

Lloyd's Register Foundation

Report and financial statements

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Connecting science, safety and society

Trustees' Report incorporating the Strategic Report

Chairman's Statement

As the world recovers from the Covid-19 pandemic (the pandemic), we are now facing multiple challenges in the form of food, water and energy shortages, climate-related weather disasters, a cost-of-living crisis and a widening inequality gap. The Foundation, through our investment in skills, science, innovation and technology, plays a critical role in working with key global stakeholders to solve some of these major societal challenges to save lives and improve safety worldwide. Despite ongoing uncertainty, the 12 months to 30th June 2022 was a period of significant progress for the Foundation.

During this period, from creating new interventions to protect local communities to harnessing science and technology to tackle global systemic challenges, the Foundation and its partners continued to respond in ground-breaking ways whilst remaining dedicated to making the world a safer place.

The global momentum to decarbonise maritime trade has grown, with the Lloyd's Register Maritime Decarbonisation Hub, launched in 2020 showing in practice the strength that partnership between Lloyd's Register Group ("LR" or the "Trading Group") and Lloyd's Register Foundation ("LRF" or the "Foundation"), can play in identifying solutions to address this global challenge. It remains a unique global resource that is evidence-based and provides unbiased information to the maritime community. We are already seeing how this collaborative effort is bringing the whole maritime community together in achieving Net Zero, with the launch of 'First movers in Shipping's Decarbonisation – a framework for getting started' and the Silk Alliance, a partnership of 11 cross-industry stakeholders to establish a Green Corridor Cluster between Hong Kong and Singapore.

Safetytech Accelerator Limited (STA) was incorporated and began operating as an independent business in January 2021. It was originally launched as a not-for-profit initiative by Lloyd's Register Group and Lloyd's Register Foundation, bringing together corporates, start-ups and the wider technology community to collaborate and accelerate the adoption of 'Safetytech' in safety-critical industries. In this next stage of its development we have seen all key performance indicators exceeded and the dedicated team have been able to achieve notable collaborations across sectors, working towards real world impacts.

Climate change has continued to dominate headlines and building a sustainable future for us all remains a priority focus for the Foundation. I'm delighted with the progress we have made in reinforcing our commitment to this, from our significant presence at COP26 to working closely with the UN Global Compact and High Level Climate Change Champions, our efforts to effect real change will continue at COP27 in November 2022 as we actively increase our involvement in long-term food safety and security.

Following Professor Richard Clegg's retirement on 30th June 2022, the Trustees, Board and all the Lloyd's Register family welcome Dr Ruth Boumphrey into her new role as CEO. Dr Boumphrey was previously Director of Research and Strategic Programmes at the Foundation, where she led our work on supporting safe and sustainable growth in the Ocean Economy and major programmes including with the Alan Turing Institute on data-centric engineering, with Arup on the 'Resilience Shift', a programme to enhance the resilience of critical lifeline infrastructures and in commissioning the first World Risk Poll. I very much look forward to working with her and the team to continue to build and expand the Foundation into its second decade.

All of us at Lloyd's Register have had the honour and privilege to work with Richard from the formation of the Foundation 10 years ago. Together with the great team he has built, Richard has been instrumental in not only creating the vision for the Foundation but also ensuring a formidable execution. This year celebrates the 10th anniversary of the Foundation which is now globally recognized as a world leading safety charity. We are all grateful for Richard's outstanding contribution to achieve this. We wish him well in his retirement.

Finally, on behalf of the Trustees, my warmest thanks go to all the Foundation staff and our partners and grants community who have achieved so much in the past 12 months.

Thomas Thune Andersen

Chairman, Lloyd's Register Foundation

Foundation Chief Executive's Review

I was appointed CEO of Lloyd's Register Foundation on 1 July 2022, succeeding Professor Richard Clegg. In its first ten years, Richard has built a Foundation that embodies Lloyd's Register values: to care, to share, and to do the right thing. The Foundation's second decade will see a world that is changing fast. Population growth, climate change, the energy transition, and technological innovation will bring us new challenges and opportunities. It will be a privilege and pleasure to lead the Foundation to have an even greater impact in making the world a safer place in the future.

As with many other charities and organisations, we have worked hard to remain optimistic, agile and responsive as we recover from the pandemic and lockdown restrictions. Following the fantastic work of our in-house Strategic Communications, Global Engagement team and our Evidence and Insight Centre, the World Risk Poll has positioned the Foundation as a world-leading authority on risk and safety. The Poll, since its release, has been referenced in 17 academic publications and ten global reports published by United Nations (UN) bodies such as the International Labour Organisation (ILO), United Nations Office for Disaster Risk Reduction (UNDRR), United Nations Development (UNDP) and UNESCO, where the findings have been used to support policy recommendations and guidelines designed to improve the quality of lives around the world.

We have continued to make great progress with the digitisation of the Heritage and Education Centre's (HEC) records, with the digitisation of the Ship Plan and Survey Report Collection being completed in this period on time and within budget. In total, 1,154,669 documents were digitised from 4,367 boxes. Since the Collection's release digitally, it has been accessed more than a million times with over 150,000 active users.

With support from the UN Global Compact, the Safe Seaweed Coalition (SSC) has made great strides, and it now has over 700 members to drive local and global solutions to food safety and sustainability. The SSC was a leading part of a visible seaweed presence at COP26, which has led to new, strategic-level conversations with the UN Food and Agriculture Organization (FAO), World Bank and others. In addition, we have agreed on a grant to determine the future structure, funding and priority topics of a UN Global Compact (UNGC) Food Platform. This work aligns with our ambition for 'safe and sustainable food for all by 2040', which requires coordination and cooperation across the supply chain and a systems-based approach. Our work with the FAO to develop a food safety curriculum for East Africa and the Caribbean has picked up momentum after being significantly affected by the pandemic. These focus areas testify to the influence we have gained at the UNGC through the secondments of Lloyd's Register Foundation staff.

The world is facing major global challenges around safety, the environment and sustainability, in which the mission of the Foundation has a pivotal role to play. The unique opportunity we have to solve some of the world's most significant long-term and increasingly urgent challenges continues to motivate us and our grants community every day.

I am exceptionally proud of the efforts of our grants community, impact partners, and of course, colleagues in the Foundation and Lloyd's Register Group for the resilience, dedication and commitment they have shown in ensuring that the world recovers and is better prepared to engineer a safer, more resilient and sustainable future.

Dr Ruth Bompfrey

Chief Executive, Lloyd's Register Foundation

Our Strategy

Lloyd's Register Foundation is a growing global charity, and our strategy enables us to deliver more significant impact than ever before. Our strategy starts with evidence – we will strive to understand the complex factors that most affect safety. Our interventions will be driven by evidence of what works – in fact, we plan to build the world's best centre for safety evidence and insight that others can use. We want to have a big impact, so we are coalescing around just a few big challenges with big goals – making the sea safer, making food safer and improving society's understanding of risk. Global challenges need global solutions. They cannot be tackled by working alone. So we will be at the forefront of building new coalitions, tirelessly promoting the issues and seeking willing collaborators who share our deepest values and strong social purpose.

Our Vision: Engineering a safer world

Our purpose is to secure high standards of design, manufacture, construction, maintenance, operation and performance, enhancing the safety of life and property at sea, on land and in the air. We also advance public education and skills for engineering.

Goal 1: Establish the best evidence and insight

We will use the best data, evidence, and insight available to understand better the complex factors that affect safety to identify areas of greatest need and areas where we can make a real difference. Our interventions will be driven by evidence of what works and we will build the world's best source of safety evidence, making it open to all.

