527.6**	**529.3**	1.3	1.7	377.4	380.4

Financial liabilities

	2022 Hedging instruments £m	2022 Amortised cost £m	2022 Total £m	2021 Hedging instruments £m	2021 Amortised cost £m	2021 Total £m
Trade payables	–	**50.0**	**50.0**	–	39.4	39.4
Other payables	–	**13.0**	**13.0**	–	10.3	10.3
Foreign currency contracts	**7.0**	–	**7.0**	0.7	–	0.7
Lease liabilities	–	**47.6**	**47.6**	–	53.8	53.8
	7.0	**110.6**	**117.6**	0.7	103.5	104.2

The carrying value of current and non-current financial assets and liabilities is deemed to equate to the fair value at 31 December 2022 and 2021.

Net gains on financial assets at fair value through profit or loss amounted to £0.3m (2021: £1.3m). Net losses on financial assets at fair value through other comprehensive income were £nil (2021: £1.7m). Net losses on financial liabilities at fair value through profit or loss amounted to £nil (2021: £0.3m). Gains/(losses) on trade receivables (measured at amortised cost) are shown in note 14.

29 Related party transactions

As in 2021, the Group did not enter into any related party transactions during the year, except as noted below.

As mentioned in the biographies in the Board of Directors on page 90, Sue Harris is a Non-Executive Director of Schroder & Co. Limited and Chair of the Audit and Risk Committee of the Wealth Management Division. Another Schroder Group company is one of the investment managers of the defined benefit section of the Clarkson PLC pension scheme. In 2020, Jeff Woyda was appointed to the Board of Trustees of The Clarkson Foundation.

Compensation of key management personnel (including Directors)

There were no key management personnel in the Group apart from the Clarkson PLC Directors. Details of their compensation are set out below.

	2022 £m	2021 £m
Short-term employee benefits	**12.1**	7.5
Post-employment benefits	**0.1**	0.1
Share-based payments	**1.1**	1.0
	13.3	8.6

Full remuneration details are provided in the Directors' Remuneration Report on pages 116 to 137.

30 Non-controlling interest

The non-controlling interest relates to 10 entities based in Norway, in the Financial segment.

Set out below is summarised financial information for the subsidiaries that have a non-controlling interest that are material to the Group.

	Clarksons Project Finance AS 2022 £m	*Clarksons Platou Project Finance AS 2021 £m
Summarised balance sheet		
Non-current assets	**0.1**	0.1
Current assets	**6.8**	10.0
Current liabilities	**(3.1)**	(11.4)
Net current assets	**3.7**	(1.4)
Non-current liabilities	**(1.9)**	–
Net assets	**1.9**	(1.3)
Accumulated non-controlling interest	**1.3**	0.9
Non-controlling equity interest	**66.11%**	68.98%
Summarised statement of comprehensive income		
Revenue	**12.4**	14.8
Profit for the period	**4.0**	4.7
Profit attributable to non-controlling interest	**2.6**	3.2
Dividends paid to non-controlling interest	**(1.5)**	(2.5)
Summarised statement of cash flows		
Cash flows from operating activities	**0.4**	7.0
Cash flows from investing activities	**2.5**	(2.5)
Cash flows from financing activities	**(3.0)**	(6.7)
Total net cash outflow	**(0.1)**	(2.2)

* During the year Clarksons Platou Project Finance AS changed its name to Clarksons Project Finance AS.

In 2022 there was a re-organisation of the non-controlling entities to ensure retention of key personnel in Project Finance, resulting in a £1.3m contribution to non-controlling interests. Following the required series of transactions, there was no material change to the Group's overall control of the entities involved.

Parent Company balance sheet
as at 31 December

	Notes	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	C	**11.0**	11.1
Investment properties	D	**0.3**	0.3
Right-of-use assets	E	**17.2**	19.7
Investments in subsidiaries	F	**167.2**	168.0
Employee benefits	P	**15.8**	25.8
Deferred tax assets	G	–	–
		211.5	224.9
Current assets			
Trade and other receivables	H	**93.1**	57.6
Income tax receivable		**6.2**	1.7
Investments	I	**0.5**	0.5
Cash and cash equivalents	J	**0.3**	0.1
		100.1	59.9
Current liabilities			
Trade and other payables	K	**(28.2)**	(17.1)
Lease liabilities	L	**(3.2)**	(3.7)
		(31.4)	(20.8)
Net current assets		**68.7**	39.1
Non-current liabilities			
Lease liabilities	L	**(19.2)**	(22.4)
Provisions	M	**(1.1)**	(1.1)
Deferred tax liabilities	N	**(0.9)**	(5.4)
		(21.2)	(28.9)
Net assets		**259.0**	235.1
Capital and reserves			
Share capital	Q	**7.7**	7.6
Other reserves	R	**97.9**	95.5
Retained earnings		**153.4**	132.0
Total equity		**259.0**	235.1

The Company's profit for the year was £56.0m (2021: £37.5m profit).

The financial statements on pages 194 to 213 were approved by the Board on 3 March 2023, and signed on its behalf by:

Laurence Hollingworth
Chair

Jeff Woyda
Chief Financial Officer & Chief Operating Officer

Registered number: 1190238

Parent Company statement of changes in equity
for the year ended 31 December

	Notes	Attributable to equity holders of the Parent Company Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2022		**7.6**	**95.5**	**132.0**	**235.1**
Profit for the year		–	–	**56.0**	**56.0**
Other comprehensive income:					
Actuarial loss on employee benefit schemes – net of tax	P	–	–	**(7.9)**	**(7.9)**
Total comprehensive income for the year		–	–	**48.1**	**48.1**
Transactions with owners:					
Share issues	R	**0.1**	**2.6**	–	**2.7**
Employee share schemes		–	**(0.2)**	**(1.3)**	**(1.5)**
Tax on other employee benefits		–	–	**0.5**	**0.5**
Dividend paid	B	–	–	**(25.9)**	**(25.9)**
Total transactions with owners		**0.1**	**2.4**	**(26.7)**	**(24.2)**
Balance at 31 December 2022		**7.7**	**97.9**	**153.4**	**259.0**

	Notes	Attributable to equity holders of the Parent Company Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2021		7.6	93.6	113.8	215.0
Profit for the year		–	–	37.5	37.5
Other comprehensive income:					
Actuarial gain on employee benefit schemes – net of tax	P	–	–	4.6	4.6
Total comprehensive income for the year		–	–	42.1	42.1
Transactions with owners:					
Share issues	R	–	1.8	–	1.8
Employee share schemes		–	0.1	(0.1)	–
Tax on other employee benefits		–	–	0.6	0.6
Dividend paid	B	–	–	(24.4)	(24.4)
Total transactions with owners		–	1.9	(23.9)	(22.0)
Balance at 31 December 2021		7.6	95.5	132.0	235.1

Parent Company cash flow statement
for the year ended 31 December

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Profit before taxation		**49.4**	34.2
Adjustments for:			
Foreign exchange differences		**(0.3)**	0.1
Depreciation	C, D, E	**4.4**	4.2
Share-based payment expense		**1.1**	1.0
Impairment of investment in subsidiaries	F	**0.8**	–
Difference between pension contributions paid and amount recognised in the income statement		**0.7**	0.2
Finance income		**(71.4)**	(50.0)
Finance costs		**0.7**	0.7
Other finance income – pensions		**(0.5)**	(0.3)
Increase in trade and other receivables		**(37.8)**	(39.7)
Increase in bonus accrual		**9.6**	3.1
Increase in trade and other payables		**1.6**	0.9
Cash utilised from operations		**(41.7)**	(45.6)
Income tax received		–	2.2
Net cash flow from operating activities		**(41.7)**	(43.4)
Cash flows from investing activities			
Purchase of property, plant and equipment	C	**(1.8)**	(0.4)
Transfer from current investments (cash on deposit)	I	–	20.0
Dividends received from investments		**71.4**	50.0
Net cash flow from investing activities		**69.6**	69.6
Cash flows from financing activities			
Interest paid		**(0.7)**	(0.8)
Dividend paid	B	**(25.9)**	(24.4)
Payments of lease liabilities		**(3.7)**	(2.8)
Proceeds from shares issued		**2.7**	1.8
Net cash flow from financing activities		**(27.6)**	(26.2)
Net increase in cash and cash equivalents		**0.3**	–
Cash and cash equivalents at 1 January		**0.1**	0.1
Cash and cash equivalents at 31 December	J	**0.4**	0.1

A Statement of accounting policies

The accounting policies applied in the preparation of the Parent Company financial statements are the same as those set out in note 2 to the consolidated financial statements, and have been applied consistently to all periods.

