



shaping the future

a review of performance  
for 2021



# Delivering for our customers

## Protecting lives and land from the impact of climate change

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The state of Queensland in Australia spans vulnerable coastal environments and high-density urban areas, as well as rural hinterlands with vulnerable and isolated communities. This makes understanding and preparing for the impact of natural hazards and climate change both complex and essential. Livingstone Shire Council tasked us to carry out an all-hazards risk assessment to inform emergency management planning and resource allocation and to promote active communication, co-operation and co-ordination.

“We found BMT responsive and helpful, with a willingness to go above and beyond. By conducting effective engagement sessions with key stakeholders, BMT ensured that everyone involved in local hazard risk management had the opportunities to provide input.”

Testimonial from Livingstone Shire Council, Queensland.

# Summary

## Our purpose

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

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## Performance highlights

£10.6M\*

Operating profit from continuing operations during the reporting year

£162.5m\*

Total revenues from continuing operations during the reporting year

1.5°C

We are committed to science-based targets keeping global warming to 1.5°C above pre-industrial levels.

24.5%

Increase in profits from continuing operations when compared to last year (£8.5m)

76

The employee engagement index (EEI) score from our staff survey, a very high score when benchmarked against other businesses



50%

Leadership Gender Diversity (Executive Committee & Board)

\*Pre exceptional items and discontinued operations



## Chairman's statement

Despite the continuing challenges presented by the COVID-19 pandemic, our business has made good progress during the reporting year.

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This demonstrates the resilience of our business and our people. I would like to thank them for their dedication and commitment in supporting customers, who rely on BMT's insight and technical expertise to keep vital services running across the world.

The pandemic really highlighted the vital role that organisations play in broader society. It is therefore fitting that this year we took the opportunity to review and refresh our purpose, vision, and values.

At BMT, we are driven by our desire to make a meaningful contribution towards creating a better future for us all; one that is safe, sustainable, optimised, effective, and resilient. To achieve this, we work in close partnership with our customers and stakeholders to provide solutions to some of the most complex problems the world has ever faced.

By applying the best minds to these tough challenges, we are creating an environment where people with outstanding technical knowledge can deliver meaningful, practical, innovative solutions, driven by a commitment to a more sustainable future. We exist to deliver real value to our people, our customers, and other stakeholders.

This is supported by our five common values:

- **Trust**
- **Innovation**
- **Passion**
- **Respect**
- **Collaboration**

### **Delivering our strategy responsibly**

More detail on our business strategy and values is provided on pages 10 and 11, but it is worth noting here that 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.

Our social purpose is underpinned by our sustainability commitment. We are embedding sustainability across the entirety of our business, to mitigate our environmental impact, anticipate our customer needs; and to deliver advanced solutions to engineering problems that will improve social wellbeing and environmental protection across the world.

You can view more on our approach and corporate activities for sustainability in our [2020/21 Sustainability Report](#).



## Our Employee Value Proposition (EVP)

In 2020, we reflected on our culture, our working environment and what attracts people to work for us. This resulted in our updated Employee Value Proposition (EVP) – a commitment between BMT and our employees to create a positive and inclusive environment where we feel valued and at our best. Our EVP is to some degree aspirational, but we are already living it across the organisation. Some examples are:

- Based on the strong performance for the reported year, the Board approved a £6.5million distribution of profits to employees. Which included, for the first time, an all-employee dividend.
- A global employee assistance programme providing employees and their families with access to counselling and other services, which has been particularly important during the pandemic.
- Continued investment in our practice communities – internal networks of colleagues joined together by common areas of professional and technical interests, which help bring world-class expertise to our projects and provide a fertile environment for professional development.
- Our Bursary/Scholarship Fund, which aims to support leading edge skills and thought leadership through further specialisation, and investments in innovation which encourage colleagues to generate innovative ideas, solutions, and approaches.

**‘As we continue to focus on exciting growth opportunities and strengthen our internal processes to win and deliver those opportunities more effectively, we can look forward to further growth in the years ahead.’**

## Supporting employees to be safe and succeed

Everything we do is founded on the ability, expertise, and innovation of our people. We therefore focused on supporting staff during the pandemic by combining practical help with hybrid and flexible working arrangements. We also introduced new initiatives to improve mental health and emotional wellbeing through an incredibly challenging and demanding period.

A lack of diversity has long been a feature of the engineering and science sectors, and this must be urgently addressed on the grounds of both societal fairness and business imperatives. After all, new problems increasingly require fresh ideas and diverse thinking. A detailed diversity and inclusion strategy was approved by the board during the reported period and is discussed in more detail by our Chief Executive, Sarah Kenny. We believe that this can have a real impact, not only in addressing inequality but also by driving innovation throughout the business.

## Board

Over previous years we have made a number of new board appointments, working hard to ensure we have the right mix of skills and experience. We were therefore able to have

an unchanged board during the reporting year focused on providing effective challenge and support to the business. This was an enormous benefit during such an extraordinary year with so much uncertainty around the pandemic.

## A positive outlook

As outlined in more detail by Sarah, our financial performance provides evidence that the strategy that has been developed and put in place since her arrival is now delivering. As we continue to focus on exciting growth opportunities and strengthen our internal processes to win and deliver those opportunities more effectively, we can look forward to further sustainable growth in the years ahead. We also worked hard to put in place the tools, systems and processes that will help us bid for, win, and deliver work more effectively and with greater consistency and collaboration across the group.



**Charles Packshaw**  
Chairman, BMT

## Chief Executive's statement

During this year of the COVID-19 pandemic we completed the streamlining of our business portfolio and intensified focus on operating performance achieving an increased margin from our continuing operations.

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We also worked hard to put in place the tools, systems and processes that will help us bid for, win and deliver work more effectively and with greater consistency and collaboration across the group.

### **Our performance**

Our continuing business recorded a significant uptick in underlying profitability, from £8.5m in the previous reporting year to £10.6m in the current reporting year (pre-exceptional items), driving margin up from 6.8% to 7.6%, over the same period. This was achieved against a turnover of £162.5M declining less than 1% from the previous year despite deferrals associated with the UK defence review and the effects of the pandemic.

This encouraging performance is a clear sign that our proven skills and expertise are successfully attracting and delivering high-value work. It also provides early evidence of the success of our strategy, which 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 to drive innovation that is closely aligned to both our customers' and industries' current and future needs.

While this report primarily focuses on the continuing operations, it should be noted that after the year end, our US defence and security business entered a formal insolvency process on 1 February 2022, and it made a material

contribution to the continuing operations' results and those will be restated as discontinued in the subsequent financial year. More detail is provided by David McSweeney, our CFO in the Financial Performance section starting on page 28.

### **Our customers**

It is something of a paradox that the remote working necessitated by the pandemic has brought us closer to our customers as we worked together to support their vital operations. While it may be hard to quantify the direct financial benefits of these stronger customer relationships, we did see significant order growth during the reporting period as customers 'caught up' with activities that were suppressed during the worst periods of the pandemic or looked to new opportunities. More broadly, our markets in defence and security, commercial shipping, environmental services, and critical infrastructure all proved resilient. This highlights the value of our diverse portfolio and the vital nature of our work. Our order book remains healthy, with a strong pipeline of work in place for the year ahead.

### **Our people**

As an employee benefit trust and a recognised source of expert insight, employees have always been at the heart of our business model, but the ability to attract and retain people is more vital than ever. The launch of our Global Graduate & Apprenticeship Programme is therefore a

significant step forward. Input from our own business experts ensures that this 18-month blended learning programme will help graduates and apprentices develop the right skills to grow as part of our global team.

At every stage of their careers, we are committed to giving all our employees every opportunity to develop their knowledge and skills and to reach their full potential by working on challenging, leading-edge projects, as well as being able to access a variety of impactful development and training initiatives.

In this context, it is pleasing to report that the employee engagement survey conducted during this reporting year achieved an Employee Engagement Index (EEI) score of 76. This is very favourable when benchmarked against other businesses and is the same score as our last survey in 2018, suggesting that we have successfully supported employees during the pandemic.

### **Driving diversity and inclusion**

We are proud to be an equal opportunities employer, and we are dedicated to eliminating discrimination and encouraging diversity across our entire workforce. To support this, we launched our diversity and inclusion (D&I) strategy during the year, informed by data from our employee engagement survey.

Our plan of action includes reviewing and enhancing our recruitment processes, templates, and attraction strategies with an inclusion lens, reviewing all our people policies to ensure gender neutral language as well as ensuring our policies are set up to benefit those from under-represented groups and are not indirectly perpetrating any inequalities.

**‘This was an important year for us as, alongside dealing with the continuing pressures associated with COVID-19, we were able to accelerate our strategy and take the opportunity to refresh our purpose, vision, and values.’**

We will also be launching learning and development tools to support our D&I strategy. We continue to produce regular gender pay gap reports, we support the Women in Science and Engineering (WISE) initiative and are proud signatories of the Women in Defence Charter, which is dedicated to equal opportunity in the defence and security industries.

#### **Evolving for the future**

Our survey also revealed a high level of satisfaction and growing support for our sustainability ambition. Our people care about the impact of their work and the opportunity to make a difference. This is a welcome outcome as it supports both our work to reduce greenhouse gas emissions and our growing role in supporting customers as they face more intense climate-related challenges.

Protecting the environment and delivering design and engineering solutions to improve safety, efficiency and optimise performance, is part of our heritage and forms an essential offering within our capability today. This year has been about recognising our potential and identifying how our capabilities can deliver enduring prosperity and sustainability in the best interest of our employees, suppliers, customers, and communities, both today and leading into the future.

