

## STRATEGIC REPORT

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### BMT's Ownership Structure

BMT Group Ltd is the ultimate parent company of the group of companies whose ownership is held by the BMT Employee Benefit Trust ('EBT').

The parent company is a private company limited by guarantee with no share capital, voting control and legal ownership rests with the EBT Trustees and beneficial ownership rests with current and former employees. For the purposes of this Annual Report and FRC guidance, the Trust and Beneficiaries are the members.

In view of the size, nature and ownership structure of the organisation and the readily available amount of information and data provided to members on a regular basis throughout each year, this Strategic Report aims to present a fair, balanced, and understandable view for the members to help them assess how the directors have performed their duties particularly in relation to promoting the success of the company for the benefit of its members taken as a whole. It should be read with the rest of the Annual Report and Accounts and draws on FRC guidance and, the directors have taken advantage of the exemption, where necessary, not to disclose matters which, in their opinion, are seriously prejudicial to the interests of the Group.

### Our Purpose

BMT exists to help navigate some of the most important and impactful engineering challenges of our time, creating an environment where people with outstanding technical knowledge strive to deliver a safer, more efficient, more effective, and sustainable future. We are strongly anchored in our values, and through these we strive to create value for our employee owners, customers, and wider stakeholders.

### Our Vision

Our vision is to be a global leader in delivering solutions to the most important and impactful engineering challenges of our time. We want to be recognised for our collaborative and partnering approach, investing not only in our future, but in the futures of others through our work in communities, education, and the environment.

Through the lens of our core business and our strategic growth campaigns, our vision translates as:  
'A global force in ship design'; and  
'A credible digital competitor, transforming asset life-cycle and environmental services

### Who we are

BMT is a maritime-orientated high-end design house and technical consulting firm. We are driven by a passion for solving complex, real-world problems that matter.

Building on our rich maritime specialisms and heritage, our scientists, engineers, consultants, and programme managers apply their knowledge and expertise across oceans and on land, in defence, security, shipping, environment, and infrastructure. We create innovative designs, enhance operability, optimise efficiency and safety, and enable digital solutions and sustainable outcomes.

We endeavour to delight our customers, partners, and stakeholders, carrying a sound reputation as thought leaders and collaborators in our sectors and markets. We are an exciting, attractive company to work for, offering great work and great reward to a diverse workforce of brilliant people. We are ambitious for our future and the positive impact we can have, and we recognise that delivery excellence enables us both to reward our people and invest in our capabilities.

Since privatisation in 1985 BMT has evolved into a unique firm with a strong culture, thanks in part to our independence and our shared values.

### Our Values

#### *Trust*

- We keep our promises
- We do everything with integrity
- Our customers can always rely on us to perform and deliver as their trusted partner

#### *Innovation*

- We combine knowledge and expertise to develop insights into tomorrow's problems
- We value the creativity, ingenuity, and knowledge of everyone in our business
- We are imaginative and agile in our thinking and adaptable in our delivery

#### *Passion*

- We're passionate and proud of our work
- We love the challenge of solving our customers' most complex problems
- Performance matters - we are passionate about delivering meaningful outcomes
- We are passionate about engaging with and investing in the communities in which we operate

#### *Respect*

- We respect our customers, partners, and colleagues, investing in building enduring relationships on which we depend.

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- We respect the environment in which we operate and seek to have a positive impact
- We value diversity of thought and people
- We are committed to the safety and wellbeing of everyone involved in our business

### Collaboration

- Collaboration is at the heart of our business
- We empower teams to achieve their potential, going further than any person could alone
- We are driven to succeed and share that success with all our people

### Our Core Business and Our Strategy

We deliver on our ambition through the implementation of our strategy. That is to retain and grow market share in our core business areas, build powerful collaborative relationships that draw value from the full breadth of our global capability, and drive innovation that is closely aligned to our customers' and industries' current and future needs.

We summarise this as:

- Sustain the Core
- Growth through Collaboration
- Exploit and invest in Innovation

Our core business is made up of distinctive and sustainable BMT capabilities, which we leverage to address the needs of our customers and markets and are the primary focus of future capability development. We refer to these as our 'famous four' offerings, and they are as follows:

- 1) Maritime design and consultancy
- 2) Asset monitoring and sustainment
- 3) Environment and climate solutions
- 4) Defence and security acquisition and customer friend

We have a broad international reach with a track record of delivery in Europe, Asia, Africa, and the Americas. Our capabilities are delivered from our major office locations in the UK, Netherlands, US, Canada, Singapore, and Australia.

