

Corporate responsibility

Introduction

James Fisher is committed to good governance and the principles of honesty, integrity and fairness, which, in the Company's view, are the key elements for building a sustainable and profitable business. Corporate responsibility remains central to the delivery of our business strategy. This report will explain how we applied the principles of good governance throughout the year in key areas and outlines the processes and controls we use to manage the Group's approach to business ethics, environmental, health and social responsibilities. Our Board of Directors sets the strategic and financial objectives for the Group and in doing so requires and seeks to ensure that the Group maintains high ethical standards of behaviour throughout its businesses. The Group has well established policies on business ethics, anti-bribery and corruption, whistleblowing and diversity which support our approach to corporate responsibility. The effectiveness of these policies and procedures is regularly monitored and reviewed to ensure that they align with our Group strategy. We require all our people to conduct themselves to the highest level of ethical conduct in their business activities and to comply with relevant laws, regulations and standards of market practice in all jurisdictions where the Group operates. We do not permit bribery, illegal or corrupt business practices and our whistleblowing procedure allows employees to raise any malpractice concerns they may have in an appropriate forum without fear of recourse.

Our people

We recognise that the success of our business depends on our talented workforce. Employees throughout the Group are encouraged to participate in training and development programmes and to obtain professional qualifications relevant to their roles. In order to develop this further, the Group has broadened its management development and graduate recruitment programmes, which focus on recruiting talented graduates and developing skills and experience to produce potential future managers. The Company has also established a dedicated Learning and Development team who deliver in-house training to employees throughout the Group on a wide variety of personal development topics, tailored to each business to give the employees targeted, bespoke training which will advance their development.

By supporting our people we help them to grow and develop their skills and long-term career aspirations, which in turn rewards the Group by securing the dedication and motivation of those employees. Keeping our people inspired remains one of our highest priorities and so we focus on creating an environment where performance is rewarded, people are respected for their contributions, diversity and inclusion is encouraged and where integrity is upheld in all aspects of our work. The Group remains committed to providing equal opportunities free of discrimination and to developing and retaining talent to maximise business growth and performance.

The Company also recognises the need to provide flexible working practices to support the needs of employees to maintain a successful work-life balance. In support of this the Company operates a flexible working policy.

Our people are informed on matters affecting their employment and business developments in the Group through management briefings and newsletters, the Company's website, the Group's intranet resource and by the distribution of Preliminary and Interim Announcements and press releases. Copies of the Annual Report and Accounts are also made available to the operating businesses and this communication process enables employees to gain an understanding of the Group's objectives and performance and how they have contributed to those results.

We operate in a competitive marketplace and the Board recognises the importance of rewarding employees appropriately for the value they bring to the business. It aims to offer rewards that attract and retain key talent.

The Company also enables its employees to share in its successes through share ownership. At 31 December 2016, 293 employees were participants of the James Fisher Sharesave Scheme (2015: 290).



Our commitment to equal opportunities and diversity

It is the Company's policy to ensure that all employees and potential employees are treated fairly regardless of their race, beliefs, gender identity, age, marital status, sexual orientation or disability. We aim to ensure that people from any background or of any gender identity have equal access to employment, training and career progression opportunities. We strive to select individuals on merit and do not consider that targets or quotas are appropriate.

The Board recognises that having a diverse workforce allows the Group to better meet the differing requirements of our global customer base. Our strategy is to identify current and/or future potential successors to senior management roles throughout the Group and gender diversity is encouraged by the Board.

Set out below is a breakdown of the average number of persons by gender and category throughout the Group:

	2016		2015	
	Male	Female	Male	Female
Main Board Directors	6	1	6	1
Senior Managers	47	9	41	9
Employees	2,152	560	2,151	539

All of our employees are treated with respect and dignity. Harassment of any kind is not tolerated. It is our policy and practice to give full and fair consideration to job applicants with disabilities. If an employee became disabled during the course of their employment, wherever practicable, the Group would make every effort to ensure that arrangements and adjustments are made and that, where required, appropriate training is provided to allow them to continue their employment.