We have signed the Business Ambition for 1.5°C Pledge, which means we are committed to setting science-based emission reduction targets across our value chain.

#### **Looking ahead**

This was an important year for us as, alongside dealing with the continuing pressures associated with COVID-19, we were able to accelerate our strategy and take the opportunity to refresh our purpose, vision, and values. That puts us in a strong position for the future as we focus on key growth opportunities in ship design and invest in digital development that can unlock the enormous value of our data capabilities, particularly in the maritime shipping and environmental spheres. Aligning our long-held sustainability expertise more closely with evolving market needs represents another key opportunity.

In addition, the trilateral security pact, commonly known as AUKUS, announced during the reporting period, and the ongoing impact of the 2020 UK Ministry of Defence Integrated Review, both offer exciting opportunities ahead within our defence and security markets.



**Sarah Kenny**

Chief Executive, BMT





## Putting people first

“I worked at BMT for 20 years and left to take up a position as Professor of Naval Architecture at University College London.

After a four-year tenure there, where I gained experience of other organisations, and the ability to give back in developing ship designers of the future, I chose to return to BMT.

The company offered the most attractive role, benefits included: the variety of interesting work; that our people really want the business to succeed; and that I am afforded a good level of trust and autonomy in an agile organisation.

I am now able to apply the skills and network I developed in my time out of the business to support our strategy and objectives.”

**Catriona Savage**

Technical Assurance Director, BMT



## About BMT

We're driven by a belief that things can always be better, safer, faster and more efficient.

**‘Our vision is to be a global leader in solving the most impactful engineering challenges of our time.’**

1300+

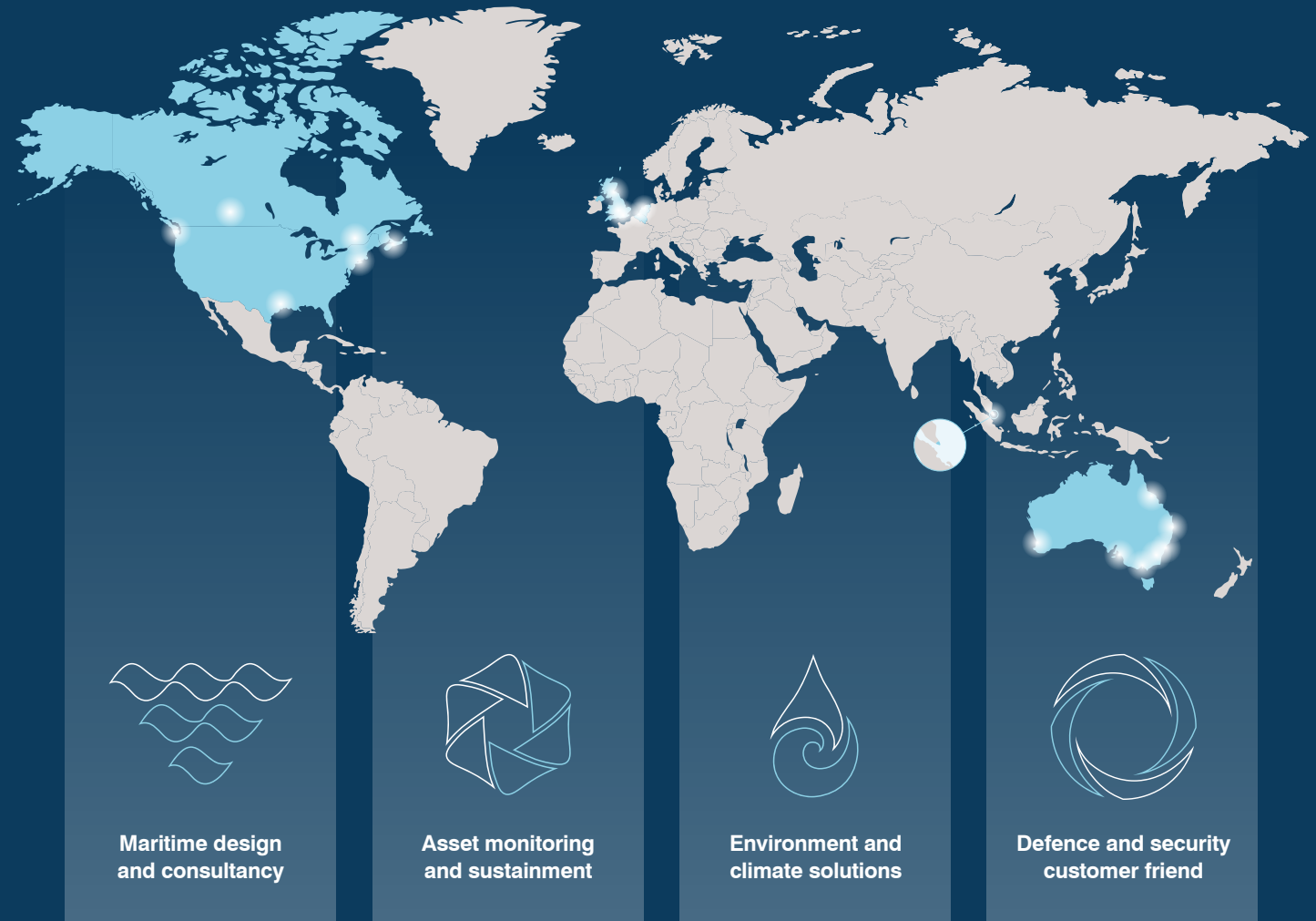
**employees**

27

## office locations

10

## countries



# Our strategy for growth

## Our vision

To be a global leader in solving the most impactful engineering challenges of our time.

## Our strategy

We are delivering on our vision through three strategic pillars:

<b>Sustain the core</b>	Strengthening our capabilities across core business areas to ensure resilience and access new opportunities.
<b>Growth through collaboration</b>	Building strong relationships within BMT, with customers and with partners to draw value from the full breadth of our global capability.
<b>Exploit and invest in innovation</b>	Using technology to drive innovation, create efficiencies and add value to existing propositions.

Which we implement across our **four core business areas:**

<b>Maritime design and consultancy</b>
<b>Asset monitoring and sustainment</b>
<b>Environment and climate solutions</b>
<b>Defence and security customer friend</b>

This is underpinned by the **values** that we endeavour to operate by:

<b>Trust</b>	<ul style="list-style-type: none"><li>• Our customers can always rely on us to perform and deliver as their trusted partner</li><li>• We keep our promises and do everything with integrity.</li></ul>
<b>Innovation</b>	<ul style="list-style-type: none"><li>• We combine knowledge and expertise to develop insights into tomorrow's problems</li><li>• We are imaginative and agile in our thinking and adaptable in our delivery.</li></ul>
<b>Passion</b>	<ul style="list-style-type: none"><li>• We are passionate about delivering meaningful outcomes and love the challenge of solving our customers' most complex problems</li><li>• We are passionate about engaging with and investing in the communities in which we operate.</li></ul>
<b>Respect</b>	<ul style="list-style-type: none"><li>• We respect our customers, partners and colleagues, investing in building enduring relationships on which we depend</li><li>• We respect the environment in which we operate and seek to have a positive impact upon it</li><li>• We value diversity of thought and people.</li></ul>
<b>Collaboration</b>	<ul style="list-style-type: none"><li>• We empower teams to achieve their potential, going further than any person could alone</li><li>• We are driven to succeed and share that success with all our people.</li></ul>



## How we deliver our strategy

We focus on three operational priorities:

### Performance

By delivering strong financial performance, we can invest in new capabilities, drive future growth and, through meaningful profit distributions, connect everyone to our shared success.

### Customers

By understanding customer needs and ensuring they are represented in everything we do, we can build and maintain the trust that is core to our business.

### People

Competitive remuneration and benefits will help attract and retain talent. By providing our employees with professional development, challenging work, and career opportunities we will win the 'war for talent'.

Underpinned by our commitment to **sustainability**

We are taking evolutionary steps across the business that are enabling us to build resilience and increase the value we provide to our stakeholders and the environment.



## Our strategic priorities for growth

We have identified exciting growth opportunities in both ship design and in the rapid development of digital capabilities to offer integrated environmental solutions and advanced asset lifecycle services. These opportunities will underpin our future prosperity and growth.

### SHIP DESIGN

#### Commercial:

Grow regionally focused technical sales teams to compete against established competition and enable the growth of our ship design capabilities in key markets.

#### Defence:

Implementation of a global ship design operating capability supported by improved technology, process, and organisational structure.

### DIGITAL DEVELOPMENT

#### Advanced Lifecycle Services:

Building a market-leading end-to-end Asset Performance Monitoring Data and Decision Support Services business that will serve our asset-intensive customer base, focusing on vessels, offshore energy platforms and maritime infrastructure assets.

#### Environmental Solutions:

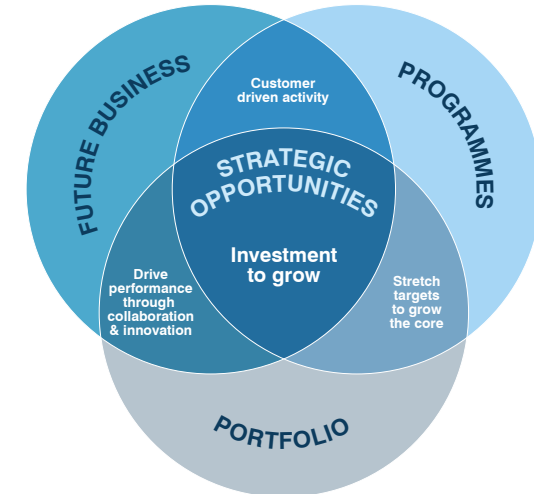
Developing an environmental data platform for use by ports, aquaculture, and offshore energy customers.