Statement of compliance

The financial statements of Clarkson PLC have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 (UK IFRS) and the applicable legal requirements of the Companies Act 2006.

The Parent Company's functional and presentational currency is pounds sterling.

The Parent Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement or statement of comprehensive income. The profit for the Parent Company for the year was £56.0m (2021: £37.5m profit).

Changes in accounting policy and disclosures

As stated in note 2 to the consolidated financial statements, there were no new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2022, that had a material impact on the Parent Company.

Critical accounting judgements and estimates

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the subsidiary. The value-in-use calculation requires estimation of future cash flows expected to arise for the subsidiary, the selection of suitable discount rates and the estimation of future growth rates. As determining such assumptions is inherently uncertain and subject to future factors, there is the potential these may differ in subsequent periods and therefore materially change the conclusions reached.

Investments in subsidiaries

The Parent Company recognises its investments in subsidiaries at cost less provision for impairment. The Parent Company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the Parent Company estimates the investment's recoverable amount. An investment's recoverable amount is the higher of its fair value less costs to sell and its value-in-use and is determined for an individual investment. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the investment is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the investment in prior years.

Share-based payment transactions

The fair value of the compensation given to subsidiaries in respect of share-based payments is recognised as a capital contribution over the vesting period, reduced by any payments received from subsidiaries.

B Dividends

	2022 £m	2021 £m
Declared and paid during the year:		
Final dividend for 2021 of 57p per share (2020: 54p per share)	**17.2**	16.4
Interim dividend for 2022 of 29p per share (2021: 27p per share)	**8.7**	8.0
Dividend paid	**25.9**	24.4
Proposed for approval at the AGM (not recognised as a liability at 31 December):		
Final dividend for 2022 proposed of 64p per share (2021: 57p per share)	**19.6**	17.4

C Property, plant and equipment

31 December 2022

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Total £m
Original cost				
At 1 January 2022	**1.9**	**14.4**	**8.4**	**24.7**
Additions	–	–	**1.8**	**1.8**
At 31 December 2022	**1.9**	**14.4**	**10.2**	**26.5**
Accumulated depreciation				
At 1 January 2022	**0.6**	**6.5**	**6.5**	**13.6**
Charged during the year	**0.1**	**1.1**	**0.7**	**1.9**
At 31 December 2022	**0.7**	**7.6**	**7.2**	**15.5**
Net book value at 31 December 2022	**1.2**	**6.8**	**3.0**	**11.0**

31 December 2021

	Freehold and long leasehold properties £m	Leasehold improvements £m	Office furniture and equipment £m	Total £m
Original cost				
At 1 January 2021	1.9	14.4	9.0	25.3
Additions	–	–	0.4	0.4
Disposals	–	–	(1.0)	(1.0)
At 31 December 2021	1.9	14.4	8.4	24.7
Accumulated depreciation				
At 1 January 2021	0.5	5.5	6.7	12.7
Charged during the year	0.1	1.0	0.8	1.9
Disposals	–	–	(1.0)	(1.0)
At 31 December 2021	0.6	6.5	6.5	13.6
Net book value at 31 December 2021	1.3	7.9	1.9	11.1

D Investment properties

	2022 £m	2021 £m
Cost		
At 1 January and 31 December	**0.6**	0.6
Accumulated depreciation		
At 1 January	**0.3**	0.3
Charged during the year*	**0.0**	0.0
At 31 December	**0.3**	0.3
Net book value at 31 December	**0.3**	0.3

* The depreciation charged during the year was less than £0.1m.

The fair value of the investment property at 31 December 2022 was £0.9m (2021: £1.0m). This was based on a valuation from an external independent valuer who has the appropriate professional qualification and recent experience of valuing properties in the location and of the type being valued.

E Right-of-use assets

	2022 £m	2021 £m
Cost		
At 1 January	**26.5**	24.4
Additions	–	2.1
At 31 December	**26.5**	26.5
Accumulated depreciation		
At 1 January	**6.8**	4.5
Charged during the year	**2.5**	2.3
At 31 December	**9.3**	6.8
Net book value at 31 December	**17.2**	19.7

F Investments in subsidiaries

	2022 £m	2021 £m
Cost		
At 1 January	**168.0**	168.0
Impairment	**(0.8)**	–
At 31 December	**167.2**	168.0

In 2022 an impairment in Clarksons Platou (Italia) Srl (in liquidation) of £0.8m was taken, reducing Clarkson PLC's investment in the subsidiary to £nil. As the investment in Clarksons Norway AS (formerly Clarksons Platou AS) was subject to impairment in previous years, sensitivity analysis has been carried out using reasonably possible changes to key assumptions, none of which cause an impairment. An increase in the discount rate of 0.5% would decrease value-in-use by £5.1m and a decrease in pre-tax cash flows of 5% would decrease value-in-use by £6.9m.

G Deferred tax assets

	2022 £m	2021 £m
Employee benefits – other employee benefits	**3.3**	1.9
Other temporary differences	**0.6**	0.4
Deferred tax assets before offset	**3.9**	2.3
Offset with deferred tax liabilities	**(3.9)**	(2.3)
Deferred tax assets in the balance sheet	–	–

Deferred tax assets and liabilities are offset and reported net where appropriate see note N.

Included in the above are deferred tax assets of £2.6m (2021: £0.9m) which are expected to be utilised within one year. Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. All deferred tax movements arise from the origination and reversal of temporary differences.

There were no unrecognised tax losses in the year (2021: none)

H Trade and other receivables

	2022 £m	2021 £m
Prepayments and accrued income	**1.0**	0.8
Owed by Group companies	**92.1**	56.8
	93.1	57.6

The Company has no trade receivables (2021: none). All amounts owed by Group companies are payable on demand with no interest being charged. As at 31 December 2022, the Company calculated the expected credit loss of amounts owed by Group companies to be immaterial (2021: immaterial). Further details of related party receivables are included in note V.

I Investments

	2022 £m	2021 £m
Cash on deposit	**0.5**	0.5

The Company held £0.5m (2021: £0.5m) in a deposit with a 95-day notice period. This deposit is held with an A-rated financial institution.

J Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**0.3**	0.1

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £0.3m (2021: £0.1m).

K Trade and other payables

	2022 £m	2021 £m
Other payables	**0.1**	–
Owed to Group companies	**2.1**	1.6
Bonus accruals	**20.0**	10.4
Other accruals	**4.3**	4.4
Deferred income	**1.7**	0.7
	28.2	17.1

All amounts owed to Group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Further details of related party payables are included in note V.

L Lease liabilities

	2022 £m	2021 £m
Current		
Lease liabilities	**3.2**	3.7
Non-current		
Lease liabilities	**19.2**	22.4

M Provisions

	2022 £m	2021 £m
Non-current		
At 1 January and 31 December	**1.1**	1.1

Provisions have been recognised for the dilapidation of various leasehold premises which will be utilised on cessation of the lease. A maturity analysis of undiscounted lease liability payments is included within note T. None of the leases contain extension options and rentals are not linked to any index.