We see exciting growth opportunities in both defence and commercial Ship Design, and in the rapid development of digital capabilities to offer truly integrated environmental solutions, and advanced asset lifecycle services. These are the focus of our strategic growth campaigns and will underpin our future prosperity and growth.

### Our Goals

We are ambitious for our future growth. This increases the scale and reach of the impact we can have on the

world and provides developmental career pathways for our people.

A foundation of strong financial performance enables future growth and drives meaningful profit distribution to our employees.

This is underpinned by our commitment to create real value for our customers and our employees and to play our part in meaningful change in the route to net zero and sustainability.

Our headline strategic targets therefore are:

- Double digit orders growth
- Double digit (%) EBITDA (pre owner distributions)
- Improved employee engagement
- Improved customer satisfaction
- Sustainability targets/commitment to net zero
- Diversity & Inclusion commitment

### What we do

- We create clarity from complexity, applying our deep and broad domain knowledge and expertise to innovate and solve complex problems.
- We use our market and technical breadth to leverage diverse concepts, approaches, and solutions to benefit our customers.
- We take cost and risk out of our customers programmes and put assured performance in.
- We deliver practical independent action-oriented advice, enabling our customers to make important decisions with confidence.
- We collaborate with our customers, partners, and supply chains to shape the future together and deliver the right solution to the right place at the right time.
- We protect, we enhance, we transform.

BMT is an intellectually intensive, people business; we sell our various expertise largely based on the efforts of our skilled and qualified personnel complemented by various digital solutions.

### Response to COVID-19 – a strategic priority in 2020

The global pandemic struck halfway through the financial year, and we responded quickly by:

1. Ensuring our employees, customers and suppliers were kept safe and well in their interactions with our business.
2. Enabling our people to work flexibly and effectively from home during various lockdowns around the world.

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3. Investing in technologies to enable client work to continue unabated.
4. Undertaking a pay-cut of 20% across the business for Q3 and no furlough of employees.
5. Heightened our working capital management to maintain liquidity enhanced by accessing Government tax deferral initiatives and other available grants.

### Making a difference

Our strategy embraces wider social purpose and has done so for many years. We work together to embed this thinking in our operating model and deliverables. In doing so, we have the advantage of being a single global family with shared values and a common purpose.

The principles of good corporate responsibility are embedded in our behaviours and our ways of working.

In addition, we carry out many specific activities across the Group as part of our commitment to good corporate responsibility, providing opportunity for employees to participate in structured corporate activities or to pursue personal aims and objectives.

### Employee Value Proposition ('EVP')

In 2020 we reflected on how each of us contributes to our culture and working environment and what attracts people to work for us. This has resulted in our updated EVP - a commitment between BMT and our employees to create a positive and inclusive environment where we feel valued and at our best.

We are investing in initiatives that promote equality, diversity, and inclusion, and supporting colleagues to be active in their local communities.

Our EVP is to some degree aspirational, but we are already living it across the organisation, implementing new programmes and initiatives and refreshing existing ones. Some of these are:

- A global employee assistance programme providing employees and their families with counselling and other valuable services to support them in their personal and professional lives, which has been particularly important during the pandemic.
- Continued investment in our practice communities - internal networks of colleagues joined together by a common area of professional and technical interest which help bring world-class expertise to our projects and provide a fertile environment for professional development.
- Our Bursary/Scholarship Fund, aiming to support leading edge skills and thought leadership through further specialisation, and investments in innovation

encouraging colleagues to generate new ideas, solutions, and approaches.

### BUSINESS AND FINANCIAL REVIEW

The business witnessed a fall in turnover, a significant loss overall of £13.6m before tax encompassing a large exceptional loss on a single onerous contract of £16.1m, losses business disposals of £1.7m in the year and, an operating profit before these items of £5.3m - benefitting from COVID19 savings in a number of cost areas which helped offset the reduction in revenue.