Health and safety

The Group is fully committed to delivering the highest standards of safety to its employees and to visitors to the Group's premises. We continue to strive towards our ultimate aim of having no accidents or injuries and we have a proactive safety culture across the Group which promotes compliance and ensures continuous improvement. We have a strong focus on employee training, regulatory compliance and accident reduction, all of which are monitored and reported on across the Group. Accountability remains with local management who are best placed to ensure that their businesses comply with local laws and regulations and specific needs on a day to day basis. This is also in accordance with our decentralised management approach. This is overseen by Nick Henry, the Chief Executive Officer, who has overall responsibility for health and safety. The review of health and safety performance is high on the agenda at each Board and business board meeting and remains a top priority for our Group.

The Group Health and Safety Committee (GHSC), chaired by Nick Henry, meets on a quarterly basis to discuss all health and safety issues including incidents, mitigating actions and training requirements. The GHSC ensures that recordable safety incidents are reported to the Board and each Group operating company is maintaining high standards of health and safety in its business. Through the GHSC, the Group shares best practice and lessons learnt following any health and safety incidents, including near misses, to mitigate the risk of recurrence.

The Group's principal operating companies maintain internationally recognised Occupational Health and Safety Management Systems accredited to OHSAS 18001 and management systems which are accredited to the international quality standard ISO 19001. The Group has adopted the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) in the reporting of recordable incidents.

A reportable incident under RIDDOR is a work-related injury which results in a person's incapacitation for more than seven days. The number of reportable incidents across the Group in 2016 was 5 (2015: 5).

The Group also records lost time accidents (LTAs) to monitor performance and trends. An LTA is where a worker is incapacitated for three or more consecutive days, not including the day of incident. In 2016 the Group incurred 6 LTAs (2015: 5).

The Group monitors its overall RIDDOR reportable frequency rate, defined as the number of LTAs per one hundred thousand hours of work. In 2016, the Group's RIDDOR reportable frequency rate was 0.1 (2015: 0.1).

How we manage our environmental impact

The Group is committed to operating its businesses in an environmentally responsible manner and recognises that its operations have an impact on the environment. The Group is committed to working within the appropriate regulatory frameworks to minimise the impacts of its operations on the environment.

Nearly all of our principal operating companies are ISO 14001 compliant. This internationally recognised environmental management system enables a systematic approach to handling environmental issues.

Energy consumption was measured across the Group by recording data on the combustion of fuel and the use of electricity at its facilities. The Group's total greenhouse gas emissions (GHG) are set out below.

Emissions total (in thousands of metric tons)

	2016	2015
CO ₂ equivalent from electricity consumption in facilities	3.0	2.7
CO ₂ from combustion of fuel at facilities and road vehicles	2.9	2.6
CO ₂ from combustion of fuel in vessels	83.9	65.0
Total emissions (CO ₂)	89.8	70.3

Emissions from the combustion of bunkers on our Tankships business amounted to 93% of the Group's total emissions (2015: 93%). However one 4,000 metric ton vessel can carry 150 times the volume of fuel transported by a single road tanker, which significantly reduces congestion and emissions to air. In 2016, the Group's electricity consumption increased primarily due to the acquisition of Hughes and Lexmar. Emissions from fuel combustion in vessels increased principally as a result of growth in vessel charters for the renewables market.

The Group's carbon intensity ratio calculated against the Group's revenue (which increased by 6%) remained flat at 0.02% (2015: 0.02%). Our Tankships division operates a Ship Energy Efficiency Management Plan to regulate shipping energy efficiency and to control its marine GHG emissions. Waste management and recycling of materials is encouraged across the Group and in an effort to reduce our carbon emissions from travelling to and from meetings, the use of video conferencing and similar facilities is widely used throughout the Group.

Human rights

James Fisher is committed to supporting and respecting human rights in the workplace and in the communities in which it operates across its international business. We have implemented work practices and policies throughout the Group which are designed to ensure that respect for human rights is integrated into the systems and culture of our businesses. We do not tolerate the use of child or forced labour within our business and take all steps possible to ensure that our suppliers and customers also uphold internationally recognised human rights.