### ENABLED BY

#### Campaigns - Ship Design & Climate Risk & Resilience

An integrated approach to Products, Innovation and Research & Development.

## How we drive strategic progress



## What will success look like?

We will be a globally aligned business, adapted locally to reflect different geographic regions and markets in which we operate, but delivering value through common processes, tools, and the way we manage information. This in turn increases the reliability of our performance, the efficiency of our delivery and gives us the ability to deploy our global capabilities more effectively, sustainably, and profitably. It also means career development opportunities at a global, not just local level so we can both attract and retain the best talent.

We will measure our success through financial and non-financial KPIs including EBITDA, value of customer orders, employee engagement scores and customer satisfaction levels.



## Our operating performance | Asset Monitoring and Sustainment

We provide high-value independent engineering and design services to customers in the energy sector (including oil & gas and renewables), coastal infrastructure (including ports, terminals and marinas) and mining and machinery.

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### Market context

As the reporting year progressed, we saw how a combination of higher energy prices, greater environmental awareness and the need to maintain ageing infrastructure created a strong market context for our products and services. Investment decisions that had been delayed earlier in the year by low oil prices and the COVID-19 pandemic began to be given the go ahead, further improving market opportunities.

Environmental assets are an increasingly important component of global assets and our long and successful track record of delivering environmental asset modelling and monitoring projects across the project life cycle means that we were well positioned to benefit from a number of market drivers seen during the year. These drivers include a greater focus on compliance and regulation, a growing public awareness of issues such as climate change, and companies' increasing focus on corporate social responsibility.

### Performance

Given the market context described above, we made strong progress with several notable wins in Canada in the form of research and development projects and core integrity engineering assessments. In the Americas, field maintenance and data services for operational systems had a slow start to the year due to quarantine restrictions but strengthened as pandemic conditions normalised during the year. The systems team successfully worked through three large LNG-related commissioning phases and also delivered upgrades to key energy customers.

In Asia Pacific, our team of monitoring specialists designed and implemented monitoring programs at a variety of spatial scales. This involved using satellite imagery, drone and photographic data and images, field assessments and chemical monitoring to deliver valuable customer insight. Our strong reputation and robust processes, which are fully compliant with relevant regulatory standards, meant we were recognised by a range of customers for our exceptional work in this area.

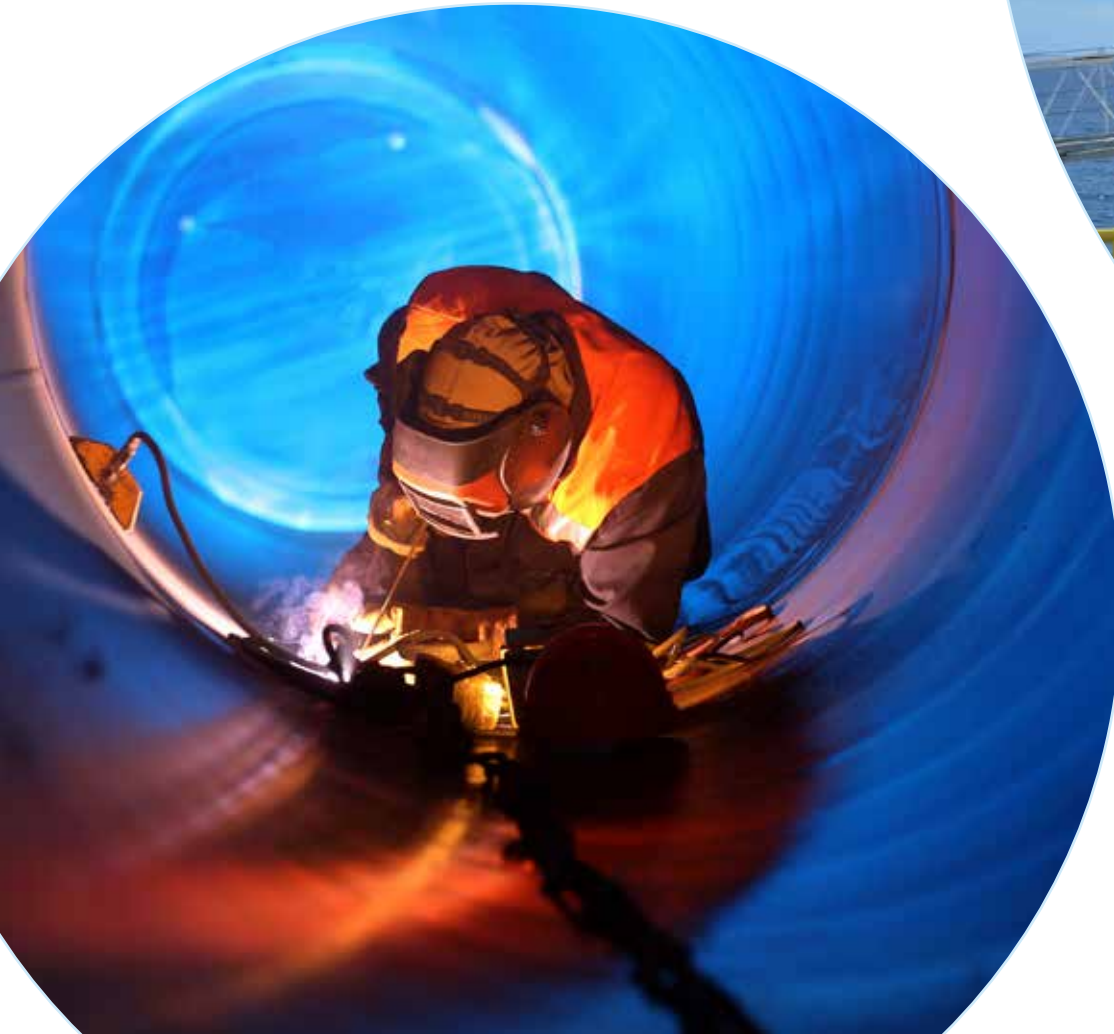
### Strategy and organisation

In Canada, we welcomed two new franchise players to support new and existing service lines. Following the closure of our office in Brazil, we began building and expanding our new asset monitoring and sustainment team in Houston, Texas. In Australia, we continue to support long and short-term environmental asset monitoring programmes through approaches that now include our use of Environmental DNA(e-DNA), which is DNA collected from environmental samples like soil, seawater or air, drone technology and sophisticated analyses of remote imagery. We are also collaborating across the business globally to develop and deliver analytical and data presentation material through BMT Deep, the cloud-based platform that stores, manages, integrates, post-processes and displays vast datasets using AI.

### Highlights

Our long-standing reputation with major regulatory pipeline agencies led to a number of key project wins, further reinforcing our reputation as a centre of excellence in this area.

‘We made strong progress with several notable wins in Canada in the form of Research & Development projects and core integrity engineering assessments.’



Our latest Independent Remote Monitoring System (IRMS-GEN 3) system was in demand from a number of major energy industry players during the year, including BP, Shell and Oxy. It is a self-powered black box solution for remote monitoring and communication with offshore drilling rigs and production platforms. (Above)



## Our operating performance | Asset Monitoring and Sustainment *continued*

### Highlights continued

Our environmental monitoring programmes are helping to assess the effectiveness of rehabilitation projects that aim to conduct the vital restoration and recovery of the Great Barrier Reef, Australia. *(Below)*

We are delivering monitoring surveys and developing a technical review of long-term changes as part of the Port of Ashburton Coastal Monitoring project in Australia. *(Below right)*



We are helping the Port of Brisbane in Australia to develop an environmental monitoring programme to understand the condition, values and stressors operating at and adjacent to the port area. *(Left)*

We are providing ecological and water quality monitoring support to Australian property developer Mirvac in the operation of an urban lake at their Newstead Riverpark development, Brisbane. *(Below)*





‘The need for clean energy and pressure to protect the natural and built environment are rising up the agenda for both the private and public sector.’



We are managing Chevron Australia's Coastal Stability Management and Monitoring Programme (CSMMP), which measures the materials offloading facility (MOF) at Barrow Island. *(Above)*

Finally, we continue to manage and implement Cockburn Cement Limited's (CCL) Shells and Environmental Management Programme (EMP), which addresses the potential impacts of CCL's resource dredging programme at Owen Anchorage, Western Australia. *(Above right)*

*‘Cockburn Sound – Drivers, Pressures, State, Impacts, Responses Assessment 2017 Summary Report’ »*

## Outlook

With the worst of the pandemic appearing to be over, we can expect to see a greater stability of demand and a more regular investment flow from our customers. We expect this to create further opportunities, with the potential to expand and deepen our customer base by drawing on the capabilities and contacts across the whole of BMT.

In the energy sector, we expect increasing oil & gas prices to help us not only access new opportunities in clean energy, but also progress existing ones that are currently waiting for final investment decisions (FID). However, markets will remain competitive and investment in technology will be essential to maintain our advantage as competitors' team up to accelerate their digital presence and embrace automation capabilities. The need for clean energy and pressure to protect the natural and built environment are rising up the agenda for both the private and public sector. While this plays to our proven strengths, it is also attracting new players keen to win business, even at low margins. Another challenge is the so-called 'war' on talent, which we can only win by continuing to provide our people with the right rewards in all senses of the word – from excellent remuneration and development opportunities to the prospect of exciting, purposeful work.