Despite the uncertainty and operational challenges, the order book and contracted work for the coming year have both held up well over the past 12 months and into the current financial year.

The continuing business performance was impacted by the one-off exceptional item which has, due to its nature, been disclosed separately as an exceptional item and is discussed later.

### Business environment

The pandemic, combined with geopolitical pressures, created mixed market conditions for both private and public investment around the world.

Many of the clients we serve are public sector based and most of our services are categorised as essential, which has enabled us to continue to serve them despite the restrictions in many of our trading markets for over half the financial year. We were privileged to be able to maintain essential engineering design, risk, and support services to the military fleets in Australia, Canada, United States of America, and United Kingdom at levels similar to the previous year.

The UK remains the Group's largest market, but it offered little scope for real growth, mainly due to economic uncertainty arising from the pandemic and Brexit.

In North America, the US and Canadian markets offered some opportunities for growth, with a strong defence sector complemented by the offshore energy sector starting to recover after its most recent downturn.

Defence and maritime environmental markets in Australia saw continuing demand mainly in the public sector.

Markets in South East Asia continued to be challenging and we liquidated our businesses in Hong Kong and Malaysia as well as, after the year-end, completing the sale of our subsidiaries to local management in India and Indonesia (retaining a 5% stake) – leaving Singapore as a regional hub.

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We took the decision to exit Brazil due to the challenges of maintaining a permanent base and sold the business to the local employees after the year-end.

The international development market offered little opportunity for real growth due to political reassessment of priorities in the US and UK, government budget constraints and slow procurement processes.

### Continuing operations before exceptional items

#### Financial Highlights

	2020	2019
Turnover	£166.4m	£172.6m
EBITDA*	£8.4m	£8.2m
Profit before tax	£4.2m	£4.2m

### Key Performance Indicators continuing operations

Group performance against strategic targets for the year, whose purposes are to improve our economic sustainability, is as follows:

	2020	2019
EBITDA Margin	5.0%	4.8%
Turnover per employee	£116,881	£126,617
Average number of employees (FTEs)	1,424	1,363

The non-GAAP measure of Earnings Before Interest, Tax, Depreciation & Amortisation ('EBITDA') has been calculated in this report as follows:

	2020	2019
Group Operating Profit	£5.3m	£5.1m
Depreciation & Amortisation (note 3)	£3.1m	£3.1m
EBITDA	£8.4m	£8.2m

Overall, turnover decreased by 3% to £166.4m with revenue increases in the UK being offset by reductions in other geographic markets, the UK benefiting from more longer-term defence related contracts.

EBITDA increased marginally, and reflected the asset write downs, and other exit costs, incurred as the Group continued to rationalise its operations and legal entities to concentrate on its core strategic business in 2020; where relevant, these exits will be shown as Discontinued activities in the following year. Notably, towards the latter half of the financial year, the Group started to benefit from efficiencies gained from the rationalisation and closure programme and a lower level of expense in payroll, travel and accommodation, amongst others, due to the restrictions of the pandemic.

### Exceptional Item

Pre-tax exceptional charges from continuing operations totalled £16.1m (2019: £nil). The material one-off item relates to a single onerous contract loss. Further information on the exceptional item is disclosed in the notes to the accounts.

### Discontinued Operations

The Group continued to rationalise its operations and legal entities. Included within discontinued operations are the costs of closure of underperforming entities which are not part of the strategic growth plan, including the closure of operations in Malaysia and Hong Kong. The post-tax loss on discontinued operations totalled £1.7m (2019: loss of £4.6m).

### Group result for the year

The group delivered an overall loss before tax of £13.6m, with profits delivered from continuing operations being offset by exceptional items and discontinued operations.

	2020 £m	2019 £m
<b>Continuing operations</b>		
Before exceptional items	4.2	4.2
Exceptional items	(16.1)	-
Total continuing operations	(11.9)	4.2
<b>Discontinued operations</b>	(1.7)	(4.2)
<b>Total Group loss before tax</b>	<b>(13.6)</b>	<b>-</b>

The loss after tax was £14.7m (2019 loss: £1.5m).

### Balance Sheet and Cash Flow

We continue to tightly manage our working capital including our cash position. The Group had net assets before pension deficit (net of deferred tax) of £38.5m. Including the pension deficit the consolidated Group had net liabilities of £1.8m.