N Deferred tax liabilities

	2022 £m	2021 £m
Employee benefits – on pension benefit asset	**3.9**	6.5
Other temporary differences	**0.9**	1.2
Deferred tax liabilities before offset	**4.8**	7.7
Offset with deferred tax assets	**(3.9)**	(2.3)
Deferred tax liabilities in the balance sheet	**0.9**	5.4

Deferred tax assets and liabilities are offset and reported net where appropriate, see note G.

None of the above deferred tax liabilities are due within one year.

All deferred tax movements arise from the origination and reversal of temporary differences.

O Share-based payment plans

	2022 £m	2021 £m
Expense arising from equity-settled, share-based payment transactions	**1.1**	1.0

For more information on the Parent Company's share-based payment plans, see note 21 of the consolidated financial statements.

P Employee benefits

The Company operates two final salary defined benefit pension schemes, being the Clarkson PLC scheme and the Plowrights scheme, both within the UK. The schemes are both registered as occupational pension schemes with HMRC and are subject to UK legislation and oversight from the Pensions Regulator. These are funded by the payment of contributions to separate trusts administered by trustees who are required to act in the best interests of the schemes' beneficiaries. Responsibility for governance of each scheme lies with the respective board of trustees in accordance with the rules applicable to that scheme. Currently each board of trustees includes a representative of the relevant principal employer. The schemes' assets are invested in a range of pooled pension investment funds managed by professional fund managers.

Defined benefit pension arrangements give rise to open-ended commitments and liabilities for the sponsoring company. As a consequence, the Company closed its original defined benefit section of the Clarkson PLC scheme to new entrants on 31 March 2004. This section was closed to further accrual for all existing members as from 31 March 2006. The Plowrights scheme was closed to further accrual from 1 January 2006.

Every three years, a pension scheme must obtain from an actuary a report containing a valuation and a recommendation on rates of contribution. UK legislation requires that pension schemes are funded prudently and must adhere to the statutory funding objective. Triennial valuations for both schemes have been prepared as detailed below.

The actuarial valuation of the Clarkson PLC scheme shows a pension surplus on an ongoing basis of £11.5m (105%) as at 31 March 2022. Following the 2016 valuation, Clarkson PLC and the Trustees had agreed to cease funding with effect from 1 October 2016. Since 1 May 2021 all expenses of the scheme will be met from the surplus assets.

The actuarial valuation of the Plowrights scheme shows a pension surplus on an ongoing basis of £3.0m (108%) as at 31 March 2022. Clarkson PLC and the Trustees agreed to cease funding with effect from 1 December 2019. The expenses for the scheme will be met from the surplus assets.

The Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if a scheme's assets underperform this yield, this will create a deficit. The two schemes have de-risked by replacing their equity holdings with less volatile investments.

Changes in bond yields

A decrease in corporate bond yields will increase a scheme's liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.

Inflation risk

Some of the Company pension obligations are linked to inflation. The majority of the schemes' assets are either unaffected by (fixed-interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

Other pension arrangements

The Company operates a defined contribution pension scheme. Where required, the Company also makes contributions to this scheme.

The Company incurs no material expenses in the provision of post-retirement benefits other than pensions.

The following information relates to the sum of the two separate schemes.

P Employee benefits continued

The following tables summarise amounts recognised in the balance sheet and the components of net benefit charge recognised in the income statement:

Recognised in the balance sheet

	2022 £m	2021 £m
Fair value of schemes' assets	**124.4**	187.7
Present value of funded defined benefit obligations	**(104.5)**	(156.6)
	19.9	31.1
Effect of asset ceiling in relation to the Plowrights scheme	**(4.1)**	(5.3)
Net benefit asset recognised in the balance sheet	**15.8**	25.8

The net benefit asset disclosed above is the combined total of the two schemes. The Clarkson PLC scheme has a surplus of £15.8m (2021: £25.8m) and the Plowrights scheme has a surplus of £nil (2021: £nil).

The surplus in the Clarkson PLC scheme is recognised, as there are future economic benefits available in the form of a reduction in future contributions to the defined contribution section of the scheme and, in the event of wind up, excess surplus is refundable to the Company. There are no such future economic benefits in respect of the Plowrights scheme and therefore the surplus of £4.1m (2021: £5.3m) cannot be recognised.

A deferred tax liability on the benefit asset of £3.9m (2021: £6.5m) is shown in note N.

Recognised in the income statement

	2022 £m	2021 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	**3.4**	2.7
Interest cost on benefit obligation and asset ceiling	**(2.9)**	(2.4)
Recognised in administrative expenses:		
Schemes' administrative expenses	**(0.7)**	(0.2)
Net benefit (charge)/income recognised in the income statement	**(0.2)**	0.1

Recognised in the statement of comprehensive income

	2022 £m	2021 £m
Actual return on schemes' assets	**(55.7)**	2.6
Less: expected return on schemes' assets	**(3.4)**	(2.7)
Actuarial loss on schemes' assets	**(59.1)**	(0.1)
Actuarial gain on defined benefit obligations	**48.0**	9.0
Actuarial (loss)/gain recognised in the statement of comprehensive income	**(11.1)**	8.9
Tax credit/(charge) on actuarial loss/gain	**2.1**	(1.6)
Effect of asset ceiling in relation to the Plowrights scheme	**1.3**	(1.3)
Tax (charge)/credit on asset ceiling	**(0.2)**	0.2
Tax charge on change in tax rates	–	(1.6)
Net actuarial (loss)/gain on employee benefit obligations	**(7.9)**	4.6
Cumulative amount of actuarial (losses)/gains, before tax, recognised in the statement of comprehensive income	**(1.0)**	10.1

Schemes' assets

	2022 %	2022 £m	2021 %	2021 £m
Government bonds*	**39.5**	**49.1**	45.9	86.2
Corporate bonds*	**30.4**	**37.8**	28.4	53.2
Investment funds*	**26.4**	**32.9**	24.3	45.7
Cash and other assets	**3.7**	**4.6**	1.4	2.6
	100.0	**124.4**	100.0	187.7

* Based on quoted market prices.

P Employee benefits continued

Net defined benefit asset

Changes in the fair value of the net defined benefit asset are as follows:

31 December 2022

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2022	**(156.6)**	**187.7**	**31.1**	**(5.3)**	**25.8**
Expected return on assets	–	**3.4**	**3.4**	–	**3.4**
Interest costs	**(2.8)**	–	**(2.8)**	**(0.1)**	**(2.9)**
Administrative expenses	–	**(0.7)**	**(0.7)**	–	**(0.7)**
Benefits paid	**6.9**	**(6.9)**	–	–	–
Actuarial gain/(loss)	**48.0**	**(59.1)**	**(11.1)**	**1.3**	**(9.8)**
At 31 December 2022	**(104.5)**	**124.4**	**19.9**	**(4.1)**	**15.8**

31 December 2021

	Present value of obligation £m	Fair value of plan assets £m	Total £m	Impact of asset ceiling £m	Total £m
At 1 January 2021	(169.6)	191.6	22.0	(3.9)	18.1
Expected return on assets	–	2.7	2.7	–	2.7
Interest costs	(2.3)	–	(2.3)	(0.1)	(2.4)
Administrative expenses	–	(0.2)	(0.2)	–	(0.2)
Benefits paid	6.3	(6.3)	–	–	–
Actuarial gain/(loss)	9.0	(0.1)	8.9	(1.3)	7.6
At 31 December 2021	(156.6)	187.7	31.1	(5.3)	25.8

Based on the valuations and funding requirements including expenses, the Company does not expect to contribute to its defined benefit pension schemes in 2023 (2022: £nil).