Goal 2: Focus on the most pressing challenges

We will focus on the biggest safety challenges, where there's clear evidence and a compelling need for change to make a real difference. We will work in areas where we can harness our unique strengths and assets. We have identified seven challenges we will focus on:

1. Safety at sea
2. Safety of digital systems
3. Safety for a sustainable future
4. Safety of food
5. Skills for safety
6. Safety of physical infrastructure
7. Public understanding of risk

Goal 3: Build global coalitions for change

Global challenges need global solutions. They cannot be tackled by working alone. So we will be at the forefront of building new coalitions, tirelessly promoting safety issues and building partnerships with willing collaborators worldwide.

Investing for the Future

One of the Foundation's key attributes is our technical authority invested within LR and our global grants community. It enables us to be much more than just a funding provider, contributing technical solutions to deliver the challenge. We have increased our direct charitable activities within our Heritage and Education Centre and Evidence and Insight Centre. In addition, we have continued to make external investments in major programmes and centres of excellence.

We are building our capability through major programmes such as:

- The National Structural Integrity Research Centre (TWI)
- Lloyd's Register Safety Accelerator (Safetytech Accelerator Limited)
- The World Risk Poll (Gallup)
- Resilience Shift (Arup)
- Assuring Autonomy International Programme (University of York)
- Discovering Safety (Health and Safety Executive)
- Data Centric Engineering (Alan Turing Institute)
- Institute for the Public Understanding of Risk (National University of Singapore)
- Engineering X (Royal Academy of Engineering)

Heritage and Education Centre

We are investing over £10m in our Heritage and Education Centre to become a globally-renowned resource for understanding engineering and technological innovation and its impact on society. The Lloyd's Register Foundation Heritage and Education Centre is the custodian of Lloyd's Register's unique collection; one of the great resources still available for a better understanding of maritime history, marine engineering, naval architecture, offshore engineering and ocean technology.

Our investments will help to:

- Preserve the physical collection for future generations
- Digitise and make the collection accessible around the world through imaginative new education and outreach programmes
- Drive distinctive research to deepen understanding and further engagement
- Contribute to the understanding of the most pressing safety challenges
- Keep the collection modern and relevant

GOAL 1: Establish the best evidence and insight

Impact highlight 1.1

Knowledge generated from the Lloyd's Register Foundation World Risk Poll has been referenced in 17 academic publications and ten global reports published by United Nations (UN) bodies such as the International Labour Organisation (ILO), United Nations Office for Disaster Risk Reduction (UNDRR), United Nations Development (UNDP) and UNESCO, where the findings have been used to support policy recommendations and guidelines designed to improve the quality of lives around the world.

Plan

The period July 2021 to June 2022 saw the publication of reports from a range of commissioned projects and the expansion of the team's work in impact management. The plan for the Evidence and Insight Centre during this period focused on:

- Managing 19 active projects, building on our learning from across our evidence and insight commissions to launch the tender process for a 'What Works Centre' for the safety of life and property to improve the use of evidence and safety outcomes.
- Analysis of the 2021 World Risk Poll data and preparation for the launch of four reports with our strategic partners to highlight global risk and safety issues and opportunities for action.
- Accelerating our focus on impact through the recruitment of an Impact Manager for the Foundation and investment in our relationship with Technopolis, a consultancy specialising in evidence-based policy advice and insights, analysing how our work generates impact and embedding learning to advance our effectiveness.

Activities and impact

Evidence and Insight Centre

The EIC team expanded over the year with the addition in January 2022 of the Foundation's first Impact Manager and a Data Visualisation and Insight Scientist. The team have enjoyed the opportunities for face-to-face working and collaboration with the easing of COVID restrictions.

The strategy for the EIC focuses on understanding how data and evidence are used within our challenge areas to inform decision-making on future activities. Three key projects will have a significant influence on the future work programme of the EIC and wider Foundation:

- Our review of the management and maintenance of infrastructure, conducted by TÜV SÜD and Cambridge University, was completed in June 2022 and will be published later in the year. The recommendations will lead to a stakeholder workshop and decision on deep dive projects to be commissioned by the programmes team.
- Our work on maritime wellbeing was cited in a joint Foundation and Lloyd's Register Group publication on maritime welfare and has led to the commissioning of a rapid evidence assessment on what works in seafarer wellbeing that will be fed into our wider 'What Works' plans.
- A March 2022 publication by Delft University on current methodologies for assessing the 'Value of Safety' led directly to the commissioning of an impact-focused project with the National Safety Council designed to develop tools and guidance to support a holistic approach to valuing safety.

A total of seven publications in this period have generated a regular pipeline of outputs for the EIC, and several themes have now started to emerge:

- Better data collection is needed to enable an understanding of the scale of challenges, causation, and the effectiveness of interventions (e.g. psychological wellbeing, incidents and accidents at sea and aquaculture)

- Better monitoring and evaluation practice is needed to understand the effectiveness of safety programmes (e.g. skills and education for food safety aquaculture)

There is a disconnect between academic groups working in safety and practitioners who can make a difference to safety outcomes. Practical tools are needed that embed research findings to enable practical application (e.g. psychological wellbeing and designing safety interventions)

These findings have provided the driver for the commissioning of a 'What Works Centre' for life and property, relationship building and expressions of interest commenced with the period.

Nine new projects commenced during this period through open calls for grant proposals or direct proposal development with known experts.

World Risk Poll

The 2021 Lloyd's Register Foundation World Risk Poll was fielded by Gallup in 121 countries, and polling closed in December 2021. Findings started to be shared in early 2022, and the bulk of the analysis work was completed by the end of the financial year, ready for report writing and launch activities throughout the rest of 2022.

We have seen interest in the Poll continue to increase during this period. We have presented findings at seven events, including in the Blue Zone at Cop 26, AIUK 22, and the ILO World Congress. A number of partners have also featured Poll data during events they've attended or hosted this year. The 2019 World Risk Poll grants have continued to generate impact through a growing number of published papers in academic journals and international reports. Other researchers have also used the data resulting in 17 journal publications citing the World Risk Poll. In addition, findings from the Poll have been referenced in 10 global reports published by UN bodies such as the ILO, UNDRR, UNDP and UNESCO. The findings have been used to support policy recommendations and guidelines.

During this period, we engaged with a large number of experts to develop the World Risk Poll 2023 questionnaire, with an overwhelmingly positive response. Development of the upcoming Poll involved more than 20 meetings with stakeholders, including the ILO, World Bank, World Health Organisation (WHO) and UN Environment Programme, and we received close to 200 suggested questions as a result.

Impact guides

July 2021 saw the publication of the first impact guide for the Foundation, a comprehensive guide for impact management, building on our existing impact framework to help us assist our partners, grant applicants and holders in maximising the impact of their work. The arrival of our first Impact Manager in January 2022 has increased the visibility of the impact programme across the Foundation, and an internal review of the small grants programme has already been completed. A 'getting to know you' project was undertaken with Technopolis between January and March 2022, closely followed by the completion of our first evaluation project, which reviewed the contribution of Lloyd's Register Group to the Foundation's charitable purpose through the creation of social impact.

Future plans for the next 12 months to June 2023

The main objectives are to:

- Commission a 'What Works Centre' for the safety of life and property to ensure that user needs for data and evidence are understood and met, and safety outcomes are improved through the use of evidence.
- Build internal capacity and capability to better plan, monitor and record impact – delivered through engagement with colleagues across the Foundation and grant holders, Technopolis evaluations and internal evaluation.
- Stimulate debate among stakeholders, decision-makers and the public about global risk and safety issues, and highlight opportunities for actions to reduce risk, turning the World Risk Poll findings into action.