A summary is set out below:

	2020 £m	2019 £m
Fixed assets	10.5	19.0
Cash and cash equivalents	41.9	25.1
Other net (liabilities)/assets before defined benefit pension items*	(6.4)	11.6
Provisions for liabilities & charges	(7.5)	(0.7)
<b>Net assets before net defined pension deficit</b>	<b>38.5</b>	<b>55.0</b>
Defined benefit pension deficit **	(49.7)	(53.2)
Defined benefit pension deferred tax	9.4	9.1
<b>Net (liabilities)/assets per Balance Sheet</b>	<b>(1.8)</b>	<b>10.9</b>

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*\*Excludes current asset investments and bank overdrafts included in cash and cash equivalents.*

*\*\*The Group continues to fund the pension deficit through Deficit Recovery Contributions agreed with the Pension Trustees, where the short-term commitment (12 months of contributions) at 30 September 2020 is £2.8m.*

The Group's cash and cash equivalents increased by £16.8m to £41.9m, in part due to a transfer of £7.0m of fixed asset investments into readily available marketable interest-bearing securities.

The Group generated £13.6m of cash from operations, although this includes a £2.3m timing benefit from tax related payments deferred through government COVID-19 relief initiatives which has been repaid since year end.

BMT Group Limited, the parent entity, had net assets of £4.2m at 30 September 2020, including the UK pension deficit.

### **Post Balance Sheet Events**

Subsequent to the year end, the Group completed the sale of its operations in Indonesia, India and Brazil. The impact of the sale in the financial year ended 30 September 2021 are negligible as the assets were written down to net recoverable amount at 30 September 2020.

### **MANAGING RISK AND UNCERTAINTY**

Effective risk management is fundamental to how the Company's strategy and business objectives are delivered. Our risk management framework includes a formal process for identifying, assessing, and responding to risk. During the current year, we continued to refine our approach, with risk identification increasingly embedded within our key management processes, including strategy, project, and programme management, bid approvals and other operational activities. A table of key risks, how we manage them, why they are important and how we manage them is shown overleaf.

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Risk	Link to our strategy	Why Important	How we Manage it
Global Pandemic	Sustain the Core	The impacts from COVID-19 have been felt in our key markets, with national mitigation strategies introduced to varying degrees, including travel restrictions and home working where possible. Market volatility has weighed on certain industries.	We put the health and safety of our employees, customers, and third parties at the forefront of our response. We adapt our ways of working to minimise the health risks and to ensure we can continue to deliver on projects. We take active, immediate, and concerted efforts to protect cash reserves in response to business or market volatility. We carry out annual integrated strategic planning exercises that are stress tested for a range of possible outcomes. We take active steps to 'right size' the business to exit underperforming markets or business lines and to manage our cost base.
Contractual and Project Delivery Risks	Sustain the Core Grow through Collaboration	We contract with a wide range of customers across many markets and geographies. The requirement to agree to customer terms and conditions, including the provision of performance guarantees in the ordinary course of business, may increase our exposure to contract liabilities and indemnity claims.	We have established bid and contract approval processes, with requisite commercial, financial, and legal oversight. We continually monitor our project delivery risks against our contractual commitments, taking corrective actions and when required, assessing the level of professional indemnity insurance in place.  Project delivery is managed through the project lifecycle process, through the application of relevant policies, procedures, and management systems, and is reinforced by regular reviews. Training is provided on project management best practices to ensure consistent standards are applied across the organisation.
People - Recruitment and retention of staff:	Sustain the Core Grow through Collaboration Exploit and Invest in Innovation	We achieve success through our people, and we need to be able to recruit and retain the requisite skills to meet our customers' expectations and to drive the business forward.	We operate targeted recruitment campaigns to ensure we attract the best people and benchmark our performance against other companies in key areas. We maintain a Global Careers Map to assess performance, enable opportunities for development and progression, and to facilitate succession planning. We promote employee engagement and use multiple channels to encourage effective and timely communication.