The principal valuation assumptions are as follows:

	2022 %	2021 %
Rate of increase in pensions in payment	**3.1**	2.9
Price inflation (RPI)	**3.3**	3.4
Price inflation (CPI)	**2.8**	3.1
Discount rate for schemes' liabilities	**5.0**	1.8

The mortality assumptions used to assess the defined benefit obligations at 31 December 2022 and 31 December 2021 are based on the 'SAPS' standard mortality tables, being SP3A for the Clarkson PLC scheme with a scheme specific adjustment of 90% (2021: 95%) and SP3A for the Plowrights scheme with a scheme specific adjustment of 84% for males and 98% for females (2021: SP3A Light). These tables have been adjusted to allow for anticipated future improvements in life expectancy using the standard projection model published in 2022 (31 December 2021: model published in 2021). Examples of the assumed future life expectancy are given in the table below:

		Additional years	
		2022	2021
Post-retirement life expectancy on retirement at age 65:			
Employees retiring in the year	– male	**23.0–23.5**	22.5–23.4
	– female	**24.6–25.2**	24.8–24.9
Employees retiring in 20 years' time	– male	**24.3–24.8**	23.8–24.6
	– female	**26.0–26.6**	26.2–26.3

P Employee benefits continued

Experience adjustments

	2022 £m	2021 £m
Experience loss on schemes' assets	**(59.1)**	(0.1)
(Loss)/gain on schemes' liabilities due to changes in demographic assumptions	**(0.3)**	2.7
Gain on schemes' liabilities due to changes in financial assumptions	**61.2**	3.2
(Loss)/gain on schemes' liabilities due to experience adjustments	**(12.9)**	3.1
Gain/(loss) on asset ceiling	**1.3**	(1.3)
Actuarial (loss)/gain	**(9.8)**	7.6
Income tax credit/(charge) on actuarial loss/gain	**1.9**	(3.0)
Actuarial (loss)/gain – net of tax	**(7.9)**	4.6

Sensitivities

The table below shows the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The impact of changes to each assumption is shown in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. A change of 0.25% is deemed appropriate given the movement in assumptions during the current and previous years. The sensitivities have been calculated using the same methodology as the main calculations. The weighted average duration of the defined obligation is 13 years.

	2022		2021	
	Change in assumption	Change in defined benefit obligation	Change in assumption	Change in defined benefit obligation
Discount rate for scheme liabilities	**+0.25%**	**(2.9%)**	+0.25%	(4.0%)
	(0.25%)	**3.1%**	(0.25%)	+4.2%
Price inflation (RPI)	**+0.25%**	**2.7%**	+0.25%	+3.5%
	(0.25%)	**(2.6%)**	(0.25%)	(3.3%)

An increase of one year in the assumed life expectancy for both males and females would increase the defined benefit obligation by 3.2% (2021: 4.5%).

Q Share capital

Ordinary shares of 25p each, issued and fully paid:

	Number of shares	2022 £m	Number of shares	2021 £m
At 1 January	**30,480,764**	**7.6**	30,399,893	7.6
Additions	**141,346**	**0.1**	80,871	–
At 31 December	**30,622,110**	**7.7**	30,480,764	7.6

During the year, the Company issued 141,346 shares (2021: 80,871) in relation to the ShareSave scheme. The difference between the exercise price, ranging from £18.30-£22.12 (2021: £18.30-£22.50), and the nominal value of £0.25 was taken to the share premium account, see note R.

R Other reserves
31 December 2022

	Share premium £m	Employee benefits reserve £m	Capital redemption reserve £m	Merger reserve £m	Total £m
At 1 January 2022	**33.9**	**3.9**	**2.0**	**55.7**	**95.5**
Share issues	**2.6**	–	–	–	**2.6**
Employee share schemes:					
Share-based payments expense	–	**1.8**	–	–	**1.8**
Transfer to profit and loss on vesting	–	**(2.0)**	–	–	**(2.0)**
Total employee share schemes	–	**(0.2)**	–	–	**(0.2)**
At 31 December 2022	**36.5**	**3.7**	**2.0**	**55.7**	**97.9**

31 December 2021

	Share premium £m	Employee benefits reserve £m	Capital redemption reserve £m	Merger reserve £m	Total £m
At 1 January 2021	32.1	3.8	2.0	55.7	93.6
Share issues	1.8	–	–	–	1.8
Employee share schemes:					
Share-based payments expense	–	1.8	–	–	1.8
Transfer to profit and loss on vesting	–	(1.7)	–	–	(1.7)
Total employee share schemes	–	0.1	–	–	0.1
At 31 December 2021	33.9	3.9	2.0	55.7	95.5

Nature and purpose of other reserves
Employee benefits reserve
The employee benefits reserve is used to record the value of equity-settled share-based payments provided to employees.

Capital redemption reserve
The capital redemption reserve arose on previous share buy-backs by the Company.

Merger reserve
This comprises the premium on the share placing in November 2014 and the shares issued in February 2015 as part of the acquisition of Clarksons Norway AS (formerly Clarksons Platou AS/RS Platou ASA). No share premium is recorded in the financial statements, through the operation of the merger relief provisions of the Companies Act 2006.

S Financial commitments and contingencies

Contingencies

The Company has given no financial commitments to suppliers (2021: none).

The Company has given no guarantees (2021: none).

From time to time the Company may be engaged in litigation in the ordinary course of business. The Company carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Company's results or net assets.

The Company maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

T Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans from Group companies and lease liabilities. The Company has various financial assets such as current asset investments, loans to Group companies and cash and cash equivalents, which arise directly from its operations.

The Company has not entered into any derivative transactions.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

Credit risk

With respect to credit risk arising from cash and cash equivalents and current investments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Company monitors its risk to a shortage of funds using projected cash flows from operations.

The tables below summarise the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments.

31 December 2022

	Less than 3 months £m	**3 to 12 months £m**	**1 to 5 years £m**	**5 to 10 years £m**	**Total £m**
Lease liabilities	**0.9**	**2.8**	**15.1**	**7.0**	**25.8**

31 December 2021

	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	5 to 10 years £m	Total £m
Lease liabilities*	1.5	2.8	15.1	10.7	30.1

* Restated to correct prior year disclosure error.

The following table shows the total liabilities arising from financing activities.

	2022		2021	
	Lease liabilities £m	**Total £m**	Lease liabilities £m	Total £m
At 1 January	**26.1**	**26.1**	26.9	26.9
Cash flows – principal	**(3.7)**	**(3.7)**	(2.8)	(2.8)
Cash flows – interest	**(0.7)**	**(0.7)**	(0.7)	(0.7)
Interest charges	**0.7**	**0.7**	0.7	0.7
Other non-cash movements	–	–	2.0	2.0
At 31 December	**22.4**	**22.4**	26.1	26.1

In 2021, other non-cash movements included the net impact of modifications during the year.

Capital management

For information on the Parent Company capital management objectives, policies and processes, see note 27 of the consolidated financial statements.

U Financial instruments

The classification of financial assets and liabilities at 31 December is as follows:

Financial assets

	2022 Amortised cost £m	2022 Total £m	2021 Amortised cost £m	2021 Total £m
Owed by Group companies	**92.1**	**92.1**	56.8	56.8
Investments	**0.5**	**0.5**	0.5	0.5
Cash and cash equivalents	**0.3**	**0.3**	0.1	0.1
	92.9	**92.9**	57.4	57.4

Financial liabilities

	2022 Amortised cost £m	2022 Total £m	2021 Amortised cost £m	2021 Total £m
Other payables	**0.1**	**0.1**	–	–
Owed to Group companies	**2.1**	**2.1**	1.6	1.6
Lease liabilities	**22.4**	**22.4**	26.1	26.1
	24.6	**24.6**	27.7	27.7

V Related party transactions

During the year, the Company entered into transactions, in the ordinary course of business, with related parties. Transactions with subsidiaries during the year were as follows:

	2022 £m	2021 £m
Management fees charged	**2.6**	2.6
Rent receivable	**6.2**	6.7
Dividends received	**71.4**	50.0

Balances with subsidiaries at 31 December were as follows:

	2022 £m	2021 £m
Amounts owed by related parties	**92.1**	56.8
Amounts owed to related parties	**(2.1)**	(1.6)
Deferred income	**(1.7)**	(0.7)

There were no terms or conditions attached to these balances. The increased amounts owed by related parties are predominantly due to net movements with H. Clarkson & Company Limited, the principal banking entity in the UK, which sometimes receives/pays out money on behalf of Clarkson PLC.