While these challenges need to be addressed, we believe they will be worth the effort because the opportunities ahead to support the energy transition are substantial. Ultimately, our success will be defined by our ability to develop and progress technology to take on the challenges that matter and create efficiencies for our customers.

## Operating performance | Defence and Security Customer Friend

We provide independent engineering, design, management and programme consultancy services in the 'five eyes' defence and security markets of Australia, Canada, the US and the UK. Our technical expertise, collaborative approach and impartiality help our customers to meet their most complex engineering and programme challenges.

### Market context

During the reporting year we saw the impact of both the global economic recovery and continuing pressure on governmental budgets. The impact on defence spending in the UK was characterised by a reduction in available funding for resources but an increase in government capital expenditure as a resurgent Russia and emergent China changed the strategic context. Future UK spending was detailed in the 2020 Integrated Review and indicated a shifting emphasis to investment in: research and development (science and technology); cyber, space and digital enablers and the establishment of a major shipbuilding pipeline. In addition, it featured a multi-billion-pound investment in strengthening nuclear and conventional deterrent capabilities in both the North Atlantic and Asia Pacific, with a focus on underwater battlespace (UWB).

The competition to secure and maintain long-term government support contracts is strong with companies collaborating, teaming, and developing joint ventures. Large companies are willing to compete for high volume, low margin work to provide long-term security or other corporate or operational benefits.

### Performance

Despite the challenges related to government spending, performance across our defence and security services was strong. This reflects the reputation that we have developed as a reliable, independent technical advisor and customer friend trusted to play an essential role in the successful delivery of capital equipment and change programme activity. As a result, we experienced continued and progressive growth of both design and engineering support as well as asset performance services business lines, especially in the digital and underwater areas of the UK Ministry of Defence (MOD). Our technical and management consultancy business line has also continued to perform strongly, winning repeated work with London's Metropolitan Police.

### Strategy and organisation

In the UK, we are well placed to seize the opportunities from a clear shift towards more data-centric, digitally driven and autonomy-enabled future defence forces. Outside the UK, we are focused on extending our capabilities in Canada with a new office in Victoria, British Columbia, expanded office capacity in Halifax, Nova Scotia and are taking the first steps towards office expansion in Ottawa, Ontario. Increasing shortages of skilled people across the defence industry and specifically combat system engineering, integrated logistics support (ILS), safety and training services is allowing us to capitalise on the increased outsourcing of project engineering and management to increase revenue.



## Highlights

We won significant further work within the UK's Future Maritime Support Programme (FMSP), where we continue to work with Babcock to deliver safe, capable and available in-service submarines to the Submarine Delivery Agency. *(Below)*



We are leading the UK's Submarine Common Combat System maintainer training under a contract with BAE Systems. *(Above)*

In partnership with Atkins, we led a multi-million pound Asset Management service for the UK's Submarine Delivery Agency. *(Above right)*

**'In the UK, we are well placed to seize the opportunities from a clear shift towards more data-centric, digitally-driven and autonomy-enabled future defence forces.'**



## Our operating performance | Defence and Security Customer Friend *continued*



The UK's T45 Power Improvement Project (PIP) achieved a key milestone as HMS DAUNTLESS underwent a series of trials in harbour. The ship is due to return to sea shortly for sea trials, prior to a return to service. The PIP update is a highly complex update and addition to the T45's Power and Propulsion systems. *(Above)*

### Highlights continued

We provided extensive guidance and support to Canada's Department of National Defence Naval Training Program. The project includes programme and procurement management, the review and management of course plans and materials, training administration and updates to policies. *(Right)*

We are helping Canada's Department of National Defence Maritime Equipment Program Management System to achieve its strategic objectives by providing decision support tools and supporting obsolescence management, spares prioritisation, performance management and risk management. *(Below)*



After completing a Life of Type Extension Study for the Sail Training Ship Young Endeavour in 2016, we were asked to provide updated findings to help determine its future. *(Right)*

Our successful Whole Life Warship Capability Management course is now being used throughout the Capability Acquisition and Sustainment Group (CASG) and the Australian Defence Industry. *(Below)*



‘Growth opportunities will come from an increase in defence spending in a changed strategic context, which is being driven by a resurgent Russia and emergent China.’

## Outlook

The opportunities presented in the defence and security market are as a result of a clear shift towards a data-centric, digitally-driven and autonomy-enabled future force able to operate across the domains of air, sea, land, space and cyber. Platform-centric thinking is being replaced by systems-based approaches that favour technical and systems engineering solutions. The separation between military bespoke and commercial off-the-shelf capabilities is becoming increasingly blurred and the UK Government's targets for Net Zero 2050 is driving investment into low carbon and alternatively fuelled capabilities. Growth opportunities will come from an increase in defence spending in a changed strategic context, which is being driven by a resurgent Russia and emergent China.

Government framework contracts provide stability and assurance of future work, but an over-reliance drives risk into business sustainability that should be mitigated through the diversification of our customer base, both on the government customer side and across the industry provider network.

Our ability to seize these opportunities is primarily linked to developing and retaining the right skills and experience in our workforce to support our customer's shifting emphasis in a competitive resource market. Retention must be a primary concern whilst we look to expand our junior resource base in the areas of predicted growth.



## Our operating performance | Environment and Climate Solutions

As business, industry and governments face greater public scrutiny on environmental issues, we provide the expertise that they need to measure, monitor and manage environmental risks.

### Market context

Multiple drivers continue to support strong interest in our environmental and climate-based professional services. These include the need to address climate change through decarbonisation and the need to mitigate against more extreme weather conditions. Services that can help organisations address Governmental priorities, meet societal expectations around environmental quality, drive corporate behavioural change and provide purpose-driven outcomes for customers are particularly in demand, both now and in the foreseeable future.

Our main market presence in the environment and climate sector is in Australia, extending into the adjacent Pacific market. Market conditions for environmental consulting over the past year in Australia have generally been favourable but competition remains strong from both larger engineering firms and small operators.

In the UK, the hosting of COP 26 in Glasgow in November 2021 acted as a major spur for climate-related investment and interest as noted by the national Climate Change Committee's work during 2020/2021: the UK's Sixth Carbon Budget (Dec 2020); a report to UK Parliament (Jun 2021); an independent assessment of the UK's Net Zero Strategy (Oct 2021); and the release of the new Environment Act (Nov 2021).

In the defence sector, the UK Ministry of Defence Climate Change and Sustainability Strategic Approach was released in March 2021 and the Defence Equipment & Support Environmental Strategy launched in May 2021. These policy drivers resulted in the initiation of action at multiple levels and across all HMG-Defence related agencies.

Following legislation to make climate risk disclosure mandatory in New Zealand and the outcomes of COP 26, many government and share/stock exchanges are also now moving towards the introduction of mandatory climate risk disclosure. In our Asian markets, this includes the Singapore Exchange's announcement in late 2021 regarding mandatory disclosures. All disclosures will need to be supported by technical climate risk assessments across decarbonisation and physical risk.

Environment and climate markets in North America remained strong, particularly with the Biden and Trudeau administrations announcing further investment in climate action post-COP 26. This is underpinned by investment in climate and natural hazard mapping work at both state and municipality level.

Across all markets, COVID-19 remained a significant factor in influencing the pace of environmental investment, causing uncertainty on project budgets, planning, timing, and logistics (esp. travel and fieldwork) for many customers.

### Performance

With many consultants positioning themselves in the broader ESG sphere, environment and climate was a highly competitive market during the reporting period. Customers have been able to demand quick turnarounds for bids and projects, which impacted our delivery and workflow/cashflow.

Within the UK, we continued to deliver our niche environmental services markets across the oil and gas sector (predominantly supporting customers in the North Sea with environmental permitting), floodplain management and broader sustainability services as part of defence and other UK Government contracts. Opportunities to apply this expertise to a broader subset of marine industries to support the transition to a low carbon economy were explored.

The flood mapping and modelling market remained stable, although much of the investment continues to be driven by large 'framework' contracts through the UK Central Government, which we can only access through larger partners.

In Australia, our technical expertise is well-known and is held in high regard, especially in states such as Queensland, New South Wales, Western Australia, and Victoria, where our flood modelling, coastal engineering, aquatic ecology management, climate risk and environmental approvals for infrastructure projects were in demand.

Overall, climate-related work in Australia was steady with a healthy pipeline of proposals and leads. We have won a major piece of work in the Pacific (with SPC) at the end of 2021 which continues our push into the wider region.



In Singapore, we have been building awareness of our services in climate risk, and to leverage the Singapore Exchange announcement that companies need to do more in terms of climate risk and resilience in the region. In Canada, initial engagement was achieved with key customers including the Department of National Defence and Canadian National Agencies. A business development strategy was established to assist the business line, leveraging existing customers and markets.

### Strategy and organisation

Our involvement in the Blue Economy Cooperative Research Centre (CRC) and the Australian Ocean Energy Group (AOEG) have been integral to developing our reputation in marine renewables. Continued investment will help us to build our project portfolio and establish ourselves in this sector.