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**MANAGING RISK AND UNCERTAINTY (Continued)**

Risk	Link to our strategy	Why Important	How we Manage it
Market Risks – Customer and Competitor / Partners	Sustain the Core  Grow through Collaboration	We work across a number of geographies and industries. We have several key customers and partners with whom we have established long-term working relationships.	We review specific market developments and monitor the activity of our competitors, adapting our strategies to meet changing market and customer needs. Our key account managers work closely with our main customers to ensure we are the engineering delivery partner of choice and continue to provide a reliable and trusted service which is aligned with their requirements and budgets, recognising that governments and key commercial customers may reduce their discretionary spending in the medium term. We maintain a diverse range of services and capabilities to avail of the wider environmental, political and market trends. We continue to invest in our people and our business development strategies.
Innovation – new technologies	Exploit and Invest in Innovation  Grow through Collaboration	New technologies and industries trends change how our customers operate, and constant innovation is required to stay competitive and relevant.	We invest in innovation that is aligned with our overall strategy. We continue to adapt our offering to maintain a distinct competitive advantage. Through targeted spending programmes, via an employee innovation catalyst network to harness creativity, and by working closely with our customers, we continue to mature our approach to delivering more advanced solutions.
Reputational Risk	Sustain the Core Grow through Collaboration Exploit and Invest in Innovation	Our reputation is core to who we are and how we operate. We are considered a trusted global business and delivery partner 'of choice' by our customers and stakeholders.	We assess this risk continually through our regular management processes, including strategy, project and programme management, bid approvals and other operational activities. We have established policies and processes, reinforced with mandatory training programmes, reporting and monitoring controls. We have dedicated in-house professionals to provide active crisis response management as required.
Business Transformation	Sustain the Core  Grow through Collaboration  Exploit and invest in Innovation	We are mid-way through a business transformation that involves the rollout and adoption of common processes, facilitated by a global ERP system and supported by key global management functions to ensure consistency in how we deliver our strategy and meet our stakeholder expectations.	We manage this risk through the adoption of change management programme disciplines, close engagement with senior leadership, and continuous tracking and monitoring of benefits realisation. We manage the rollout and adoption of a global ERP system through following good project management practices, allocating the requisite resources and providing continuous oversight and governance by our senior leadership team.

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**MANAGING RISK AND UNCERTAINTY (Continued)**

Risk	Link to our strategy	Why Important	How we Manage it
Health and Safety and Environmental	Sustain the Core	Due to the nature of some of the work we do, our employees and stakeholders may be exposed to injury and /or breach of health and safety regulations in some of the markets in which we operate.	We manage this risk through a combination of global policies and processes, including mandatory training and reporting, and through reinforcing a safety culture throughout the organisation. We assess this risk continually, with close monitoring by our senior leadership team, and periodically, we conduct scenario planning to enable us to make targeted improvements to our training and to our underlying operational processes as needed.
Physical and Data Security Risks	Sustain the Core  Exploit and Invest in Innovation	A breach of physical or data security, cyber - attack or system failure could adversely impact our business and potentially our stakeholders.	We adopt a multi-layered approach, using appropriate physical and network security measures to protect our systems and data. We deploy several software tools to monitor and support our data and systems security. All employees are required to take mandatory training. We continually assess our network resilience and security, adapting the mitigations accordingly.
Regulatory and Compliance Risks	Sustain the Core  Grow through Collaboration	We work across a number of highly regulated industries and markets, and we hold the trust of our stakeholders to be compliant and to behave ethically and responsibly.	We manage the risk of a breach of ethics or regulations by instilling the right behaviours and culture, supported by clear policies and procedures, including mandatory training. We maintain an independent, confidential helpline to enable employees or third parties to raise concerns. We continually assess compliance, including undertaking targeted risk assessments and policy self-certifications across our business.
Long-term Liabilities: Pensions	Sustain the Core	We hold defined benefit (DB) pension schemes which are now closed. A material and sustained drop in the value of the pension fund assets; or an increase in liabilities beyond actuarial assumptions, could require additional funding to manage the deficit.	We manage the DB scheme liabilities by implementing appropriate funding strategies based on actuarial valuations. We employ the services of a Fiduciary Management Investment organisation to execute and manage the approved investment strategies on behalf of the Trustees.