As mentioned in the biographies in the Board of Directors on page 90, Sue Harris is a Non-Executive Director of Schroder & Co. Limited and Chair of the Audit and Risk Committee of the Wealth Management Division. Another Schroder Group company is one of the investment managers of the defined benefit section of the Clarkson PLC pension scheme. In 2020, Jeff Woyda was appointed to the Board of Trustees of The Clarkson Foundation.

Compensation of key management personnel (including Directors)

There were no key management personnel in the Company apart from the Clarkson PLC Directors. Details of their compensation are set out in note 29 to the consolidated financial statements.

W Subsidiaries

The Parent Company had the following subsidiaries at 31 December 2022. All shares in subsidiary companies are ordinary share capital, unless otherwise stated.

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Afromar Properties (Pty) Limited	South Africa	23 Halifax Street, Bryanston, Johannesburg, 2191, South Africa		100	Non-trading
Boxton Holding AS	Norway	Munkedamsveien 62C, 0270 Oslo, Norway		100	Non-trading
Calypso Shipping Investments Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Chinsay AB	Sweden	Vasagatan 28, 111 20, Stockholm, Sweden		100	Sale and support of digital products and services for the shipping industry
Chinsay Pte. Ltd.	Singapore	140 Robinson Road #18-04, 068907, Singapore		100	Sale and support of digital products and services for the shipping industry
Clarkson Australia Holdings Pty Ltd	Australia	Level 9, 16 St Georges Terrace, Perth WA 6000, Australia	100		Holding company
Clarkson Capital Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Holding company
Clarkson Dry Cargo Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Clarkson Hellas Ltd.(1)	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH 96960, Marshall Islands		100	Shipbroking
Clarkson Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Holding company
Clarkson IQ Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Clarkson Logistics (HK) Limited	Hong Kong	3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong		100	Non-trading
Clarkson Morocco S.A.R.L.	Morocco	8, Rue Ali Abderrazzak, 3è étage, Casablanca, 20000, Morocco		100	Shipbroking
Clarkson Overseas Shipbroking Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Holding company
Clarkson Port Services Holdings LLC	United States	Universal Registered Agents, Inc., 300 Creek View Road, Suite 209, Newark 19711, United States		100(2)	Dormant
Clarkson Port Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Provision of ship agency and port services
Clarkson Property Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Non-trading
Clarkson Research Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Holding company

(1) Has a branch in Greece.
(2) Membership interest.

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Clarkson Research Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Provision of data and intelligence to the shipping, trade, offshore and energy sectors
Clarkson Sale and Purchase Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Clarkson Shipbrokers Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Clarkson Shipbroking Group Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Holding company
Clarkson Shipping Agency	Egypt	City Stars, Capital F2, G03, Nasr City, Egypt		100	Shipping and maritime agency services
Clarkson Shipping Investments Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Dormant
Clarkson Shipping Services Acquisition USA LLC	United States	1333 West Loop South, Suite 1100, Houston TX 77027, United States		100(3)	Dormant
Clarkson Shipping Services India Private Limited	India	507-508 The Address, 1 Golf Course Road, Sector 56, Gurgaon, 122011, India		100	Shipbroking
Clarkson Tankers Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Clarkson Valuations Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Provision of valuation services to the shipping and offshore sectors
Clarksons Australia Pty Limited	Australia	Level 9, 16 St Georges Terrace, Perth WA 6000, Australia		100	Shipbroking
Clarksons Business Management AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Shipping and offshore project syndication
Clarksons Denmark ApS	Denmark	Strandvejen 70, 2., 2900, Hellerup, Denmark		100	Shipbroking
Clarksons Deutschland GmbH	Germany	Johannisbollwerk 20, 5.fl, 20459, Hamburg, Germany		100	Shipbroking
Clarksons DMCC	United Arab Emirates	Unit No: B3-14-01 A, Gold Tower (AU), Plot No: JLT-PH1-I3A, Jumeirah Lakes Towers, Dubai, United Arab Emirates		100	Shipbroking
Clarksons ESG Core Plus AS	Norway	c/o Clarksons Platou Prop. Mngt. As, Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Real estate and alternative investment fund
Clarksons Hong Kong Limited(4)	Hong Kong	3209-14, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong		100	Shipbroking
Clarksons Japan K.K.	Japan	Otemachi Financial City South Tower 15th Floor, 1-9-7 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan		100	Shipbroking

(3) Membership interest.
(4) Has a branch in China.

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Clarksons Korea Limited	Republic of Korea	#602, 6F Shin-A, 50, Seosomun-ro 11-gil, Jung-gu, Seoul, 04515, Republic of Korea		100	Shipbroking
Clarksons Martankers, S.L.U.	Spain	Paseo del Pintor Rosales, 38, 28008, Madrid, Spain		100	Shipbroking
Clarksons Netherlands B.V.	Netherlands	De Coopvaert, 6th Floor, Blaak 522, 3011 TA, Rotterdam, Netherlands		100	Shipbroking
Clarksons Norway AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway	100		Shipbroking
Clarksons Offshore and Renewables Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Shipbroking
Clarksons Platou (Brasil) Ltda	Brazil	Avenida Rio Branco, 89-1601, Centro, Rio de Janeiro, 20040-004, Brazil		100	Shipbroking
Clarksons Platou (Italia) Srl in liquidazione	Italy	Via San Vincenzo 2, 16145, Genova, Italy	100		Shipbroking
Clarksons Platou Commodities USA LLC	United States	251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States		100(5)	Introducing broker for LPG swaps
Clarksons Platou Futures Limited(6)	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Brokerage of shipping-related derivative financial instruments
Clarksons Platou Legal Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Provision of legal services to the shipping industry
Clarksons Platou Offshore (Asia) Pte. Ltd.	Singapore	12 Marina View, #29-01 Asia Square, Tower 2, 018961, Singapore		100	Dormant
Clarksons Project Development AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.29	Real estate project management
Clarksons Project Finance AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		31.01(7)	Shipping and offshore project syndication
Clarksons Project Finance Shipping AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Shipping and offshore project syndication
Clarksons Property Management AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		24.81(8)	Provision of property-related services
Clarksons Property UK Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Property holding company
Clarksons Real Estate Investment Management AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Management of companies and funds that invest in private companies investing in real estate and associated businesses

(5) Membership interest.
(6) Has branches in Singapore, Switzerland and the United Arab Emirates.
(7) The Group holds >50% of the company's voting rights.
(8) Although the holding represents <50%, the Parent Company controls the entity with controlling interests in subsidiary companies.