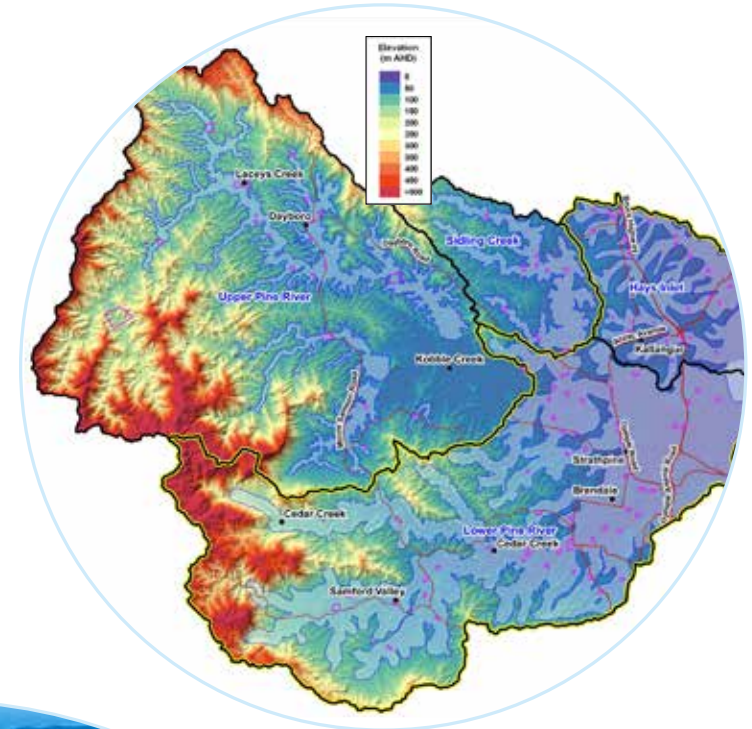
Similar strong relationships have been forged or continue with other external organisations such as the Energy Industries Council (EIC) in the UK, the Institute of Asset Management (IAM), Maritime UK and the World Ocean Council.

We have recently been named as the inaugural exclusive Environment Partner for the Asia-Pacific (APAC) Marina Industries Association, which places us in a unique position to engage with the industry on a range of climate and environment issues.

### Highlights

*We have been commissioned to conduct further flood modelling for Moreton Bay Regional Council, Queensland, Australia, using our powerful proprietary software, TUFLOW HPC, in response to a major revision to the national guidelines used for flood estimation, Australian Rainfall and Runoff 2019, as well as new survey data and advances in our flood modelling. (Right)*

We are supporting the development of a new container port in Cockburn Sound in Western Australia which aims to unlock the state's economic growth. Our work on the Westport project will involve metocean and ship motion assessments to support early design development. (Below)



## Our operating performance | Environment and Climate Solutions *continued*

### Highlights continued

*We have been engaged as part of an alliance to help global beverage manufacturer Asahi understand and manage water risks at their production plants in Australia and New Zealand. (Below)*



We are assisting a joint venture of mineral resource companies by providing the feasibility assessment of the marine transshipping logistics chain, including preliminary design development of the marine loadout facilities for the Southdown Transshipping Project in Western Australia. *(Above)*

We have been commissioned to conduct a multi-hazard risk assessment and to develop town plans for Lenakel and Lakatoro in Vanuata, in the southwestern Pacific Ocean. The World Bank are funding the project to strengthen early warning, resilient investments and financial protection in the Pacific Island Countries. *(Left)*



We have won our first full-scale coral reef restoration project in the Great Barrier Reef World Heritage Area, working directly with the port industry to restore degraded reefs affected by severe flooding. *(Below)*



We are involved in the Perth Long Term Ocean Outfall Monitoring (PLOOM) programme in Australia, a vital project to understand and mitigate the environmental impact of dispersing treated wastewater into the ocean. *(Right)*







We are helping the University of Western Australia's Wave Energy Research Centre to design and deploy a prototype-scale Wave Energy Converter (WEC) in King George Sound, Albany, Western Australia. *(Above)*



We won two notable climate risk and resilience projects in UK Defence during 2021: providing the Royal Navy's Climate Change and Sustainability Strategy lead and undertaking an analysis of climate change flooding risks related to the Portsmouth Naval Base in Hampshire. *(Above)*

Our metocean team has been commissioned to undertake detailed studies to inform the detailed design and construction phases of the pipeline for the Sakarya gas field development in deep waters off the western side of the Black Sea, Turkey. *(Below)*



## Outlook

An opportunity exists for us to help customers build environmental and climate resilience from its inception rather than waiting for the issues to 'mainstream'. Our complementary capabilities in metocean analysis, coastal engineering and around environmental data are also going to become increasingly valuable as customers invest in technology-enabled solutions and develop robust responses to complex risk issues.

These opportunities will be supported by continuing collaboration across the company, strengthened by additional business development resources, helping to facilitate greater co-operation on marketing, bids, and potential projects across geographies.

However, we cannot hope to take advantage of these opportunities if we do not continue to attract, develop, and retain the people who build our reputation and deliver our projects effectively. We will therefore continue to make sure BMT is an exciting and satisfying place to work where exceptional people can deliver outstanding work.

**'An opportunity exists for us to help customers build environmental and climate resilience.'**

## Our operating performance | Maritime Design & Consultancy

From innovative ship designs and expert surveys to high-value vessel performance improvements, we help customers and their cargoes to arrive safely, effectively and on time.

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### Market context

This was another challenging year across many of our markets, with global COVID-19 restrictions and Brexit continuing to significantly impact the maritime sector. In response many of our customers redirected planned investment, but as the year progressed a trend around the phrase, 'getting on with it', emerged with decisions reflecting business sentiment.

We have also seen global economic recovery driving spending decisions and putting pressure on governmental budgets. The Defence and Spending Review in the UK brought some welcome certainty, enabling customers to start committing expenditure. In Canada, the National Shipbuilding Strategy has remained strong and continues to present in-country opportunities.

The energy market remained depressed as oil prices reached record lows – even achieving negative values. We did, however, continue to see growth in the offshore energy sector globally, with offshore wind projects being increasingly adopted across the world.

The move towards net zero has continued to drive the development and adoption of alternative fuels and energy-saving technologies within the industry. This was further accelerated by the introduction of tighter emission regulations by the International Maritime Organization (IMO) in June 2021.

### Performance

Despite a challenging year for the market, overall performance across our maritime design and consultancy services has remained strong.

As the year progressed, we saw the downward trend reverse and there was increasing demand for vessel surveys and from commercial operators looking to refresh their fleets. This led to an above average year for our ship design team, with higher demand for consultancy as well as whole ship design.

In the luxury yacht world, COVID-19 led owners to reconsider their needs rather than cancel contracts, meaning our design teams were kept busy responding to new preferences.

Despite being one of the hardest hit sectors, the cruise and ferry market started to show signs of recovery as COVID-19 travel restrictions eased, with sales of our ship simulation and training packages resuming within this sector.

### Strategy and organisation

The start of 2021 saw a restructuring of our global business development and sales and marketing teams to enable us to benefit from a more joined up and consistent approach to future business, as well as leveraging an intimate knowledge of customers, markets and local internal networks.

The start of the year also saw us consolidating our offices in Asia to create a new maritime hub in Singapore. This will support existing customer expansion plans and better align technology as shipbuilding companies, ship owners, and operators look for a next-generation consulting partner.

Our Canadian operations continued to grow with the establishment of a new engineering and design support role with a major shipyard in Canada, an opportunity which has significant growth potential. We opened a new office in Victoria, British Columbia, increased capacity in our Halifax, Nova Scotia office and started expansion renovations in our office in Ottawa, Ontario.



We were delighted that our innovative and environmentally-friendly ferry design won the prestigious Shippax Technology and Design 2021 award. The *Williem Barentsz* is an LNG-fuelled ROPAX ferry designed to operate in the Wadden Sea, the largest tidal flats system in the world and a UNESCO World Heritage Site.

‘The move towards net zero has continued to drive the development and adoption of alternative fuels and energy-saving technologies within the industry.’



## Our operating performance | Maritime Design & Consultancy *continued*

### **BMT in action**

The past year has seen the completion and delivery of two new passenger ferries in different parts of the world.

In the US, Kitsap Transit took delivery of Enetai, a 42-metre high-speed catamaran commuter ferry with capacity for 225 passengers. The vessel was built to our design by Nichols Brothers Boat Builders in Seattle, Washington. She commenced operations in Seattle in early 2021 and a sister ferry Commander was due for launch later the same year.



In Ireland, we supplied Aran Island Ferries' latest passenger ferry, the aluminium 40-metre Saoirse Na Farraige. With a capacity of 394 passengers, it's the biggest domestic passenger ferry in Ireland and operates from Galway. The Saoirse Na Farraige was built to our design by Cheoy Lee Shipyards in China.



We secured a multi-vessel design order for UK Ministry of Defence Police. Partnering with Marine Specialised Technology, we will be supplying 18 high-speed 15-metre patrol boats based on our new and more environmentally-friendly design for use at naval bases across the UK.







Team Resolute, a UK consortium consisting of Navantia, Harland & Wolff and BMT, were awarded the Competitive Procurement Phase (CPP) design contract by the UK Ministry of Defence. Team Resolute will be developing its proposal to build three support ships for the Royal Navy.



We delivered our first BMT REMBRANDT DNV Class A, B and C Full Mission Bridge Simulator at a Maritime Academy in Sabah, Indonesia, following a successful roll out of the technology to numerous academies across the country.

## Outlook

With economies across the world still very much in recovery mode and many customers adjusting to COVID-19-related impacts, future investment is likely to remain cautious across the sector.

We do, however, expect to still see opportunities in a number of the maritime sub-sectors that we operate in. Offshore renewables is a fast growing market with significant requirement for new assets, infrastructure and through-life support. We are also seeing an increased focus on compliance, managing environmental impacts and the need for green technology. Decarbonisation is driving the need to update, upgrade and replace assets across the whole maritime sector.

The shift towards data, digital and autonomy across the maritime sector, both at sea and onshore, can play to our strengths in these key areas. Similarly, as assets become more complex and business decisions become increasingly dependent on complex and technical evaluation, our services are well positioned to meet demand.