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**MANAGING RISK AND UNCERTAINTY (Continued)**

Risk	Link to our strategy	Risk Statement	How we Manage it
Financial Management: Financial investment risk	Sustain the Core  Grow through Collaboration  Exploit and Invest in Innovation	We need to fund our current operations and invest in our future through both funds held in banks or managed by external fund managers.	Senior level committees have been established with specific responsibilities for ensuring the proper governance and integrity of the Group's finances, having regard both to funds held internally and to those managed by external fund managers.
Financial Management: Credit and liquidity risk	Sustain the Core  Grow through Collaboration  Exploit and Invest in Innovation	We need to fund our current operations and invest in our future. The impact of political, market, and industry volatility on our key stakeholders, and/or our failure to be efficient and agile in how we win and deliver on contracts, could impact adversely on our financial performance and on our ability to grow and invest in our future.	Senior level committees have been established with specific responsibilities for ensuring the proper governance and integrity of the Group's finances. We continually assess and take steps to right-size the cost base and to make our processes more efficient and effective. We assess the credit quality of each customer using a combination of strategies. We closely monitor cashflow forecasts and payment performance, both at individual project and client level. We take active, immediate, and concerted efforts to protect cash reserves in response to business or market shocks.
Financial Management: Foreign exchange risk	Sustain the Core  Grow through Collaboration	The Group is exposed to movements in foreign currency exchange rates for the translation of net assets and revenue and expenses of our overseas subsidiaries as well as the translation assets and liabilities denominated in currencies other than GBP.	Where possible, each business undertakes commercial transactions in its own functional currency. Where this is not possible, the Group manages its foreign exchange risk from commercial transactions using derivative contracts where appropriate.

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### SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT

The Board of Directors, in line with their duties under s.172 of the Companies Act 2006, act in a way 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, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s.172 factors. We describe how they have done so below by main stakeholder groups.

As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to broader factors, including the impact of the Company's operations on the community and environment, responsible business practices, reputational risks, and the likely long-term consequences of its decisions.

#### COVID19

The COVID19 pandemic has led to changes to how we have engaged with our stakeholders over the financial year with fewer in-person events and the advent of wide-scale home working in most of the countries where we operate. This led to the use of more virtual engagement through videoconferencing or web-based communications in various forms. Throughout the pandemic the safety and wellbeing of our employees and everyone associated with our business has been the top priority. As a result of the decisions taken at the start of the pandemic the business has been able to operate effectively with through regional COVID-19 restrictions and ensure COVID-secure workplaces.

#### Our Customers

The Board has defined long-term collaborative relationships with customers as a central part of our strategy, putting them at the heart of our vision and approach to innovation. Key Account Managers ensure the needs and voice of our customers is heard and understood in planning and decision making.

#### Our Employees

Our ability to deliver our strategy and the desired outcomes for our customers requires competent and empowered people working safely together across BMT. Actions the Board has taken to position the business for profitable growth create long-term values for our owners.

This year the focus on the employees has been at the forefront of Board decisions more than ever before, with

wellbeing and career development recognised as vital enablers to the success of the organisation. This has led to continued high levels of employee engagement.

Throughout the year, the board have ensured they understand the views of the employees through engagement with the Employee Engagement Group (EEG) and as well as less formal channels. The Board also supports and listens to feedback obtained from senior leaders around the business to fully inform the rich picture of employee engagement where necessary.

Every month the employees are provided with an overview of business performance via a dedicated intranet. This includes a narrative describing the financial and economic factors affecting performance of the business.

#### Our Suppliers

The Board recognise the importance of mutually beneficial relationships with suppliers, including our contractors, in the successful delivery of our strategy. The Board also recognise the importance of delivering this success in a manner compliant with ethical business practices. To support both objectives, BMT seeks the continuous promotion of due diligence and the transparent application of our Supplier Code of Conduct. This helps suppliers to ensure they comply with all relevant policies, laws and regulations covering topics such as bribery, slavery, human rights, and Health & Safety and, has placed particular emphasis on due diligence during this uncertain time of COVID-19. The Board periodically review and approve BMT's approach to supplier and customer engagement, actively taking a role in strategic decisions representing exceptionally high-risk to the business.

#### Our Wider Community

The Board fully support community engagement, recognising the strategic importance of delivering value and having a positive impact in our local communities. Our approach to encouraging volunteering and engaging with charities and community partnerships creates real and enduring value for BMT and those we work with, in particular this year during the COVID-19 pandemic, where we have seen BMT employees going to great lengths to contribute to wider social challenges.