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Clarksons Securities AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		100	Equity and fixed-income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions
Clarksons Securities Canada Inc.	Canada	44 Chipman Hill, Suite 1000, Saint John NB E2L 2A9, Canada		100	Equity and fixed-income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions
Clarksons Securities Inc.	United States	1230 6th Avenue, #1603, New York NY 10022, United States		100	Equity and fixed income sales and trading, research and corporate finance services, including equity and debt capital markets and M&A transactions
Clarksons Shipbroking (Shanghai) Co., Limited	China	Room 111 Building 3 No.170, Huo Shan Road, Hongkou District, Shanghai, 200082, China		100	Shipbroking
Clarksons Shipping Services USA LLC	United States	211 East 7th Street, Suite 620, Austin TX 78701, United States		100(9)	Shipbroking
Clarksons Singapore Pte. Limited	Singapore	1 Harbourfront Avenue, #14-07, Keppel Bay Tower, 098632, Singapore		100	Shipbroking
Clarksons South Africa (Pty) Ltd	South Africa	23 Halifax Street, Bryanston, Johannesburg, 2191, South Africa		100	Shipbroking
Clarksons Structured Asset Finance Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Provision of advice on finance structuring for shipping-related projects
Clarksons Sweden AB	Sweden	Dragarbrunnsgatan 55, 753 20, Uppsala, Sweden		100	Shipbroking
Clarksons Switzerland SA	Switzerland	Rue du Prince 9, 1204, Genève, Switzerland		100	Shipbroking
Clarksons USA Inc.	United States	251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States		100	Holding company
Coastal Shipping Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
CPPF Eiendom AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		100	Holding company
Enship Limited	United Kingdom	303 King Street, Aberdeen, Scotland, AB24 5AP, United Kingdom		100	Dormant

(9) Membership interest.

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Genchem Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Holding company
Gibb Group (Netherlands) B.V.	Netherlands	De Coopvaert, 6th Floor, Blaak 522, 3011 TA, Rotterdam, Netherlands		100	Supply of MRO, PPE and safety equipment for the energy and industrial sector
Gibb Group LLC	United States	Universal Registered Agents, Inc., 300 Creek View Road, Suite 209, Newark 19711, United States		100(10)	Dormant
Gibb Group Ltd	United Kingdom	303 King Street, Aberdeen, Scotland, AB24 5AP, United Kingdom		100	Supply of MRO, PPE and safety equipment for the energy and industrial sector
H. Clarkson & Company Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Shipbroking
Halcyon Shipping Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
J.O. Plowright & Co. (Holdings) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Dormant
LevelSeas Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
LNG Shipping Solutions Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Shipbroking
Manfin Consult AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.1	Shipping and offshore project syndication
Marinet (Ship Agencies) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Maritech Development Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Development of digital products for the shipping industry
Maritech Holdings Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom	100		Holding company
Maritech Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Support of digital products and services for the shipping industry
Maritech Services Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Sale of digital products and services to the shipping industry
Michael F. Ewings (Shipping) Limited	United Kingdom	27-45 Lincoln Building Ground Floor, Great Victoria Street, Belfast, Northern Ireland, BT2 7SL, United Kingdom		100	Dormant

(10) Membership interest

W Subsidiaries continued

Company name	Country of incorporation	Registered office address	Proportion of shares held directly by the Parent Company (%)	Proportion of shares held by the Group or its nominees (%)	Principal activity
Norwegian Marine Services AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		50.01	Shipping and offshore project syndication
PPE Suppliers Limited	United Kingdom	Brooklyn House, Gapton Hall Road, Great Yarmouth, Norfolk, NR31 0RD, United Kingdom		100	Dormant
RS Platou Africa Limited	Jersey	1 Waverley Place, Union Street, St. Helier, JE4 8SG, Jersey		100	Non-trading
RS Platou AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		100	Dormant
RS Platou Economic Research AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		100	Dormant
RS Platou Hellas Limited	Cyprus	Arch. Makarios III, 58, Iris Tower, Floor 8, Nicosia, 1075, Cyprus		100	Non-trading
RS Platou Offshore AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		100	Dormant
RS Platou Shipbrokers AS	Norway	Munkedamsveien 62C, Oslo, 0270, Norway		100	Dormant
Seafix Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Sale of digital products and services to the shipping industry
Setapp Spółka Z Ograniczoną Odpowiedzialnością	Poland	ul. Wojskowa 6, 60-792, Poznań, Poland		100	Support of digital products and services for the shipping industry
Shipvalue.net Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Small & Co. (Shipping) Limited	United Kingdom	Commodity Quay, St Katharine Docks, London, E1W 1BF, United Kingdom		100	Dormant
Stewart Offshore Services (Jersey) Limited	Jersey	1 Waverley Place, Union Street, St. Helier, JE4 8SG, Jersey		100	Non-trading
VAXA Drift AS	Norway	c/o Vaxa Property AS, Philip Pedersens vei 20, Lysaker, 1366, Norway		8.62(11)	Operation cost management for property SPV
VAXA Group AS	Norway	c/o Vaxa Property AS, Philip Pedersens vei 20, Lysaker, 1366, Norway		8.62(11)	Holding company
VAXA Økonomi AS	Norway	Philip Pedersens vei 20, Lysaker, 1366, Norway		4.32(11)	Provision of accounting and financial advisory
VAXA Property AS	Norway	Philip Pedersens vei 20, Lysaker, 1366, Norway		8.62(11)	Property management services
Waterfront Services Limited	United Kingdom	27-45 Lincoln Building Ground Floor, Great Victoria Street, Belfast, Northern Ireland, BT2 7SL, United Kingdom		100	Dormant

(11) Although the holding represents <50%, the Parent Company controls the entity with controlling interests in subsidiary companies.

Alternative performance measures

The Directors believe that alternative performance measures can provide users of the financial statements with a better understanding of the Group's underlying financial performance, if used properly. Directors' judgement is required as to what items qualify for this classification.

Adjusting items
The Group excludes adjusting items from its underlying earnings metrics with the aim of removing the impact of one-offs which may distort period-on-period comparisons.

The term 'underlying' excludes the impact of exceptional items and acquisition-related costs, which are shown separately on the face of the income statement. Management separates these items due to their nature and size and believes this provides further useful information, in addition to statutory measures, to assist readers of the Annual Report to understand the results for the year.

Underlying profit before taxation
Reconciliation of reported profit before taxation to underlying profit before taxation for the year.

	2022 £m	2021 £m
Reported profit before taxation	**100.1**	69.1
Add back acquisition-related costs	**0.8**	0.3
Underlying profit before taxation	**100.9**	69.4

Underlying effective tax rate
Reconciliation of reported effective tax rate to underlying effective tax rate.

	2022	2021
Reported effective tax rate	**20.5%**	21.3%
Adjustment relating to acquisition-related costs	**(0.1%)**	(0.1%)
Underlying effective tax rate	**20.4%**	21.2%

Underlying profit for the year attributable to equity holders of the Parent Company
Reconciliation of reported profit attributable to equity holders of the Parent Company to underlying profit attributable to equity holders of the Parent Company.

	2022 £m	2021 £m
Reported profit attributable to equity holders of the Parent Company	**75.6**	50.1
Add back acquisition-related costs	**0.7**	0.3
Underlying profit attributable to equity holders of the Parent Company	**76.3**	50.4

Underlying basic earnings per share
Reconciliation of reported basic earnings per share to underlying basic earnings per share.

	2022	2021
Reported basic earnings per share	**247.9p**	164.6p
Add back acquisition-related costs	**2.4p**	1.0p
Underlying basic earnings per share	**250.3p**	165.6p

Underlying administrative expenses
Reconciliation of reported administrative expenses to underlying administrative expenses for the year.

	2022 £m	2021 £m
Reported administrative expenses	**482.0**	356.0
Less acquisition-related costs	**(0.8)**	(0.3)
Underlying administrative expenses	**481.2**	355.7

Operational metrics
The Group monitors its cash and liquidity position by adjusting gross balances to reflect the payment of obligations to staff and restricted monies held by regulated entities.

Net cash and available funds
The Board uses net cash and available funds as a better representation of the net cash available to the business, since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

Reconciliation of reported cash and cash equivalents to net cash and available funds reported.