GOAL 2: Focus on the most pressing challenges

Plan

We continue to progress in addressing the challenges identified in our Strategy, which launched in July 2019. These are:

- Safety at sea
- Safety of digital systems
- Safety for a sustainable future
- Safety of food
- Skills for safety
- Safety of physical infrastructure
- Public understanding of risk

Activities and impact

During the last year, we have continued to deliver a mix of activities from ongoing programmes and new initiatives. All are focused on impact and delivering benefits to society in different ways.

Our mission explicitly directs us to enhance safety and advance public education. In many cases, as seen from the following sections, our activities deliver impact in both safety and education.

Challenge: Safety at sea

Impact highlight 2.1

Our grant to Hellenic Marine Environment Protection Association (HELMEPA) in Greece has reached over 175,000 people in Greece and Cyprus, including training 1,170 merchant marine officers and management staff from 87 shipping companies.

Foresight Review on the future of Ocean Engineering

The Foresight Review on the future of Ocean Engineering was published in November 2021. The review, led by Professor Mark Cassidy, highlights the importance of new approaches to engineering in delivering a safe growing ocean economy that is set to double in the next decade. Consolidating perspectives from academia, public bodies, and a wide range of relevant industries in Asia, Europe and North America, the review focuses on interventions to engineer a safer and more sustainable future for our oceans and the people dependent on them.

Seafarer wellbeing

The safety of ships is down to the design and conditions of the vessel, operating processes and procedures, and the training and performance of the crew. Key to crew performance is their state of wellbeing, which has been an area of focus for the Foundation during the year. In July 2021, the Foundation and the Trading Group published the report 'Shining a light on seafarer wellbeing' that brings together our work from recent years and includes activity from the reporting period. During the year, we published the findings from seminars we co-hosted with Yale University and the Seafarers' Hospital Society that explored what works to improve seafarer wellbeing from a ship owner and operator perspective. A small grant to the University of Philippines Visayas gained insights from 1,412 seafarers on the availability and value of mental health support during the pandemic. The Safetytech Accelerator led a campaign on the use of digital technology to assist with seafarer welfare improvement, including a webinar attended by more than 200 individuals.

Hellenic Marine Environment Protection Association (HELMEPA) grant

Our grant to HELMEPA in Greece has had multiple impacts. It has reached over 175,000 people in Greece and Cyprus, including training 1,170 merchant marine officers and management staff from 87 shipping companies. Through HELMEPA, we established a voluntary near-miss reporting system for crews which in a short time attracted 813 incident reports from 46 shipping companies, a significant step forward for an industry that is often reluctant to report unless mandated to do so.

International Maritime Law Institute (IMLI)

There are a number of approaches to enhancing safety, one of which is through the training of maritime legal experts at the IMLI in Malta. During the last year, we supported students from the Bahamas, St Kitts and Nevis, and Sudan. They will return to their countries after graduating to strengthen their home states' legal capabilities. The projects covered by these students were: legislation for work in fishing vessels; illegal migration by sea; elimination of garbage dumping at sea; safety requirements for domestic roll-on/roll-off passenger ferries, and prevention of air pollution from ships, all of which are directly aligned to our mission of safety and education.

Challenge: Safety of digital systems

Impact highlight 2.2

The University of York's Assuring Autonomy International Programme continues to test, refine and publish the methodologies it has created for building assurance into the development process of autonomous systems. Work has begun in educating regulators on what autonomy is and what they need to know to fulfil their mandates.

Data-Centric Engineering programme at the Alan Turing Institute (ATI)

Our Data Centric Engineering programme at the ATI has successfully established Data Centric Engineering as a discipline both in the UK and across the globe. It has established agreements of a shared ambition to embrace data-centric engineering with the Advanced Manufacturing Centre at the University of Sheffield, Maritime Digital Hub in the UK, the Canadian Statistical Sciences Institute, the Oden Institute (the University of Texas at Austin), the Finnish Centre for Artificial Intelligence (FCAI), Visual Intelligence (Norway), the University of Western Australia and the University of Sydney. We are seeing the success of leaders that have been developed through their time at ATI, including Mark Girolami, who joined as Director of the programme and is now the Chief Scientist for ATI; Adam Sobey (University of Southampton) is co-lead of the Marine and Maritime Group and has been invited to hold a non-executive director position with Theyr, an organisation focused on high-precision weather and ocean forecasting; Myriam Neaimeh (Newcastle University), Vehicle Grid Integration Group Leader, has been appointed to national roles on UK Power Networks' Innovation Council and in the Office for Zero Emission Vehicles, inputting into policies and setting standards at a national level; Andrew Duncan, Group Leader and Theme Leader for Digital twins complex systems engineering, has been appointed Senior Research Scientist at metaverse technology company Improbable. We are now working with ATI to understand how they will increasingly focus their significant capability towards real-world impact.

The Data-Centric Engineering Journal, published by Cambridge University Press and supported by the Foundation, has been received positively. It has published 55 peer-reviewed open-access articles, had 46,000 article views, and achieved 29 citations. Such is the success that the journal is on the verge of financial sustainability.

Discovering Safety with Health and Safety Executive (HSE)

The Discovering Safety programme with HSE has continued to build capability in the understanding of data and applying this to real-life cases, including within construction and potential containment loss scenarios. There is increasing involvement from an industry that is helping to shape the wider programme and the individual activities within the programme. The tools developed by the programme are gaining interest from across HSE and UK Government, being seen as an exemplar of what can be achieved with data. The programme is increasingly focusing on its legacy and sustainability in the future.

Global Manufacturing and Industrialisation Summit (GMIS)

We have agreed on a work programme with the GMIS in partnership with United Nations Industrial Development Organization (UNIDO). The first step is the creation of a manifesto for safety in industrial revolution 4.0. The manifesto will be launched in September at GMIS 22 in Pittsburgh, followed by actively signing up members and launching aligned initiatives.

Assuring Autonomy International Programme (AAIP)

The University of York's AAIP continues to test, develop and publish the methodologies it has developed for building assurance into the development process of autonomous systems. These methodologies are now being utilised by the wider community, including the Defence Science and Technology Laboratory (DSTL), which published an informative document called a biscuit guide based upon AAIP's work. The work is also being applied to education with up-to-date knowledge used in MSC modules, Continuous Personal Development (CPD) courses and upskilling courses that have started to be provided to regulators, including NHS Digital and Maritime Coastguard Agency. The programme's outreach activities have included co-creating an exhibition on our autonomous future at the National Railway Museum, which has attracted considerable attention from the public, who for the first time, is seeing the world through the eyes of AI.

Challenge: Safety for a sustainable future

Impact highlight 2.3

The Lloyd's Register Maritime Decarbonisation Hub launched 'The Silk Alliance', a partnership of 11 cross-industry stakeholders to establish a Green Corridor Cluster between Hong Kong and Singapore.

Lloyd's Register Maritime Decarbonisation Hub

The global momentum rapidly building around the decarbonisation of maritime trade continues to justify the Foundation's decision to support the creation of the Maritime Decarbonisation Hub; it remains a unique global resource that is evidence-based, providing unbiased information to the community.

In December 2021, the Maritime Decarbonisation Hub launched its 'First movers in Shipping's Decarbonisation – a framework for getting started', a methodology that enables a detailed comparison of different fuel transition pathways regardless of vessel type or trade route. The framework evaluates the entire supply chain, from fuel production to usage onboard vessels, and can be applied to any fleet, revealing the implications of each transition strategy and offering insights in support of future fleet investment decisions. In this first study using the framework, the Hub's experts focused on three transition pathways - methanol, ammonia, and hydrogen - and applied these to the containership feeder fleet operating regionally between Singapore, Hong Kong, and other Asian countries nearby.