To take advantage of the opportunities that lie ahead, we will need to continue to both attract and retain the talent required to significantly grow revenue at a time of fierce competition for a limited resource pool.



# Financial performance

Profits from continuing operations rose to £10.6m in the reporting period, up from £8.6m the previous year.

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As detailed below, the year was complex but saw a healthy order book and steady margin improvement, enabling us to reward our employee members with a £6.5m profit distribution – a critical weapon in the ‘war’ for talent.

The summary financial statements on pages 30 and 31 provide the total results for the year, the financial position as at each financial year end and cash flows.

The complexities around the exceptional items with their revenue and costs and adjusting post balance sheet event are reflected therein.

## **BMT Designers & Planners Inc (“D&P”)**

On 1 February 2022, the independent Board of our US defence and security business filed for bankruptcy following failure to secure additional payment for contract change orders. The impact of this post balance sheet event has been reflected in the results for the year under review, using a break-up basis.

## **Business environment**

The pandemic combined with geopolitical pressures created mixed market conditions for both private and public investment around the world. Many of our customers are public sector-based and most of our services are categorised as essential, which has enabled us to continue delivering them despite restrictions in many of our trading markets for 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, the United States of America and the United Kingdom.

The UK remains the group's largest market, but it offered little scope for real growth in the reporting period, mainly due to economic uncertainty arising from the pandemic and the Government's defence and security review.

In North America, the US and Canadian markets offered opportunities for growth, with a strong defence sector complemented by the continuing recovery in the offshore energy sector. Defence and maritime environmental markets in Australia saw demand remaining steady in the public sector.

The markets in South East Asia continued to be challenging, further endorsing our decision to exit our Hong Kong, Malaysia, India and Indonesia businesses.

## **Margin**

Despite customers remaining cost sensitive, our ability to focus on and provide high-knowledge, high-value services helped us raise our EBITDA margin from 6.8% to 7.6% during the reporting period.

## **Cashflow**

We continue to efficiently manage our working capital, including our cash position. By doing so, and with the support of our customers, we have maintained a very strong liquidity position during the reporting year.

## **Order book**

Despite the uncertainty and operational challenges associated with the pandemic, the order book held up well over the past 12 months with an order intake of £160m (2020: £162m) from the continuing business and, into the current year with an estimated order intake higher than £160m.

## Pension

After a long period during which bond yields remain at or near historic lows, the reporting year saw yields increase in response to central bank interest rises and broader trends within the financial markets. This saw our total pension liability fall significantly during the reporting year, making it unlikely that we will need to make any further additions to our planned future contributions of £12.4m.

## Employee distribution

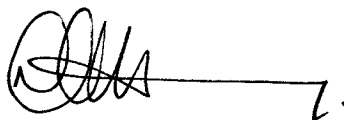
Our staff faced considerable pressures as they helped customers to navigate the uncertainty of the pandemic. We are also more aware than ever that the talents of our people are central to our current and future success. It was therefore fitting that we were able to distribute an employee dividend of £1.4m and bonus pool of £5.1m (totaling £6.5m), in line with our status as an employee benefit trust (EBT).

## Outlook

With a strong order book, margin growth and the continued application of our strategy, we are well placed to take advantage of what appear to be positive trends within our


key markets. In general terms, the retreat of globalisation appears to be intensifying a more regional approach, and in doing so reversing what many people see as years of underinvestment in Western defence markets. Security and environmental concerns are driving added interest in digitally-enabled, autonomous ships using cleaner energy sources. Higher commodity and shipping costs may make these investments more supportable.

Finally, as climate risk concerns come to the fore and regulation increases, we also see opportunities for our climate and environment related services to grow. By continuing to progress our strategy (as outlined on pages 10 and 11), we will be well positioned to take advantage of these opportunities ahead.



**David McSweeney,**  
Chief Financial Officer, BMT

PLEASE NOTE: This text and publication focus mainly on continuing operations during the reporting year and it measures progress against the previous year on a like-for-like basis. In doing so it does not include the impact of an onerous contract which led to significant liabilities during the previous reporting year but has now been addressed without further liability. Please see our statutory accounts for further explanation and financial details on BMT's website – [www.bmt.org](http://www.bmt.org)



‘With a strong order book, margin growth and the continued application of our strategy, we are well placed to take advantage of what appear to be positive trends within our key markets.’

# Summary Financial Statements

## Summary Consolidated Profit and Loss Account

	2021			2020 (Restated)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
<b>Group turnover</b>	<b>169.9</b>	<b>0.6</b>	<b>170.5</b>	<b>163.4</b>	<b>6.4</b>	<b>169.8</b>
Group operating costs	(156.4)	(0.7)	(157.1)	(170.9)	(10.7)	(181.6)
<b>Operating profit</b>	<b>13.5</b>	<b>(0.1)</b>	<b>13.4</b>	<b>(7.5)</b>	<b>(4.3)</b>	<b>(11.8)</b>
<i>Operating profit comprises: pre exceptional items</i>	10.6	(0.1)	10.5	8.6	(4.3)	4.3
<i>Exceptional items</i>	2.9	–	2.9	(16.1)	–	(16.1)
<i>Total operating profit as above</i>	13.5	(0.1)	13.4	(7.5)	(4.3)	(11.8)
Fixed asset investment movements (net):	–	(0.1)	(0.1)	(0.1)	(0.7)	(0.8)
Net interest payable	(0.9)	–	(0.9)	(0.9)	–	(0.9)
<b>Profit before BMT profit sharing schemes &amp; tax</b>	<b>12.6</b>	<b>(0.2)</b>	<b>12.4</b>	<b>(8.5)</b>	<b>(5.0)</b>	<b>(13.5)</b>
BMT profit sharing schemes bonuses	(6.5)	–	(6.5)	–	–	–
<b>Profit before tax</b>	<b>6.1</b>	<b>(0.2)</b>	<b>5.9</b>	<b>(8.5)</b>	<b>(5.0)</b>	<b>(13.5)</b>
Taxation	(2.7)	0.1	(2.6)	(0.6)	(0.5)	(1.1)
<b>Profit / (Loss) after tax retained for the year</b>	<b>3.4</b>	<b>(0.1)</b>	<b>3.3</b>	<b>(9.1)</b>	<b>(5.5)</b>	<b>(14.6)</b>
Profit / (Loss) as above			<b>3.3</b>			<b>(14.6)</b>
Other comprehensive income:						
Movement on pensions schemes			12.1			2.8
Revaluation of freehold land and buildings net			0.3			–
Unrealised net exchange movement on foreign equity investments			0.2			(0.2)
<b>TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE YEAR</b>			<b>15.9</b>			<b>(12.0)</b>

## Notes:

	2021	2020
	£m	£m
<b>Turnover</b>		
UK	74.2	78.1
EU	11.4	11.9
North America	54.1	41
Asia Pacific	29.2	35.2
Rest of World	1.6	3.5
	<b>170.5</b>	<b>169.7</b>
<b>Analysed by operations</b>		
Continuing		
– usual	162.5	163.7
– exceptional	7.4	(0.4)
Discontinued	0.6	6.4
	<b>170.5</b>	<b>169.7</b>
<b>Staff costs</b>		
Salaries	85.1	89.3
Social security costs	6.7	7.0
Retirement benefit costs	6.2	6.2
	98.0	102.5
BMT profit sharing	6.5	–
Total staff costs	<b>104.5</b>	<b>102.5</b>
<b>Average no. of Staff</b>		
Scientific & technical	1,016	1,102
Management & support	349	397
	<b>1,365</b>	<b>1,499</b>
Full time equivalents		



## Summary Consolidated Balance Sheet

	2021	2020 (Restated)
	£m	£m
Total Fixed Assets	13.6	13.1
Total Current Assets	89.9	89.3
Creditors: Amounts falling due within one year	(44.1)	(44.6)
<b>Net Current Assets</b>	<b>45.8</b>	<b>44.7</b>
Total Assets less Current Liabilities	59.3	57.8
Creditors: Amounts falling due after one year	(0.1)	(0.2)
Provision for liabilities & charges	(6.6)	(7.5)
<b>Net Assets excluding Pension Liability</b>	<b>52.6</b>	<b>50.1</b>
Pension Liability	(35.7)	(49.1)
<b>Net Assets</b>	<b>16.9</b>	<b>1.1</b>
<b>Capital &amp; Reserves</b>		
Profit and Loss Account	40.0	37.1
Revaluation Reserve	3.8	3.5
Pension Reserve	(27.0)	(39.7)
<b>Equity attributable to Owners of the Parent</b>	<b>16.8</b>	<b>0.9</b>
Non-Controlling Interests	0.1	0.1
<b>TOTAL Equity</b>	<b>16.9</b>	<b>1.1</b>

## Summary Consolidated Cash Flow Statement

	2021	2020 (Restated)
	£m	£m
Cash from Operating activities	2.4	11.3
Cash from / (used in) Investing activities	(2.9)	5.6
BMT Profit Sharing Schemes	–	–
<b>CASH (OUTFLOW) / INFLOW BEFORE FINANCING</b>	<b>(0.5)</b>	<b>16.9</b>
Cash from / (used in) Financing activities	(0.1)	(0.1)
<b>NET INCREASE/ (DECREASE) IN CASH</b>	<b>(0.6)</b>	<b>16.8</b>
CASH & EQUIVALENTS AT BEGINNING OF YEAR	41.9	25.1
<b>CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	<b>41.3</b>	<b>41.9</b>