	2022 £m	2021 £m
Cash and cash equivalents as reported	**384.4**	261.6
Add cash on deposit and government bonds included within current investments	**3.1**	9.6
Less amounts reserved for bonuses included within current trade and other payables	**(225.8)**	(148.9)
Net cash and available funds	**161.7**	122.3

Free cash resources
Free cash resources is a further measure used by the Board in taking decisions over capital allocation. It deducts monies held by regulated entities from the net cash and available funds figure.

Reconciliation of reported cash and cash equivalents to reported free cash resources.

	2022 £m	2021 £m
Cash and cash equivalents as reported	**384.4**	261.6
Add cash on deposit and government bonds included within current investments	**3.1**	9.6
Less amounts reserved for bonuses included within current trade and other payables	**(225.8)**	(148.9)
Less net cash and available funds held in regulated entities	**(30.8)**	(30.0)
Free cash resources	**130.9**	92.3

Glossary

Aframax	A tanker size range defined by Clarksons as between 85,000-124,999 dwt.
AHTS	Anchor Handling Tug and Supply Vessel. Used to tow offshore drilling and production units to location and deploy their anchors, and also perform a range of other support roles.
AIR	Advisory, Intelligence and Research. A marine advisory service provided by the renewables business.
AIS	Automatic Identification System. A tracking system using transponders and GPS information to monitor live ship positions.
API	Application Programming Interface. A data delivery mechanism.
BEIS	The Department for Business, Energy and Industrial Strategy.
Board	The Board of Directors of Clarkson PLC.
Bulk cargo	Unpackaged cargoes such as coal, ore and grain.
Bunkers	A ship's fuel.
Capesize (cape)	Bulk ship size range defined by Clarksons as 100,000 dwt or larger.
Cbm	Cubic metres. Used as a measurement of cargo capacity for ships such as gas carriers.
CEO	Chief Executive Officer, Andi Case.
CFO & COO	Chief Financial Officer & Chief Operating Officer, Jeff Woyda.
Cgt	Compensated gross tonnage. This unit of measurement was developed for measuring the level of shipbuilding output and is calculated by applying a conversion factor, which reflects the amount of work required to build a ship, to a vessel's gross registered tonnage.
CII	Carbon Intensity Indicator. An IMO vessel operational efficiency measure which came into force from 2023.
Chair	Laurence Hollingworth.
Charterer	Cargo owner or another person/company that hires a ship.
Charter party	Transport contract between shipowner and shipper of goods.
Chinsay	Maritech Holdings Limited (a wholly owned Group subsidiary) acquired Chinsay AB on 3 October 2022. On 16 February 2023, Chinsay AB changed its name to Sea by Maritech Sweden AB.
CGU	Cash-Generating Unit. An accounting concept used by the International Financial Reporting Standards to determine asset impairment.

ClarkSea Index	A weighted average index of earnings for the main vessel types where the weighting is based on the number of vessels in each fleet sector.
Clean products	Oil products derived from refining crude oil, including gasoline, naphtha, kerosene and diesel. Excludes 'heavier' oil products such as fuel oil which are categorised as 'dirty products'
Company	Clarkson PLC as a standalone entity, registered in England and Wales under company number 1190238.
Containership	A cargo ship specifically equipped with cell guides for the carriage of containerised cargo.
Code	The UK Corporate Governance Code (July 2018).
COVID-19	A global pandemic caused by the SARS-CoV-2 virus, first identified in late 2019.
CO_2	Carbon dioxide.
CPP	Clean Petroleum Products. Refined oil products including gasoline, gas oil, jet fuel, kerosene and naptha.
Crude oil	Unrefined oil.
CSR	Corporate Social Responsibility.
Disclosure Guidance and Transparency Rules ('DTR')	Regulations which apply to most larger companies on the London Stock Exchange, which implement a number of EU Directives on transparency, market abuse, accounting and audit. The Disclosure Guidance and Transparency Rules are supplementary to the Listing Rules.
DHSS	Clarkson Port Services B.V. (a wholly owned Group subsidiary) acquired DHSS Aviation B.V., DHSS Logistics B.V., DHSS Projects B.V. and DHSS Service B.V. on 6 February 2023.
Dry (market)	Generic term for the bulk market.
Dry cargo carrier	A ship carrying general cargoes or sometimes bulk cargo.
Dwt	Deadweight tonne. A measure expressed in metric tonnes (1,000 kg) or long tonnes (1,016 kg) of a ship's carrying capacity, including cargo, bunkers, fresh water, crew and provisions.
EBT	Employee Benefit Trust. A trust established by the Company for the purpose of facilitating the operation of the Company's share plans.
ECA	Emission Control Area. A defined sea area in which stricter controls around airborne emissions from ships (notably sulphur oxides) apply.
ECM	Equity Capital Markets.

E&P	Exploration and Production.
EEXI	Energy Efficiency Existing Ship Index. An IMO vessel design efficiency measure. From 2023 onwards most ships in the fleet will be required to reach a baseline EEXI value.
EPC	Engineering, procurement and construction.
EPS	Earnings per share.
ESEF	The European Single Electronic Format. The electronic reporting format in which issuers on EU regulated markets must prepare their annual financial reports.
ESTs	Energy Saving Technologies.
ESG	Environmental, Social and Governance.
Executive Directors	Andi Case (CEO) and Jeff Woyda (CFO & COO).
External audit	An independent opinion of the Group and Company's financial statements by an external firm. PricewaterhouseCoopers LLP is the Group's current External Auditor.
Fair value	Fair value is defined as an amount at which an asset could be exchanged between knowledgeable and willing parties in an arm's-length transaction.
FFA	Forward Freight Agreement. A cash contract for differences requiring no physical delivery based on freight rates on standardised trade routes and for standardised vessel types.
FID	Refers to the Financial Investment Decision for an investment project.
Financial Conduct Authority ('FCA')	The FCA regulates the financial services industry in the UK.
Financial Reporting Council ('FRC')	The FRC regulates auditors, accountants and actuaries, and sets the UK's Corporate Governance and Stewardship Codes.
Forward order book ('FOB')	Estimated commissions collectable over the duration of the contract as principal payments fall due. The forward order book is not discounted.
Freight rate	The agreed charge for the carriage of cargo expressed per tonne of cargo (also Worldscale in the tanker market), or as a lump sum.
FSU	Floating Storage Unit. A floating unit used for hydrocarbon storage.
FTSE 250	The share index consisting of the 101st to 350th largest companies listed on the London Stock Exchange main market. Clarkson PLC has been a member of the FTSE 250 since 2015.
FVOCI	Fair value through other comprehensive income. A classification category for financial assets under IFRS 9.
FVPL	Fair value through profit or loss. A classification category for financial assets under IFRS 9.
GHG	Greenhouse gas.
Group	Clarkson PLC and its subsidiary undertakings.
GT	Gross Tonnage. A standardised measure of a ship's internal volume as defined by the IMO.
GW	Gigawatts. A unit of power or power capacity equivalent to 1 billion watts.
Handysize	Bulk carrier size range defined by Clarksons as 10,000-44,999 dwt or tanker size range defined by Clarksons as 10,000-54,999 dwt.
Handymax	Bulk carrier size range defined by Clarksons as 40,000-69,999 dwt. Includes supramax and ultramax vessels.
IFRS	International Financial Reporting Standards. A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements.
ICE	Intercontinental Exchange. A company that operates financial, commodity and futures exchanges around the world.
IEA	International Energy Agency. An agency which works with countries around the world to shape energy policies.
IMO	International Maritime Organization. A United Nations agency devoted to shipping.
IMO2	A chemical tanker intended to transport products with appreciably severe environmental and safety hazards which require significant preventive measures to preclude an escape of such cargo.
Kamsarmax	A sub-sector of the wider panamax bulk carrier fleet, defined as vessels with a maximum length overall ('LOA') of 229m, so able to load at the Port of Kamsar in Guinea. Typically refers to vessels in the 80-89,999 dwt size range.
KPIs	Key performance indicators.
LGC	Large Gas Carrier. Vessel defined by Clarksons as 45,000-64,999 cbm.