In May 2022, the Hub and partners launched 'The Silk Alliance' to develop a Green Corridor Cluster in direct response to the Clydebank Declaration that was announced at COP26. The Lloyd's Register Maritime Decarbonisation Hub is working with 11 leading cross-supply chain stakeholders to develop a scalable fleet fuel transition strategy that can enable the establishment of a highly scalable Green Corridor Cluster. The Silk Alliance brings together a diverse group of organisations whose collaboration can advance the decarbonisation of the maritime industry. These include shipowners, such as MSC Shipmanagement Ltd, Pacific International Lines (Pte) Ltd (PIL), Wan Hai Lines, X-Press Feeders, Yang Ming Marine Transport Corp; shipyard, Keppel Offshore & Marine Ltd (Keppel O&M); bunker logistical supplier, Singfar International; engine manufacturer, Wärtsilä; ship manager, Wilhelmsen Ship Management; and financial institutions, the Asian Development Bank and ING. At the outset, these members will collaborate to send an aggregated demand signal for other stakeholders such as fuel providers, port operators and governments to support the Green Corridor Cluster for trading between Hong Kong and Singapore. The Silk Alliance members will draw from their individual areas of expertise to develop a fleet-specific fuel transition strategy for container ships operating primarily in Asia, based on the Hub's First Mover Framework.

The Foundation, via the Hub, has seconded Katherine Palmer into the High-Level Climate Champions as their lead on the decarbonisation of shipping. During this year, Katherine has been instrumental in planning and making progress on a number of activities that resulted in important announcements at COP26 and has since been working with the community to act on the commitments made at COP26, plus track changes as they happen. At the UN Ocean Conference in June 2022, Katherine was visible in her leadership role, chairing one of the plenary sessions and being a speaker at multiple side events.

UN Global Compact

We are supporting the first phase of the UN Global Compact's work that is focused on a 'Just Transition' as part of the decarbonisation of maritime trade. This has a strong focus on identifying the skills that are needed, where they will be needed, and how we will ensure that individuals receive the appropriate training, whether they are new recruits to the sector or already part way through their careers. An anticipated output of later phases changes the Standards of Training, Certification and Watchkeeping for Seafarers (STCW) convention, the International Maritime Organisation (IMO) instrument that sets minimum standards for seafarer training, competence and watchkeeping.

Engineering X – Safe End of Engineered Life

Also on the COP agenda, for the first time, was the issue of the open burning of waste. This significant but overlooked safety issue was brought to the fore thanks to the work of Engineering X – Safe End of Engineered Life programme of the Royal Academy of Engineering and the International Solid Waste Association. A hybrid session took place to encourage dialogue about this issue, which causes significant emissions and associated health and safety consequences. The topic of open burning is now on the main agenda of COP27, which takes place in Egypt during November 2022. The Engineering X – Safe End of Engineered Life programme is funded by Lloyd's Register Foundation.

Resilience Rising

Our global systems face mounting pressures from rising population, urbanization, the warming planet, and inadequate physical and digital infrastructure. By increasing our ability to adapt, grow, and survive – becoming more resilient – we can mitigate the myriad of complex and interconnected challenges that confront us today. Lloyd's Register Foundation funding has helped launch a new global non-profit consortium, Resilience Rising. Its purpose is to enable and create a safe, resilient and sustainable future for all.

Resilience Rising has been created by the leadership team behind The Resilience Shift, an initiative created by Arup and Lloyd's Register Foundation, and will be the host for The Resilience Shift from 2022 onwards. Resilience Rising is focused on addressing the challenges that are currently standing in the way of ushering in the big, transformative, and systemic changes we need. We know today's global problems cannot be solved in silos, which is why we are supporting a consortium that harnesses the capacity for humans to collectively address major societal challenges by incorporating resilience in our networks and systems.

Challenge: Safety of food

Impact highlight 2.4

Safe Seaweed Coalition (SSC) now has over 700 members to drive local and global food safety and sustainability solutions.

Safe Seaweed Coalition (SSC)

As a result of its first call for proposals, the Safe Seaweed Coalition (SSC) received 71 high-level applications from 33 countries, reflecting the SSC's global reach. Fifteen projects, including work in Norway, the Philippines, Tanzania, Thailand, Australia, Madagascar, Chile and the UK, have been selected for funding, with a total value of about €700k (plus leveraged funding of nearly €1.2m). In addition, the SSC was a leading part of a visible seaweed presence at COP26. This has led to new, strategic-level conversations with the UN Food and Agriculture Organization (FAO), World Bank and others. Indeed, the influence of the SSC is being recognised by the UN, EU and national governments, as evidenced by its very strong presence at the One Ocean Summit in Brest, hosted by the French government and the development of the first-ever global regulation for food safety – with the FAO (Codex Alimentarius). Our programme at Wageningen University (Safe Seaweed by Design) is a significant contributor to the SSC (via the development of protocols to support the seaweed sector in monitoring and assessing safety). The Safe Seaweed by Design programme has published a review-type article in the Foods journal, which adds to the growing momentum for protocols to unify and standardize safety in the sector.

UN Global Compact (UNGC) Food Platform

We agreed on a grant to determine the future structure, funding and priority topics of a UN Global Compact (UNGC) Food Platform, as advocated at the 2021 UN Food Systems Summit (FSS). This work aligns with our ambition for ‘safe and sustainable food for all by 2040’, which requires coordination and cooperation across the supply chain and a systems-based approach. Only an UN-level entity can provide a truly neutral, international and holistic vehicle for change (existing entities have had only partial success uniting a fragmented and competitive industry), and the UN Global Compact (UNGC), which has 13,000 brands and NGOs, has been nominated by the UN’s Food and Agriculture Organization (FAO), World Food Programme (WFP) and UN Environment Programme (UNEP) to establish such an entity, building on its leadership in Blue Food within its Ocean Stewardship Coalition and Business Action Platform for Ocean. Our involvement in establishing the Platform will ensure that safety is prominent across its focus areas and is testimony to the influence we have gained at the UNGC through the secondments of Lloyd’s Register Foundation staff.

Food safety curriculum for East Africa and the Caribbean

Our work with the FAO to develop a food safety curriculum for East Africa and the Caribbean has picked up momentum (after being significantly affected by the pandemic). The FAO surveyed approximately 400 stakeholders across East Africa to achieve consensus on what the stakeholders believe to be the key/core competencies to achieve ideal food safety education in the region. The work will use some of the insight gained from the published EIC report on “The impact of skills and education interventions on food safety outcomes,” which notably highlights a lack of monitoring and evaluation to evidence the effectiveness of food safety training programmes. Indeed, all three EIC Food Safety reports are now available. The most recent, “Occupational health and safety in the aquaculture sector – a global review,” has revealed that accident and incident reporting in the aquaculture sector is insufficient and lacks a standardised approach. The expansion of aquaculture over the last 30 years and its potential for further growth makes a lack of health and safety data an increasingly important issue.

The report from our grant to the Science Museum, which provides insight into people’s existing awareness of food system issues and their current appetite for different solutions in the UK, India and Brazil, was released to coincide with COP26 in order to highlight the centrality of food systems to the climate crisis. This report recommends actions that museums and other public engagement professionals can take to help educate and inspire people, giving them the knowledge to make more informed choices about the food they eat, and so support positive change.