We apply our expertise in delivering environmental projects and minimising detrimental impacts of our operations. We inspire the future workforce of BMT by supporting national and local initiatives such as STEM and are targeting growth by focussing on a sustainable future.

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### Our Pension Scheme

The Board recognises current and future pensioners within its Defined Benefit Scheme as stakeholders in its decision making. The Board is committed to ensuring the pension scheme is fully funded and through the Chief Financial Officer engages in a transparent and regular dialogue with the Pension Trustee.

associations to positively influence and shape the future of our industries.

### Our Industry Bodies

The Board encourages a strategic approach to industry relationships that create benefits for BMT. We actively engage with many professional bodies and trade

### Stakeholders: why they matter, their interests and how BMT engages with them

Why they matter to us	Their interests	How BMT Engages with its stakeholders
<b>Customers:</b> We aspire to be our customers' trusted partner helping to solve their most complex challenges.	<ul style="list-style-type: none"> <li>• Delivery</li> <li>• Safety</li> <li>• Innovation</li> <li>• Relationship</li> </ul>	<ul style="list-style-type: none"> <li>• We build long-term customer relationships and collaborations to understand their needs and create enduring value</li> </ul>
<b>Employees:</b> We strive to ensure our long-term sustainability for the people who drive our success: our employees.	<ul style="list-style-type: none"> <li>• Remuneration and reward</li> <li>• Learning and development</li> <li>• Health and Safety</li> <li>• Diversity &amp; Inclusion (D&amp;I)</li> <li>• Wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>• Global Induction</li> <li>• Comprehensive learning and development opportunities</li> <li>• Career framework</li> <li>• Globally benchmarked remuneration and benefits</li> <li>• Employee Engagement Group</li> <li>• D&amp;I and Wellbeing strategies</li> </ul>
<b>Trust and Beneficiaries:</b> We operate the business to add value now and into the future.	<ul style="list-style-type: none"> <li>• Long term stability of the company</li> <li>• Company performance</li> <li>• Returns</li> </ul>	<ul style="list-style-type: none"> <li>• Regular updates, meetings and engagement with Trustees</li> <li>• Engagement of the Trustees with the Employee Engagement Group</li> </ul>
<b>Industry bodies:</b> We maintain positive and constructive relationships with industry bodies to be able to understand, shape and influence our industries.	<ul style="list-style-type: none"> <li>• Regulations, policies and standards</li> <li>• Thought leadership</li> <li>• Skills deficit</li> </ul>	<ul style="list-style-type: none"> <li>• Memberships &amp; In-kind support</li> <li>• Employees actively engaged in meetings and committees</li> <li>• Technical papers</li> <li>• Promoting professional accreditation and memberships</li> </ul>
<b>Supply chains:</b> Our suppliers are critical enablers of the effective delivery of our business and vital partners in ensuring compliance and minimising impacts.	<ul style="list-style-type: none"> <li>• Long term relationships</li> <li>• Timely payment</li> <li>• Clear parameters</li> </ul>	<ul style="list-style-type: none"> <li>• Good working relationships</li> <li>• Prompt payment</li> <li>• Supplier Code of Conduct</li> <li>• Supplier due diligence</li> </ul>
<b>Communities:</b> We understand that we depend on the communities where we operate and have a responsibility towards them.	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Health &amp; Safety</li> <li>• Environment</li> <li>• Community investment</li> <li>• Education</li> </ul>	<ul style="list-style-type: none"> <li>• Sponsorship</li> <li>• Charity and volunteering</li> <li>• University partnerships</li> <li>• STEM Ambassadors</li> </ul>
<b>Pension Scheme:</b> We recognise current and future pensioners within our Defined Benefit Scheme as stakeholders in company decision making.	<ul style="list-style-type: none"> <li>• Employer Covenant</li> <li>• Deficit contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent dialogue</li> <li>• Regular covenant monitoring</li> </ul>

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### FUTURE DEVELOPMENT OF THE BUSINESS

#### What will BMT be like in the future? (Target Operating Model)

We are on a journey of change; an evolution that enables us to deliver our strategy and fulfil our purpose in line with our values.