Our ethical business principles

As a Group we aim to act responsibly and ethically in all of our business dealings. Through our ethics policy we aim to instill the highest standards of business behaviour across the Group and we focus on embedding a culture of ethical compliance so that all of our people understand the standards of ethical business practice that are expected of them. As well as protecting the reputation of the Group and safeguarding the investment of our shareholders, the business ethics policy aims to protect the interests of every employee by ensuring legal and regulatory compliance as well as promoting responsible behaviour across the Group.

The Group has an established anti-bribery and corruption policy and has introduced a compliance programme which has the support of the Board and senior management within the Group. The programme includes communication of the statement and policy, training, risk assessment, monitoring and review processes. Employees assessed to be at risk are required to complete the training and to self-certify that they understand and agree to be bound by its provisions.

On-going compliance is monitored by local compliance officers who are required to report to their local boards and to the Group Compliance Officer on at least a biannual basis. The compliance officers are responsible for ensuring that risk assessments, training and awareness are carried out where appropriate and are kept up to date. They are also required to monitor, record and report agency arrangements with third parties to ensure that all our business dealings are appropriate and within our ethical framework.

Customers

Our customers are extremely important to us. The Group aims to provide superior customer service through value added solutions combined with high quality products. First class customer service and innovation are critical to our success.

We appreciate that every customer has different needs and expectations and we have developed long lasting relationships with customers and suppliers over many years to help customers find the solutions they need. We have followed a customer-led strategy with regards to expansion into the international markets and we are proud to be a trusted partner of many major corporations, government agencies and customers around the world. We understand that a continued commitment to our existing and future customers is fundamental to our success and so we strive to work hard to understand our customers' needs and to continue delivering customer satisfaction.

Suppliers

Our businesses have developed their own long-term relationships with suppliers based upon best practice, legal requirements and Group policies and procedures. Group companies promote social responsibility, trade compliance and anti-corruption within their own supplier base and key suppliers are vetted to ensure that they adhere to all



relevant laws, our policies and codes of conduct and, where appropriate, operate within internationally recognised quality, health and safety and management systems.

Giving back to the community

The Group continues to encourage its businesses to support local communities within their operational areas and during the year our people have given their time and money to a wide range of charitable giving and fund raising activities.

Charitable causes supported in 2016 included: Macmillan Cancer Support, the Movember Foundation, the Lawhill Maritime Centre in South Africa, Cancer Research, the

British Heart Foundation, the Royal Marine Benevolent Fund, Martin's House Children's Hospice, Act 4 Africa and the Cumbria Flood Appeal.

The Sir John Fisher Foundation (SJFF) is a charitable trust established in 1979 by Sir John and Lady Fisher and supports causes throughout the UK, but with special regard to those based in and working for the benefit of people living in Barrow-in-Furness and the surrounding area. The Trustees of SJFF retain a significant shareholding in the Company and support charitable causes in relation to maritime, medical and disability, education, music, arts and community projects. In 2016 the Foundation made grants or commitments to charitable causes of £2.3m (2015: £1.7m).

New lifeboat for Workington Royal National Lifeboat Institution (RNLI)

The Workington RNLI Station is based at the Prince of Wales Dock in Workington and covers the dangerous seas off the West Cumbrian coast. The conditions can be particularly hazardous due to the large tidal range, strong onshore winds and the limited number of safe ports at which the crew can dock. Workington is the only RNLI station to have an all-weather lifeboat, which they launch by a davit system over the dock wall.

Their current vessel, the Sir John Fisher, was purchased with a donation from SJFF and since its naming ceremony in 1994 has saved 73 lives and brought 324 people safely ashore. Although still in excellent condition, its class has now been superseded by the Shannon class lifeboat and in 2016 SJFF contributed £0.5m towards the £2.1m cost of a new vessel.

The vessel, designed entirely in-house by RNLI naval architects and under construction in Poole, is an all-weather lifeboat with an operational radius of 150 nautical miles, allowing the crew to reach casualties a further 20 nautical miles out to sea. It can also operate in shallow waters and can be intentionally beached, permitting a broader range of rescue mission whilst coping with the roughest of weather conditions off the West Cumbrian coast.

The new vessel will be delivered in 2017.



Trustees from Sir John Fisher Foundation with RNLI Workington lifeboat crew.