Challenge: Skills for safety

Impact highlight 2.5

An independent review of SEASEP demonstrates that it is having significant influence and is enhancing safety in Indonesia and India

Our £165,000 grant to Stellenbosch University, South Africa, has concluded recently. Key highlights from this successful grant include, but are not limited to:

- A full postgraduate programme in fire safety (the first-ever in Africa) has been created, along with multiple research projects. As a result, African engineers are learning to solve African problems.
- Fire safety engineering is being recognised through the various awards received by the team, along with publications and media coverage.
- Experimental research has led to insights regarding passenger train fire safety in South Africa (as current seats have been found to burn extremely intensely and easily). This is likely to impact most of the passenger trains throughout the country, following a recent presentation of results to engineers from the Passenger Rail Association of SA (PRASA).
- The programme has extended to Namibia, Kenya, Nigeria and Zambia.
- The group is influencing South African fire safety codes, which govern the construction industry, through having representation on the South African Bureau of Standards committees.

Engineering X Skills

The chair of the governing board of our Engineering X Skills programme, Professor Peter Goodhew, has recently stepped down from the role. Professor Jarka Glassey (Newcastle University) has been appointed as the new chair. The programme has awarded its most recent “Impact Grants,” which aim to support projects that develop domestic engineering capability to build, operate and maintain critical engineering infrastructures safely in countries that are Official Development Assistance (ODA) recipients. The twenty new projects include occupational safety interventions in Nigeria and India and strengthening engineering safety in Kenya. Pleasingly and in line with our targets, a number of the Safety Champions in Engineering Education – our Engineering X network to improve the quality of teaching and learning in engineering education institutions in the areas of the world which are most in need – have been successful applicants.

South East Asia Skills Enhancement Programme (SEASEP)

Phase 1 of the SEASEP lasted longer than the intended two years due to the extreme difficulties caused by the pandemic. Nevertheless, SEASEP trained and examined 4,000 individuals in India and Indonesia to internationally recognised standards across health and safety courses and construction safety courses. We performed a robust, independent evaluation of Phase 1, led by Technopolis, which shows that SEASEP is having significant influence and achieving its objectives, including:

- Partnerships with major stakeholders, including government bodies (Indonesian Ministry of Manpower), demonstrate the influence of SEASEP and should maintain its impact beyond Foundation funding.
- Increased opportunities for under-represented groups (including empowering women to participate in SEASEP training), new entrants to the labour market, and those not in employment.
- Building a regional workforce with health and safety skills and new safety/inspection rules being implemented by employers.
- Enhanced health and safety culture and awareness, backed by best practice

The review also provided important lessons for the implementation of SEASEP Phase 2, which we have agreed to support. SEASEP phase 2 will extend the project in Indonesia and India and deliver SEASEP for the first time in both Thailand and the Philippines, where evidence from the Lloyd’s Register Foundation World Risk Poll, the International Labour Organisation (ILO) and understanding of the intended large-scale construction creates a compelling case for intervention.

Challenge: Safety of physical infrastructure

Impact highlight 2.6

The world’s first metal-printed pedestrian bridge has been opened over a canal in Amsterdam. This smart bridge uses sensors and digital twins to demonstrate the ongoing safety of a bridge made with new manufacturing technology.

The world’s first smart pedestrian bridge

The world’s first printed bridge by MX3D was formally opened as a public asset by Her Majesty Queen Proxima of The Netherlands. Through a grant from the Foundation, the bridge has been made smart, it is now streaming data which is feeding an array of digital twins. The bridge is printed in stainless steel, is 12m long and weighs 4500 Kg. As a busy pedestrian canal crossing point in Amsterdam, the safety of this bridge is of paramount importance. The impact of this grant is significant as not only is it providing new insights into novel additive manufactured structures, it is providing a level of safety assurance over what is essentially a new, untried technology, additive manufacturing (3D printing in metal).

National Structural Integrity Research Centre (NSIRC)

Our grant to TWI Ltd, which supports the National Structural Integrity Research Centre, is in its eighth year of our support. Our funding has supported 74 PhD students, of which 28 have successfully graduated and moved into jobs in industry that utilise their expertise in Structural Integrity.

Following a relaxation of conditions associated with government funding at the time of NSIRC's establishment, we have agreed to support a trial to expand the successful NSIRC concept to other countries seeking to develop local capability in structural integrity. This will open access for locally funded PhD studentships to those individuals that are unable to move to the UK for three years. The first candidates in Thailand, Indonesia and Greece are expected to start in late 2022.

Infrastructure 2040

In 2021 TWI and LR Foundation delivered a new campaign, Infrastructure 2040, in celebration of strategic partner TWI's 75th anniversary. Over a series of interviews, the campaign has explored how global businesses, innovators, and governments are planning, thinking, and investing in the infrastructure we will see in 20 years and some of the technical challenges to get there, including safety and skills. Partners on the project explaining how they are working towards the new infrastructures of the 2040s included Boeing, the European Space Agency, Shell, and Orsted.

Fullagar

In addition to supporting PhDs at NSIRC, we also have a mechanism to accelerate good research towards impact. We supported a commercialisation vehicle between TWI Ltd and Lloyd's Register Inspection Services. Fullagar was designed to apply TWI's capability to develop research into commercial products, with Lloyd's Register Inspection Services providing end-user input and a route to market. In 2021 Fullagar was dissolved after three years of operation due to changes in the focus of Lloyd's Register Group following a series of divestments that removed market access for technologies under development and also changes at TWI. Going forwards the Foundation will review alternative approaches to maximise impact including new routes to market.

Safer Complex Systems

The Safer Complex Systems community identified a lack of case studies, which are a useful tool for education and professional development on complex systems. To address this gap, the Royal Academy of Engineering's Engineering X – Safer Complex Systems programme commissioned the development of 18 unique case studies from across academia and industry. After 18 months of development that included cross-sector learning, the case studies were finally published in 2022. The case studies cover a wide variety of complex system successes and failures, past and present, from around the world. In examining these events, these case studies provide insights into how the design, construction, operation, and governance of complex systems contribute to safe or unsafe outcomes. Beyond informing future activities under the programme's mission, the cross-cutting factors and lessons learned brought to light by these case studies will help to influence safer complex systems globally. The case studies have already attracted interest from academia in engineering, MBA providers and the wider community.

Challenge: Public understanding of risk

Impact highlight 2.7

We published the Risk Know-How agenda in *Significance*, the official publication of the Royal Statistical Society and the American Statistical Association. Risk Know-How identifies the elements in understanding risk that have the strongest application in day-to-day life.

Risk Know-How

Our work with Sense About Science on a practical Risk Literacy Agenda reached a milestone in December 2021. The agenda was published as "What is Risk Know-How" in the December edition of *Significance*, the official magazine and website of the Royal Statistical Society (RSS) and the American Statistical Association (ASA). Risk Know-How identifies the elements in understanding risk that have the strongest application in day-to-day life. As a result, we are building credibility and consensus amongst risk communicators (e.g. David Spiegelhalter and Gerd Gigerenzer were featured in the article) and

major risk information providers (such as the World Bank, WHO and the ILO). Notably, the executive Director of the ASA is keen that this work leads to a global standard for risk literacy.

British Science Association *For Thought*

The agenda had a soft launch at Evidence Week (in UK Parliament in November 2021) and was the opening provocation at a British Science Association *For Thought* high-level round table titled 'How do we develop a new relationship with risk?' This event was supported by the Foundation and provided the groundwork for a bigger *For Thought* online event in December 2021 at which leaders from business, policy, science and civil society considered what is required to develop a new relationship with risk that will help society combat some of the great threats on the horizon, such as climate change, an ageing population and new technologies. This has led to the publication of a new report, "Developing a New Relationship with Risk," that includes a number of principles and actions based on the Risk Know-How work. In addition, Tracey Brown (Sense About Science) and Olivia Jensen (Lloyd's Register Institute for the Public Understanding of Risk) co-hosted an interactive session on Risk Know-How at the Understanding Risk Asia conference on 3 December 2021 that focused on engaging the audience with the framework and concepts

The Risk Know-How programme has identified a burgeoning community of practice, people from all over the world who share the common concern of navigating risk information and helping their communities to make informed decisions suited to their contexts. The community encompasses a range of sectors and includes grant holders such as HELMEPA and TWI. Evidence gathered from these 'risk practitioners' provides useful insight into some of the more common challenges, including uncertainties about how to use data and where to find reliable information with explanations or guidance on how to understand and use it.