BMT will be a more aligned global business, adapted locally to reflect different geographic regions and markets. Global alignment means consistency in delivering value to our customers through our processes, tools and the way we manage information. This increases the reliability of our performance, the efficiency of our delivery and gives us the ability to deploy our global capabilities. It means career development opportunities at a global, not just local level so we can attract and retain the best talent. We want people to feel part of a global professional community, as well as their local team, knowing they have a voice in the business. Processes are centralised to create alignment within a consistent framework and help us to manage and reduce risk. But within that clear framework high levels of autonomy are given to project managers, as well as technical and functional business leaders to deliver our strategy in their markets. We call this the Strategic Controller Business Model.

Where the opportunity to develop and exploit products exist, we will do so with ambition and commercial rigour. However, the organisation will continue to be a project-driven engineering, scientific and programme management consultancy. We will invest strongly in our innovation pipeline, empowering people to create, develop and commercialise ideas aligned to our strategic direction.

We will build on our strong delivery focus, ensuring project managers have the skills, recognition, authority, and accountability for delivering successful project outcomes with the right tools and information at their disposal, ensuring that we have satisfied customers.

Our technical assurance community will support all areas of the business to ensure that our delivery is 'right first time'.

We will be a more outward looking business, investing more time and effort in building customer relationships, understanding their needs, and ensuring they are represented in all aspects of our thinking. Our Future Business team will drive the acquisition of new business, and everyone involved in delivering projects for customers will help secure repeat and follow-on opportunities.

Culturally we will strengthen what it means to be BMT, founded on our rich heritage of technical excellence and innovation, but with a stronger emphasis on strategic ambition, consistent, profitable delivery, and customer focus.

Employees have always been at the heart of our business model and will continue to be so. Competitive remuneration and benefits will help attract and retain talent. Meaningful profit distributions will connect everyone to our shared success. Fundamental to that success is the importance of providing employees with the professional development, challenging work, and opportunities to build careers at BMT.

We will have a more diverse workforce, bringing a wide range of thinking and operating in an inclusive and safe environment that promotes employee wellbeing. Underpinning everything we do, we will be a more environmentally, socially, and economically sustainable business in the way we run the organisation, but also in the things we do for our customers and the value we create for our wider stakeholders.

#### How are we going to get there? (Transformation Programme)

Our BMT Together Transformation Programme provides the co-ordination and management of change projects across many aspects of our business that are making our aspirations for the future of BMT real.

It is organised in workstreams across three phases of Fix, Win and Grow. The Fix phase was about making changes and improvements to the foundations of the business where there were significant risks or performance issues; we continue to make improvements from lessons learned. The Win phase, although impacted by the COVID-19 pandemic, builds on those changes maturing the structures, systems and processes that will enable us to succeed whilst demonstrating profitable performance. The Grow phase will see solid progress towards the realisation of our strategic targets and more.

#### What are our priorities?

There are many elements that come together in driving our long-term success. But at its heart our route to success is simple.

To win next year and beyond we must focus on growing and profitably delivering our order book, staying close to our customers, and investing in our people.

## STRATEGIC REPORT

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Our strategic priorities are:

- Performance
- Customers
- People

Performance will be enhanced and assured by the investment we are making in project and programme management. This includes a new approach to professional development and career pathways for our specialist project and programme managers in all areas of the business.

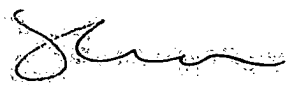
We continue to strengthen the alignment and focus of our business. The next phase of our Transformation Programme will ensure we have the best management information tools to support our growth ambition. Although the impacts of COVID-19 will be seen in the global economy for some time to come, the Board are confident that our portfolio is focused on markets where we will see strong, profitable growth that will improve upon the underlying EBITDA in the current financial year.

Our strategy of selective focus on our core sectors is complemented by our expertise in market differentiators like climate resilience and Ocean sustainability. Our narrative on ethical & social outcomes means we deliver a strong value proposition for our clients.

This focus and expertise put us in a good position to deal with market uncertainty and to meet future challenges and aspirations of our clients and stakeholders.

We continue to win exciting and challenging projects and enter 2020/21 with a strong order book.

As approved by the Board and signed on its behalf:



Sarah Kenny OBE  
Director  
28 September 2021