## Notes:

	2021	2020
	£m	£m
<b>Stock</b>	<b>0.3</b>	<b>0.4</b>
<b>Debtors</b>		
Due within 1 year		
Trade debtors	23.1	19.9
Amounts recoverable on contracts	9.6	8.8
Prepayments	4.3	3.5
Corporation tax	1.1	1.1
Other debtors	0.8	1.2
	<b>38.9</b>	<b>34.5</b>
Due after 1 year		
Deferred tax	9.4	12.5
	<b>9.4</b>	<b>12.5</b>
<b>Cash</b>		
Cash at bank	41.3	34.9
Current asset investments	–	7.0
	<b>41.3</b>	<b>41.9</b>
Total current assets	<b>89.9</b>	<b>89.3</b>
<b>Creditors</b>		
Due within 1 year		
Income in advance	15.8	13.1
Accruals & deferred income	17.2	14.8
Trade creditors	6.1	7.2
Corporation tax	0.1	0.9
Other taxes & social security	3.9	5.7
Other creditors	1.0	2.9
	<b>44.1</b>	<b>44.6</b>

The Summary Financial Statements above have been prepared from the Audited Report & Accounts for the year ended 30 September 2021 and a full copy is available from Companies House website; [www.gov.uk/get-information-about-a-company](http://www.gov.uk/get-information-about-a-company)

# Delivering for our customers

## Supporting the UK Ministry of Defence submarine weapons upgrade programme

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We supported the Royal Navy Submarine Service on a major combat system and weapons upgrade programme. The complex and time-critical work drew on our extensive technical and domain experience, helping our customer maintain and improve programme delivery and optimise their supply chain.

“The performance from the BMT team has been exceptional and the effort from every single member has been fantastic in terms of delivery, attitude and leading with integrity.”

Head of Section, Submarine Delivery Agency,  
Combat Systems Delivery Team



# Managing risk and uncertainty

The Board has ultimate responsibility for determining the nature and extent of the risks that the business is willing to take and that the risks are effectively managed across the group. They oversee a risk governance process, with risk assessment increasingly embedded within our key management processes.

## Principal risks

The Group Risk Register prioritises material risks to the delivery of our strategy.

Some risks are outside the immediate control of the company and despite robust processes, these risks may occur without warning. Our ability to respond demonstrates the resilience to navigate through a changing environment, as we have seen in the last 2 years. The impacts from COVID-19 have been felt in our key markets, with travel restrictions and other mitigations introduced to varying degrees, (most notably across Australia and wider APAC region). Through deploying effective risk management processes to keep our employees safe and manage our cost base, we have been able to continue to deliver to the majority of our customers. We also recognise that many governments are sitting on high levels of debt from funding these mitigation strategies, and this may affect the timing of investment decisions. While we remain heavily weighted towards the UK market, we work across a number of sectors and geographies, with a diverse portfolio of services and capabilities

As we continue on our transformation to deliver strategic growth, we recognise that people are at the heart of what we do. We are investing in our people and our capabilities and are working through a significant change management

programme together with introducing new technologies to support how we operate. We mitigate the associated risks through employing a range of project and change management disciplines and through ensuring our people are at the forefront of our transformation journey. We have also developed a global careers map to ensure we retain the best people through encouraging opportunities for progression.

We have strengthened the risk assessment process early in the project lifecycle specifically at the bid stage, to help mitigate the risk of committing to potential onerous contracts, and through our transformation programme we are harmonising our project delivery processes across the group. We carefully manage our financial risks including long-term liabilities through employing appropriate funding strategies.

## Emerging risks

Emerging risks and opportunities are those that are developing or are changing, with the full impact being evaluated. While COVID-19 may continue to weigh on global economic outlook, more sophisticated cyber threats by state and non-state actors, together with the wider geopolitical risks will feed into investment decisions by governments and their suppliers. Therefore, we expect a greater focus on national and regional security including cyber security. We will continue to build on our long history of working with key governmental agencies

in these areas, and we undertake targeted investment to develop solutions and develop scientific and engineering capabilities to address these ever-changing threats.

Climate change and extreme weather events will continue to influence economic policy, factoring into infrastructure and capital investment decisions. We are assessing the ESG risks in our business and are working to reduce our carbon footprint as a business and ensure our supply chain continues to meet global ethical standards. We also seek to use our collective engineering expertise to work with our customers and partners to accelerate the transition to clean energy (including within the defence and maritime sectors) and to reduce the environmental impact of extractive industries. Climate change and extreme weather events also have the potential to impact how we operate. Our business must ensure that its climate-related risks are appropriately identified, managed, and mitigated. In response to this we are voluntarily aligning with the guidance from TCFD and considering the impact of climate change throughout the business strategy and project delivery.

## Risk appetite

To achieve our ambitious strategy, we recognise the need to take a well-considered and balanced approach to risk. In areas including pipeline growth, organisational transformation, and innovation we are willing to accept a higher level of risk. Our risk appetite in matters of compliance, ethics, cybersecurity, and safety is naturally lower and we are more cautious in our approach.

A table of our principal risks, why they are important and how we manage them is shown overleaf.



# Managing Risk and Uncertainty *continued*

Risk	Why it's important	How we manage it
<b>Global Pandemic</b> <i>Strategic Priorities</i> Customer, Performance, People	<p>The arrival of new variants or pathogens could lead to renewed travel or supply chain disruption, impacting delivery of customer or internal BMT projects. Market volatility, high debt levels, and competing demands on government budgets could impact the timing of investment decisions, while contract values may not grow in line with inflation.</p>	<p>We adapt our ways of working to minimise the health risks to our employees and stakeholders while enabling us to deliver on projects. We carry out annual integrated strategic planning exercises that are stress tested for a range of outcomes across all our markets. We continually monitor our cost base and take active, immediate, and concerted efforts to protect cash reserves in response to business or market volatility.</p>
<b>Strategy, Future Business &amp; Brand Management</b> <i>Strategic Priorities</i> Customer, Performance, People	<p>While we work across several geographies and industries, we are reliant on long-term relationships with several key customers and partners, (with a specific concentration on the UK market).</p> <p>The requirement to agree to customer T&amp;Cs may expose the Company to unfavourable contractual terms or price caps. Failure to assess adequately the contractual, technical, and delivery risks at the bid stage could commit BMT to onerous contracts with potential for financial loss, legal claims, and material damage to our reputation and brand.</p>	<p>Our key account managers work with our main customers to ensure we are the engineering delivery partner of choice and provide solutions aligned with their requirements and budgets.</p> <p>We invest in our people, in our business development strategies, and in our systems and processes to ensure we remain competitive and build a solid pipeline of profitable business across relevant sectors and markets. We have established bid and contract approval processes, with commercial, technical, financial, and legal oversight of potential risks and we work with our insurers to ensure our coverage is appropriate.</p>
<b>Business Transformation - Change Management and Investment in Innovation</b> <i>Strategic Priorities</i> Customer, Performance, People	<p>New technologies and industries trends change how our customers operate, and constant innovation is required to stay competitive and relevant.</p> <p>We are working through a significant business transformation and organisational change management programme that involves the development of global business services and project delivery functions. This is supported by the rollout of a global ERP system and a digitalisation strategy and targeted R&amp;D investment.</p>	<p>We manage transformation risks through a range of change management programme disciplines, close engagement with senior leadership and with our employees, and continuous monitoring and communication of the benefits. We seek to allocate the time and resources to minimise the risk to our day-to-day business.</p> <p>Through the oversight and governance by our senior leadership team we ensure our investment decisions are aligned with our strategy. We invest in innovation that will give us a competitive advantage and are working to optimise the return from our existing product portfolio. We launched a digitalisation strategy to help drive efficiencies and sustain the skills necessary to support our customer.</p>
<b>Programmes and Project Delivery</b> <i>Strategic Priorities</i> Customer, Performance, People	<p>We contract and deliver to a wide range of customers across many geographies. Our reputation is core to who we are and how we operate, and we commit to get it right first time. The need to manage consistently and effectively a diverse project portfolio, requiring different capabilities, and with reliance on third parties occasionally, may impact our performance and could lead to contract losses and reputational damage.</p>	<p>Project delivery is managed through the business and project lifecycle process with the application of relevant policies and procedures and management systems, reinforced by reviews. The transformation and organisational change management programme will enable us to optimise our delivery function, strengthen our technical assurance and drive consistent standards of project management across the Group.</p> <p>We have invested to ensure we deliver quality solutions, and we undertake customer satisfaction monitoring using the feedback to improve our performance.</p>