Lloyd's Register Institute for the Public Understanding of Risk (IPUR)

The impact and influence of the IPUR are growing; a relationship between IPUR and the Mongolian government has been strengthened by a new MoU that will set the parameters for a digital transformation training programme. In addition, IPUR launched two reports with the World Bank furthering the understanding of what is needed to develop water secure cities in Indonesia. A collaboration between IPUR, Sense About Science and the Korea Advanced Institute of Science and Technology (KAIST) produced a "Using AI to Support Healthcare Decisions" guide that is already gaining good traction amongst more than 150 medical research charities. Furthermore, an IPUR insight report revealed much about the different challenges faced by climate change communicators in Singapore and Thailand.

IPUR produced a mid-term review of their work and impact to date, with an ambitious plan for the future that includes integration of the Risk Know-How framework, new partnerships and leveraged funding. Importantly, the review also acknowledges 'lessons learnt' and hurdles – including strengthening the interface with Lloyd's Register Foundation (notably via the world risk poll) and expanding/strengthening the regional network of impact partners – that IPUR must overcome to meet its vision of being a leading global research institute in the analysis of risk perception and evaluation of risk communication. This important stage for IPUR allowed the Foundation and the National University of Singapore to independently decide to make the next and final payment as per the original agreement. To facilitate a closer working relationship, a new joint Foundation/IPUR working committee was established in early 2022.

Future plans for the next 12 months to June 2023

The main objectives are to:

- Expand the activities of the Maritime Decarbonisation Hub in response to the accelerating energy transition.
- Clearly define our theory of change in ocean safety and invest in these changes.
- Focus plans in maintenance as part of the physical infrastructure safety challenge area.
- Agree on a further programme of work which accelerates the impact of the Data Centric Engineering Programme at ATI.
- Undertake the second Engineering X Global Engineering Capability Review.
- Transition the Safe Seaweed Coalition from CNRS to the UN Global Compact, enhancing its long-term impact and influence.
- Increase our investment in understanding risk via specific support for the Risk Know-How community of practice.
- Start to build the evidence base for Engineering Skills for a Safe Future providing us with clear areas of focus for new funding.
- Implement recommendations from the review of the small grants programme to enhance its efficiency and potential for impact.

INVESTING FOR THE FUTURE

Impact Highlight

An internal review of our small grant programme evidenced its effectiveness and its potential to deliver yet more impact.

Our Strategy states that as well as our three goals, we will continue to invest in longer-term capability and activities in support of our mission of safety and education. For this reporting period we planned to extend our Making Spaces programme with UCL, for our Safetytech Accelerator to operate independently, a review of our small grants programme and its extension via small grant-funding to our Network to Engineer a Safer Tomorrow (NEST) members and the establishment of a Pathways to Impact programme, which aims to engage all Lloyd's Register employees in furthering the Foundation's global mission.

Activities and impact

Safetytech Accelerator

Safetytech Accelerator Limited (STA) was incorporated and began operating as an independent non-profit organisation on 4 January 2021.

Where the first year was largely devoted to building the new team, logistics and rebooting client engagement while in the middle of the pandemic, at the end of year one, there had been some significant achievements (all KPIs exceeded) and progressed towards the five-year objectives, STA has been able to achieve remarkable progress with its core dedicated team, which works autonomously and in a highly agile way with a 'venture style' approach.

Year two has taken a more flexible and pragmatic approach to shape challenges and pilots where STA have focused more on becoming an enabler, with well-crafted challenges, technology showcasing and activities with influencers and selected start-ups aimed at raising the awareness of 'Safetytech'.

During the year, STA has launched nine challenges, all at different stages of development. As the business grows, there is a mix of Foundation-funded, client-funded, and commercial activity, which is essential if STA becomes a self-sustaining vehicle in the future.

Foundation-funded activity:

- Working at height with the National Safety Council (NSC) resulted in a high-profile tech showcase at the Work to Zero summit in April with six start-ups and extensive promotion of the STA brand to the occupational health and safety (OHS) community in the USA. This challenge has been completed.
- Pilot with SMC metal and start-up Matroid on working at height. As a result of the above showcase, STA have supported the NSC on shaping a pilot with one of their partners and one of the start-ups of the tech showcase.
- Green house gas (GHG) assurance of Hydrogen and Ammonia challenge, done in collaboration with the Maritime Decarbonisation Hub. The project is under way and will result in two Proof of Concept (PoC) awards for feasibility studies.
- Crew mental wellbeing challenge, which led to a public technology showcase with partners such as Mission to Seafarers Nautical Institute and was well reported in the trade press. It resulted in six start-ups being selected and a winner, Scoutbase, which subsequently entered a programme of refining value proposition and market testing.
- Maritime risk challenge was designed as a wide-scope entrepreneur-led challenge and was launched at a webinar in February 2022. Its purpose was to identify start-ups that address real safety and risk challenges and market testing these. This process resulted in PoC funding being awarded to:
 - ShipIN addressing: can a single platform cater for a multitude of safety use cases, thereby creating cost / deployment disruption?
 - AliciaBot addressing: could a low-cost, lightweight drone inspect and clean hulls autonomously when ships are in operation, leading to the elimination of human risk as well as operational efficiency benefits?

- Eyegauge addressing: can the computer-vision-based reading of gauges on older ships (the vast majority of the world fleet) enable better safety, risk management and efficiency?

Client-funded activity:

- Automation of Compliance challenge, with HSE and Costain, with PoC funding awarded to AuditComply. The project is underway.
- Fatigue study for crew in Ports, with Harwich Haven and start-up Senseye. The project has since been completed, with brilliant learnings about the objections from unions and staff halfway through the trial related to the use of technology to monitor individuals. What was learned will be shared as a case study.
- Muscular Skeletal Disease Innovation Lab (MSD Labs), in collaboration with National Safety Council. For STA, this includes lab design, two challenges and the possibility of pilots. The first challenge, 'Moving objects in a warehouse,' is currently underway.

This year, two significant achievements that demonstrate longer-term routes to impact have been partnerships with organisations that influence wider industry, such as the National Safety Council and the HSE and indicators of the route to sustainability with an external income of £492,000.

Skills and education

The Lloyd's Register Foundation, small grants programme, offers up to £10,000 to organisations performing activities relating to our mission. In collaboration with EIC and the Foundation's new Impact Manager, its planned review evaluated the programme against an effective and efficient route to impact with the least risk. The programme's effectiveness and potential to deliver impact are already evident and should only increase; it is a low-risk investment with a high potential return. Recommendations from the report are included in our planning for the future structure and priorities of the small grants programme.

The Foundation's new Network to Engineer a Safer Tomorrow (NEST) programme, which is aimed at connecting those that have received our funding, launched a separate small grants call for applications exclusively to NEST members. We offered up to £2,000 to undertake activities in support of the Foundation's mission. A boat-building apprentice who used his funding to attend several training courses sent in a very enthusiastic report that concludes with the assertion that the "...courses have made me a better and more employable person within the industry as I have gained a lot of new skills and have a new-found confidence." This is exactly the kind of outcome that the NEST small grants programme was designed to achieve. In addition, a series of free online courses were launched in partnership with EdX. The courses will enable NEST members to develop skills and knowledge aligned with their interests and the Foundation's mission.