Listing Rules	Set of regulations overseen by the Financial Conduct Authority, which apply to any company listed on the London Stock Exchange.
Liquidity risk	The risk of the Group being unable to meet its cash and collateral obligations without incurring large losses.
LNG	Liquefied Natural Gas.
LPG	Liquefied Petroleum Gas.
LR1	Long Range 1. Coated products tanker defined by Clarksons as 55,000-84,999 dwt.
LR2	Long Range 2. Coated products tanker defined by Clarksons as 85,000-124,999 dwt.
LSE	London Stock Exchange. The stock exchange in the City of London on which Clarkson PLC's shares are listed.
MGC	Midsize Gas Carrier. Vessel defined by Clarksons as 20,000-44,999 cbm.
MR	Medium Range. A product tanker of around 45-55,000 dwt.
MRO	Maintenance, repair and operating products, which includes consumables, industrial equipment and plant upkeep supplies.
MT	Metric tonne (see tonne). A measure equivalent to 1,000 kg.
Nm	Nautical miles. A unit of distance measurement defined as exactly 1,852 metres.
Non-Executive Director	A Director of the Board, not part of the executive management of the Company, who is free from any business or other relationship that could materially conflict with their ability to exercise independent judgement.
OECD	Organisation for Economic Co-operation and Development.
OPEC	Organization of the Petroleum Exporting Countries.
OSV	Offshore Support Vessels. Such as AHTSs and PSVs. Ships engaged in providing support to offshore rigs and oil platforms.
Panamax	Bulk carrier size range defined by Clarksons as 70,000-99,999 dwt, or tanker size range defined as 55,000-84,999 dwt.
Parent Company	Clarkson PLC as a standalone entity, registered in England and Wales under company number 1190238.
PCG	PetroChemical Gas.
PDH	Propane DeHydrogenation.
PMI	Purchasing Managers' Index. Leading economic indicators derived from monthly surveys of private sector companies.
PPE	Personal protective equipment.
Product tanker	Tanker that carries refined oil products.
PSV	Platform Supply Vessel. Used in supporting offshore rigs and platforms by delivering materials to them from onshore.
ROV	Remotely Operated Vehicle.
S&P	Sale and Purchase, a business within Clarksons' Broking division
SaaS	Software as a Service.
SAPS	Self-administered pension scheme. Used in this Annual Report in the context of mortality tables published by the UK's Continuous Mortality Investigation.
SBP	Share-based payments.
SCFI	Shanghai Containerised Freight Index. An index produced by the Shanghai Shipping Exchange reflecting movements in spot container freight rates from Shanghai to a selection of destinations around the world.
Setapp	Maritech Holdings Limited (a wholly owned Group subsidiary) acquired Setapp Spółka Z Ograniczoną Odpowiedzialnością on 4 November 2022.
SID	Senior Independent Director, Sue Harris.
Shipbroker	A person/company that, on behalf of a shipowner/shipper, negotiates a deal for the transportation of cargo at an agreed price. Shipbrokers also act on behalf of shipping companies in negotiating the purchasing and selling of ships, both secondhand tonnage and newbuilding contracts.
Spot market	Short-term contracts for voyage, trip or short-term time charters, normally no longer than three months in duration.
Suezmax	A tanker size range defined by Clarksons as 125,000-199,999 dwt.
Supramax	A sub-sector of the wider handymax bulk carrier fleet defined by Clarksons as 50,000-59,999 dwt.
TEU	20-foot Equivalent Units. The unit of measurement of a standard 20-foot long container.
TCFD	Task Force on Climate-Related Financial Disclosures. A framework which provides consistency in reporting of climate-related financial information.

Time charter	An arrangement whereby a shipowner places a crewed ship at a charterer's disposal for a certain period. Freight is customarily paid periodically in advance. The charterer also pays for bunker, port and canal charges.
Time Charter Equivalent ('TCE')	Gross freight income less voyage costs (bunker, port and canal charges), usually expressed in US$ per day.
Tonne	Metric tonne of 1,000 kg or 2,204 lbs.
TSR	Total Shareholder Return.
TWh	Terawatt-hour. A measure of electrical energy equivalent to one billion kilowatt-hours.
Ultramax	A modern sub-sector of the wider handymax bulk carrier fleet, defined by Clarksons as 60,000-69,999 dwt.
VLCC	Very Large Crude Carrier. Tanker over 200,000 dwt.
VLGC	Very Large Gas Carrier. Vessel defined by Clarksons as 65,000 cbm or larger.
Voyage charter	The transportation of cargo from port(s) of loading to port(s) of discharge. Payment is normally per tonne of cargo, and the shipowner pays for bunker, port and canal charges.
Voyage costs	Costs directly related to a specific voyage (eg bunker, port and canal charges).
Wet (market)	Generic term for the tanker market.

Five-year financial summary

Income statement

	2022* £m	2021* £m	2020* £m	2019* £m	2018* £m
Revenue	**603.8**	443.3	358.2	363.0	337.6
Cost of sales	**(21.8)**	(16.5)	(13.3)	(14.3)	(12.9)
Trading profit	**582.0**	426.8	344.9	348.7	324.7
Administrative expenses	**(481.2)**	(355.7)	(298.5)	(298.2)	(279.7)
Operating profit	**100.8**	71.1	46.4	50.5	45.0
Profit before taxation	**100.9**	69.4	44.7	49.3	45.3
Taxation	**(20.6)**	(14.7)	(9.5)	(11.4)	(10.7)
Profit for the year	**80.3**	54.7	35.2	37.9	34.6

* Before exceptional items and acquisition-related costs.

Cash flow

	2022 £m	Restated 2021 £m	2020 £m	2019 £m	2018 £m
Net cash inflow from operating activities	**178.9**	125.1	65.9	67.8	22.7

Balance sheet

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Non-current assets	**288.9**	290.3	290.1	349.9	354.3
Inventories	**2.4**	1.5	1.3	1.1	0.8
Trade and other receivables (including income tax receivable)	**153.1**	118.4	76.8	77.1	78.2
Current asset investments	**3.5**	10.3	31.1	15.6	9.7
Cash and cash equivalents	**384.4**	261.6	173.4	175.7	156.5
Current liabilities	**(366.2)**	(257.3)	(177.4)	(170.6)	(143.6)
Non-current liabilities	**(52.9)**	(63.2)	(66.9)	(68.2)	(21.3)
Net assets	**413.2**	361.6	328.4	380.6	434.6

Statistics

	2022 Pence	2021 Pence	2020 Pence	2019 Pence	2018 Pence
Earnings per share – basic*	**250.3**	165.6	106.0	118.8	105.2
Dividend per share	**93.0**	84.0	79.0	78.0	75.0

* Before exceptional items and acquisition-related costs.

Changes to IFRS have not been retrospectively adjusted.

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C001785

This Annual Report is printed on Revive 100 Silk, which is made from FSC® Recycled certified fibre derived from 100% pre and post-consumer waste. All material is manufactured in accordance with ISO-certified standards for environmental, quality and energy management and is carbon balanced. Both the manufacturing paper mill and printer are registered to the Environmental Management System ISO 14001 and are FSC® chain-of-custody certified.

The text pages of this Annual Report are fully recyclable and biodegradable.

Designed by Gather
+44 (0)20 7610 6140
www.gather.london

Clarkson PLC

Commodity Quay
St Katharine Docks
London E1W 1BF
United Kingdom
Tel: +44 20 7334 0000
www.clarksons.com