Risk	Why it's important	How we manage it
<b>Physical, Data and Cybersecurity Risks</b> <i>Strategic Priorities</i> Customer, Performance, People	A breach of physical or data security, cyber-attack or system failure could adversely impact our business and potentially our stakeholders, and may lead to a breach of regulations, exposing the company to financial and reputational losses.	We adopt a multi-layered approach, using appropriate physical and network security measures to protect our systems and data. We employ several software tools to monitor and support our data and systems security. All employees are required to take mandatory training. We assess our network resilience and security, including undertaking cybersecurity health-checks, and we adapt our mitigations using available software tools where practical.
<b>People – Attraction, Retention &amp; Development</b> <i>Strategic Priorities</i> Performance, People	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 we 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 facilitate succession planning. We provide a number of platforms for training and development and for employee engagement. Our transformation programme will facilitate greater collaboration and knowledge sharing across the organisation.
<b>Financial Management</b> <i>Strategic Priorities</i> Performance, People	<p>We fund our current operations and our future needs through funds held in banks or managed by external fund managers. Our funding needs are dependent on our performance and our ability to generate positive cashflows and profits.</p> <p>While the majority of our revenues are generated in the UK, the Group is exposed to movements in foreign currency exchange rates for the translation of net assets, revenues, and expenses of our overseas subsidiaries, as well as any assets and liabilities denominated in foreign currencies.</p>	<p>Senior level committees have been established with specific responsibilities for management of the Group's finances, having regard both to funds held internally and to those managed by external fund managers. We closely monitor cashflow forecasts and payment performance, both at individual project and client level.</p> <p>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.</p>
<b>Long-term Liabilities Defined Benefit Pension Commitments</b> <i>Strategic Priorities</i> Performance, People	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 deficit funding.	We manage the DB scheme liabilities by implementing appropriate funding strategies based on actuarial valuations. We work with Trustees to employ the services of a Fiduciary Management Investment organisation to execute and manage the approved investment strategies on behalf of the Trustees.
<b>Legal, Ethical &amp; Compliance Risks</b> <i>Strategic Priorities</i> Customer, People	We work across several highly regulated industries and markets, and we hold the trust of our stakeholders to be compliant, and to behave ethically and responsibly, and follow all the relevant regulations, (including trade and export trade sanctions, ITAR (International Trade in Arms Regulations), UK Bribery Act etc.).	We manage the risk of a significant breach of ethics or regulations by instilling the right behaviours and culture, supported by clear policies and procedures, including mandatory training and compliance. We maintain an independent, confidential helpline to enable employees or third parties to raise concerns. Due to the nature of our business, we assess potential risks at the bid stage to allow the requisite mitigations to enable compliance with the relevant legislation (such as ITAR or tax regulations).

For climate related risks, see our [Sustainability Report](#)

## Putting people first

“Since joining BMT in September 2020, the Global Graduate and Apprenticeship Programme has helped me gain knowledge in consulting, communication, interpersonal and project management skills.

What I like most about BMT is that everyone is there to support you. As an apprentice you're still learning every day and being surrounded by supportive employees truly helps you to learn and develop.”

**Amelia Nicholas**

Engineering Design and Draughtsperson Apprenticeship



# Our governance and oversight

We maintain a strong governance framework that supports effective strategic and operational decision making and risk management for a successful and sustainable business.

Our Board is fully committed to ethical business practices, and we are determined to not only meet our responsibilities to our stakeholders but also to seek and achieve ongoing improvements in the governance standards that we apply globally across the business.

As a private company we are not required to comply with the UK Corporate Governance Code 2018 (Code), but we have developed our own Corporate Governance Model (CGM). The CGM provides a high level of corporate governance, applying the principles of the Code. Its purpose is to assist our Board and committees in exercising their responsibilities and serving the best interests of the group, its people, and customers. In the sections that follow, we describe our key areas of governance and explain how and why we implement them.

## Our ownership structure

BMT Group Ltd is the 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.



# Our governance and oversight *continued*

## Who governs BMT?

We are governed by our Board of Directors, who use their industry experience and business leadership to develop our vision and strategy. The Board of Directors comprises the Chief Executive, Chief Financial Officer and independent non-executive directors with relevant skills and experience who bring a fresh perspective and oversight to the business. Directors are expected to provide rigorous and constructive challenge on matters that are discussed at meetings. Please see our website for a full list of board members and their skills and experience. Our Executive Committee is responsible for working with our Chief Executive to implement our strategy.

BMT's Terms of Reference of the Board and its Committees transparently set out their respective duties and responsibilities. The Global Delegations Matrix clearly delegates authority across BMT so that every employee knows who can make key business decisions.

## How are Board members appointed and how often do they meet?

We have a minimum of four Board meetings a year plus Strategy days and regular Committee meetings. We believe that it is healthy for members of the Board to be periodically refreshed and this is regularly reviewed, with succession proactively planned.

Appointments to the Board are made following a formal rigorous and transparent process; based on merit, taking into account the skills, experience and diversity needed on the Board in the context of BMT's future strategic direction.

During this financial year, Charles Packshaw was appointed as Chairman of the Board of BMT Group Ltd, following Sir John Hood's retirement. Wendy Barnes was also appointed as Chair of Trustees and Sue Mackenzie was appointed as a Board Member and a member of the Remuneration and Nomination Committees.

## How is board performance evaluated?

The skills, knowledge and experience needed for an effective Board are regularly reviewed. The composition of Board Committees meets the independence guidance of the Code.

In order to support the Board with driving sustained improvement in its effectiveness and performance, an evaluation of the Board and its Committees was carried out by an external consultant. The outcome of the evaluation was discussed, and response plans were prepared for the Board and each Committee. Areas covered included: ensuring the Board is able to be fully engaged with the business in spite of Covid restrictions, having a forward/outward looking Board that supports the One BMT culture and a Board that has the right future composition, skills, competencies and diversity for BMT's growth ambitions; improving Board oversight of major contracts and strategic risks; and further engagement on BMT's strategy.

## How do we avoid conflicts of interest?

We have a Register of Interests which is centrally maintained by the Company Secretary. This is carefully considered at each Board meeting to give everyone an opportunity to raise an issue or to absent themselves from an item if they are conflicted.

## Who decides how much directors get paid?

The Executive, Non-Executive, Chairman and broader Director roles within BMT are all benchmarked. Approvals are then given as follows: Executive Directors by the Remuneration Committee; Non-Executive Directors by the Nomination Committee; and Chairman by the Senior Independent Director of the Nomination Committee. All others in BMT who carry the title of Director, but are not statutory directors, are benchmarked according to their function, and their level of remuneration is then determined by their manager on an annual basis.

## Whose interest must directors act in?

We believe that, as enshrined in Section 172 of the Companies Act 2006, directors should promote the success of the company for the benefit of its members as a whole and with regard to the interest of all stakeholders including employees, customers, suppliers, communities and the environment. They should also support the company in maintaining a reputation for high standards of business conduct and ethics.

## BOARD COMMITTEES Audit Committee

The primary purpose of BMT's Audit Committee is to provide oversight of the financial reporting process, internal and external audit, our system of internal controls and policies and risk management. The responsibilities and clear remit of the Audit Committee and the authority delegated to it by the Board are set out in Terms of Reference that are regularly reviewed and updated by the Board.

The Audit Committee reports to the Board on the nature and content of its discussions, recommendations, and actions to be taken.

### **Remuneration Committee**

The purpose of the Remuneration Committee is to be kept informed of BMT's approach to remuneration and reward, which is to be aligned with BMT's long-term business strategy, the interests of BMT, performance against business objectives, risk appetite and with BMT's values. The Remuneration Committee also has oversight of the appointment and remuneration of the CEO and members of the Executive Committee. The responsibilities and remit of the Remuneration Committee are delegated to it by the BMT Board and are defined in the Terms of Reference.

### **Nomination Committee**

The Nomination Committee's key focus is to review the composition of the Board and its committees, considering skills, knowledge and diversity requirements and to recommend any appropriate changes to the Board. The Nomination Committee also reviews succession planning for the Directors and oversees succession planning for the Executive Committee. The responsibilities and remit of the Nomination Committee are set out in its Terms of Reference, which are regularly reviewed and revised as appropriate.

### **How do we engage with our employees?**

We engage with our employees through a variety of forums. Most importantly, these comprise the Employee Engagement Group (EEG) and Communications Champions, who have regular meetings and feedback directly to the Senior Leadership Team (SLT). Engagement also takes place through regular employee surveys with action updates both locally and corporately. CEO provides regular updates. Each Manager meets monthly with their employees and feeds back any commentary into the SLT. All local SLTs have regular Town Hall Meetings. The most recent employee survey demonstrated that our employees do believe they have a strong voice and know how to make their views known.

### **Do employees get a say in how BMT is run?**

Elected representatives for each area of BMT come together regularly as an EEG to represent the views of employees. They meet with local SLTs, the Executive Committee, the Main Board and Board of Trustees on a regular basis. This is two-way dialogue and is impactful on decision making. Recent examples include new incentivisation schemes and long service awards, as well as flexible working policies.

The SLT also meets regularly to debate issues of importance and take soundings from employees to bring to these meetings.

There are also a cadre of Communications Champions who help to improve the quality of employee communications in the business.

**‘Our policies, such as flexible working, hybrid working and leave allocation takes account of the needs of all our employees.’**

In addition, there are many Communities of Interest networked across BMT and their spokespeople will also influence current and future strategy.

### **How do we promote the wellbeing of our employees?**

The wellbeing of our employees is paramount and central to our culture. We have Employee Assistance Programmes in each jurisdiction and provide access to further assistance with mental health professionals. Internally, our managers meet monthly with employees to talk about their wellbeing. Our policies, such as flexible working, hybrid working and leave allocation takes account of the needs of all our employees. We have regular wellbeing briefings and action and education programmes that are housed on our employee portal NAVIGATOR for employees to take advantage of.



## Putting people first

### Developing people and careers

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Robert was attracted to BMT by its technical pedigree and international reach. He joined our UK marine consultancy in 2000, before transferring to the US in 2005 to take up a management position in Houston, Texas. In 2016 he returned to the UK and is currently working in a commercial management role within our global bid team.

“BMT creates an intellectually challenging work environment and we develop strong and long-lasting relationships with our customers. BMT invests in its people through professional and personal development, with excellent support from a talented management team. I am looking forward to continuing the learning experience.”

**Robert Barker**

Senior Bid Manager, BMT





Please *visit our sustainability report* to find out more about the evolutionary steps we are taking across the business that are enabling us to build resilience and increase the value we provide to our stakeholders and the environment.



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