Our £300,000 grant to STEM Learning to fund ENTHUSE Partnerships (collaborations between 6-10 UK schools or colleges to improve young people's attainment and engagement in engineering-related subjects and careers) leveraged nearly £2m and revealed very strong indicators of increased attainment and significantly greater interest in STEM careers for those pupils who were part of our ENTHUSE partnerships.

It is important to note that the knock-on effects of the pandemic continued into 21/22. We agreed on new, no-cost extensions with a number of grant-holders, including the National Space Academy in Leicester and the Making Spaces programme led by Professor Louise Archer at UCL. This latter programme aims to widen participation in science, technology and engineering via makerspaces. It reported very positive headline findings from phase one of the project, both in terms of practitioner and participant outcomes. It is additionally pleasing to note the reported entrepreneurship and innovation among participating young people from unsupported communities, which was a target at the outset of the programme. As a result, we agreed to fund phase two of Making Spaces.

The pilot Pathways to Impact (Ptl) programme, which is an opportunity for colleagues at LR to apply for small-grant funding from the Foundation in support of a charity or other organisation that makes the world a safer place, awarded a grant to the Sino-Ocean Foundation in China that aims to develop carbon reduction education materials for schools. The Ptl programme had a global roll-out in the latter part of 21/22.

GOAL 3 – BUILDING COALITIONS

Impact highlight 3.1

The Foundation's presence as a lead partner at the Economist's World Ocean Summit 2022 showcased our mission to engineer a safer ocean and raised awareness of our work with 6,000 ocean-focused stakeholders, leading to over 20 one-to-one meetings with influential organisations.

Plan

The Foundation's communications strategy continued to focus on raising awareness of the global safety challenges and increasing the Foundation's influence, building strategic partnerships, and enhancing the impact of the work we fund.

Flagship campaigns

Safer Oceans

This year has focused on our strategic communications objectives to raise awareness of the evidence-led global safety challenges within the interconnected ocean economy and enhance the impact of our work in this area to date. Through creative communications and global influencer events, we have been identifying 'white space' for the Foundation where we can create a significant impact and make a difference – and building relationships with existing and new potential partners for leveraged funding programmes. During this financial year, over 50 articles in maritime media highlighting our work to engineer a safer world in the ocean community have been published.

Evidence-led content: Foresight Review of Ocean Safety

The financial year started with the launch of the Foresight Review of Ocean Safety which sets out urgent challenges facing the oceans with key recommendations made to create a safe and sustainable future blue economy. The review calls for international cooperation to ensure that future ocean-related developments are safe, sustainable and just. Recommendations set the scene for our future safer oceans work and include greater investment, a just transition to a low carbon ocean economy, new approaches to skills and education, the need for more data, infrastructure, innovation and fulfilling jobs for all.

The review was publicly launched in collaboration with the Economist Ocean Impact team, which aims to empower businesses, governments and foundations to catalyse change and enable progress. As part of their Ocean Insight Hour programme, the webinar was broadcast on 17 November 2021 and featured a panel debate moderated by Martin Koehring, head of the World Ocean Initiative, with speakers Ruth Bounphrey, former Director of research and strategic projects, Lloyd's Register Foundation and now CEO; Donnette Streete, Director, frontiers department, Ministry of Foreign Affairs and International Cooperation, (GUYANA); Michael Bruno, provost, the University of Hawaii at Manoa, author of The Urban Ocean and Ruben Eiras, secretary-general, Forum Oceano.

The event received 415 registrations from over 60 countries and 130 attendees from 26 countries, including international corporates, research centres, academics, policy units/makers, investors/banks, UN departments, governments and other ocean stakeholders. The press covered the event in multiple maritime publications and on the World Ocean Initiative website, which reaches 12,000 people a month.

Creative content: Documentary film series

The Foundation commissioned a series of documentary films by award-winning human rights journalist and filmmaker Dan McDougal at Miran Media to highlight the safety challenges faced by ocean workers. The first film, Searchlight, focuses on search and rescue, featuring volunteers from the RNLI, which launched publicly in June 2022, with exclusive screenings in advance at the Foundation's Safer World Conference 22 and the Hay literary festival in the UK attended by over 500

physical attendees with an online reach of over 500,000 people. Searchlight has now been requested for an exhibition by the National Maritime Museum.

The second film, *Two Kinds of Water*, was published in September 2022 on the social justice and environment platform Waterbear, following private screenings for LR's community, at the World Ocean Summit 22 and the United Nations Ocean Conference. This film focuses on small-scale fishers in Africa, and initial exposure has captured the interest of leading fisheries organisations such as FAO Fisheries, WorldFish and the Environmental Defense Fund.

The third film *Saltlines* shines a light on gender bias and safety challenges within the lobster fishing industry and has won the best documentary category at the Toronto Film Festival while being shortlisted for several more.

We continue to secure opportunities to show these films worldwide at conferences and events to spark debate and encourage action.

Global Influencer Events

COP26

Foundation representatives attended COP26 to raise awareness of key ocean-related initiatives and programmes. Representatives across Lloyd's Register, including the Foundation, attended several blue and green zone events at COP26 to raise awareness of ocean safety challenges and make connections. A key highlight was our side event on building resilience in sustainable supply chains, including a keynote from Ambassador Peter Thomson, the United Nations Secretary-General's Special Envoy for the Ocean, Ruth Bounphrey, NHS Oceans and green maritime supplier Baxters, which 140 people attended. This was the first COP where oceans were included on the agenda and notably seaweed was prominently featured as part of the blue food conversation and as a nature-based solution for climate change. The Foundation launched a podcast on at-risk coastal communities during the event, downloaded over 2,500 times, making it one of our most successful podcasts.

The Economist World Ocean Summit

The Foundation secured a major presence at the Economist World Ocean Summit 2022, with speaker opportunities on 'ocean literacy' and 'using data to drive investment' and a showcase of our *Two Kinds of Water* film. We also led a roundtable conversation on safer ocean stewardship with influential organisations in the ocean economy and arranged 20 one-to-one meetings to explore potential future global partnerships with organisations, including UNESCO's Intergovernmental Ocean Commission which has led to LRF joining the organisation's Foundation's Dialogue, the Commonwealth, OORA and NOAA.

United Nations Oceans Conference

The Foundation secured three official events at this global event attended by 6,000 people. Firstly an event on safety, equity and sustainability from source to sea' was delivered with the United Nations Global Compact (UNGC), Accenture, HUB Ocean, Stockholm resilience centre and Stockholm International Water institute. The core message was the importance of evidence and data to aid decision-making in the ocean economy, improving access to data and building incentives for organisations to share their data.

'Two Kinds of Water' was shown with a panel consisting of representatives from WEF (Friends of Ocean Action), the UN Food and Agriculture Organisation (FAO), WorldFish, Environmental Defense Fund (EDF) and the Environmental Management and Economic Development Organization (EMEDO). The core theme highlighted safety challenges faced by small-scale artisanal fishers who do not currently have a voice regarding interventions or policy making.

The Foundation also partnered with the Safe Seaweed Coalition grant holder to deliver the official side event 'Seaweed: a revolution to achieve Sustainable Development Goals (SDG) 14 and more'. This event explored the multiple contributions of seaweed to achieving the targets of SDG 14 and its relevance to other SDGs, describing the progress to date and identifying the next steps required to scale up the industry safely.

Seafarer Wellbeing

Olivia Swift has represented the Foundation at several seafarer wellbeing events throughout the year, including a 'Supporting Seafarers into the Future' webinar roundtable at the end of November 2021 alongside stakeholders from the Seafarer Hospital Society, the International Chamber of Shipping and Yale University. She has led multiple Foundation programmes, including a landmark study into the effectiveness of maritime worker health initiatives taken by shipping companies, charities and the wider maritime sector. Through a concerned communications campaign, Olivia has had several articles published on the topic in the maritime press and continues to build a thought leadership position in this space.

To coincide with the IMO's Day of the Seafarer in June 2022, Lloyd's Register and Lloyd's Register Foundation launched a report on seafarer wellbeing to highlight initiatives that are underway to tackle physical and mental wellbeing challenges for seafarers and what more still needs to be done – which is extensive.

Ocean Secondees

Across the Foundation, there are now two secondees working with other influential organisations in the ocean economy, bringing insight back into the organization and providing us with opportunities to build relationships, secure profile-raising initiatives and identify programmes for funding.

Vincent Doumeizel, on secondment to the UNGC and heading up the Safe Seaweed Coalition, has significantly raised the profile of safe seaweed as a source of blue food for communities worldwide, with a huge number of speaking opportunities delivered throughout the year, high profile media coverage secured in the Guardian and RTE and has recently authored a book on seaweed, available in French and English, which has been shortlisted for an environmental award.

Suzanne Johnson, on secondment to the UNGC oceans team, is highlighting the importance of finance as an enabler of ocean solutions to safety challenges and during the year has convened several high-level panels convening CEOs, CFOs, Ministers of Economy, Assistant Secretary General of the UN, NGOs, Multilateral Development Banks and investors to discuss mainstreaming finance to grow a sustainable blue economy.

Additionally, Katharine Palmer, from the Decarb Hub, is the shipping lead in the High-Level Climate Champions (HLCC) team, has ensured shipping and decarbonisation have a profile in the global ocean and climate events and is now working on a maritime resilience breakthrough programme as part of her HLCC work.

World Risk Poll

During the first half of the financial year, dissemination activities for the World Risk Poll 2019 continued alongside the development of launch plans for the 2021 iteration.

From July to December 2021, the Foundation presented thematic findings from the Poll at several high-profile events and continued to secure media opportunities.

Sarah Cumbers, Director of Evidence & Insight, presented top-level climate change findings at COP26, followed by an interactive game where attendees could make decisions about climate change interventions taken by their country, to see how evidence and insight can inform more effective choices – with follow up meetings with interested organisations secured as a result. Sarah also presented the Poll's food statistics at an online food safety event by the Global Alliance for Improved Nutrition and the Evidence and Action Towards Safe, Nutritious Food (EATSAFE) organisation.

The Foundation also highlighted global worker concerns revealed in the World Congress on Health & Safety Poll in November 2021. Most recently, Vincent Doumeizel presented the food safety Poll data at the World Health Organisation World Food Safety Day on 8 June 2022.

Since the WRP launch, more than 600 articles have been published by media around the world on the results of the World Risk Poll, citing the Poll data as evidence to lead other discussions and as part of subject matter expert comment on climate change, risk communications, food safety and the country happiness index.

Key learnings

The enormity of the 2019 data set and the thematic interests shown in the data by audiences influenced the team's decision to create a more thematic approach to developing and launching the 2021 Poll. For this reason, the 2021 Poll will be launched as four separate reports alongside the correlating data set:

- Pre/post-Covid: July 2022
- Resilience: September 2022
- Data & Artificial Intelligence: November 2022
- Violence and harassment at work: January 2023

Communications and Content Campaigns

Foundation Newsletter

We have seen a significant increase in our newsletter subscribers over the last year. There has been continued engagement up to 30th June 2022, with our contact database increasing to a high of 5,022 newsletter subscribers, up 1,391 since June 2021, an increase of 35%. Additionally, there was an impressive 33.5% average open rate, around 1.5% higher than 2020/21, with average industry benchmarks around 20-25%. The newsletter has also been rebranded in line with Lloyd's Register's brand transformation project.

Website and social media

Through high-quality content, we have continued to drive increased engagement with the Foundation's website and social media channels. Since July 1st 2021, the website has gained 577,827 page views – largely due to a paid advertising campaign coordinated to increase registrations to the Safer World Conference 2022. We've also achieved nearly 800,000 impressions of Foundation content across our social media platforms during this period, gaining 3,209 new followers on LinkedIn and Twitter. There have been material improvements to the Foundation's website, including a new interactive grants map, Impact Review and World Risk Poll microsites.

Media Relations

Our media relations activity has resulted in over 1,200 articles this year (excluding the World Risk Poll and Safer Oceans campaign) across more than 20 countries. Stories of significant interest to the media have included our Safer World Conference, news from grant holders including the Safe Seaweed Coalition, SafetyTech Accelerator, Engineering X, Resilience Shift/Rising, HiLo and Ruth's CEO appointment.

The Global Safety Podcast

The Global Safety Podcast aims to convene members of our global grants community, activists, influencers and policymakers around the key global safety challenges society faces. Since 1 July 2021, we have achieved 45,100 listeners a 2,000% increase in listeners from Series 1.

Events and Publications

Lloyd's Register Foundation's Safer World Conference 2022

The Safer World Conference was held between 10 to 11 May 2022 in Old Billingsgate Market, London and online. Over 40 international speakers and thought leaders from our grants community and close strategic partners spoke at the event as we gathered to discuss today's biggest safety challenges and the new approaches needed to create a safer world.

Over 1,450 people from 121 countries registered to attend, with nearly 600 people attending both in person and online over the two days.

The Safer World Conference saw the largest paid advertising campaign undertaken by the Foundation, resulting in a 1,500% increase in page views on the Foundation website and a 418% increase in impressions on social media.

We also coordinated a direct mail campaign to help promote the Safer World Conference, with a series of five bespoke branded emails going out to the Foundation's contact database. Following data collection from the Safer World Conference delegates, we added 1,081 new prospects to our contact database, increasing the Foundation's mailing list to nearly 5,000 people, an increase of 261% since April 2020.

The Safer World Conference was received extremely positively by LR staff, with five times the number of LR colleagues attending virtually and physically than our previous international conference in 2019.

Other key achievements at the conference include a selection of high-profile speakers, including James Michel, Former President of the Seychelles, the creation of a bespoke online platform for virtual attendees, dinner and networking for our top 100 stakeholders featuring a speech by High-Level Climate Champion Nigel Topping, and the creation of the Safer World Exhibition, including various stalls, galleries and installations from over 20 members of our global grants community.

Food Safety Publications

During this year, several high-profile publications have come out of the Foundation, which bespoke communications campaigns have supported.

Our grant with The Science Museum, 'Feeding Tomorrow', published a report in late October 2021 that revealed widespread public concern about food waste and a lack of understanding about the link between food production and climate change.

The Strategic Communications team helped deliver three new food safety reports from the Evidence and Insight Centre, focusing on skills and education, traceability and aquaculture. The publications have received 416 reads on the Foundation website.

Impact Review 2021: Frontline

The launch of our impact review was received extremely positively amongst our key stakeholders and social media audiences. Over 5000 people worldwide have accessed the online exhibition since it launched on 9 June 2021 (an increase of over 200% over the same period from 2020). The seven-week promotional campaign comprised 24 posts across Twitter and LinkedIn, gaining 13,541 impressions.

The physical version of the Impact Review was launched at the Safer World Conference and handed out to our top stakeholders during the Foundation's 10th-anniversary celebrations. There have been requests for the book to be shared with the Group's maritime stakeholders in both Southampton and Athens, and there is a distribution plan currently underway to send copies to LR's top 17 international offices – as well as to key grant holders.

Internal Communications

Internal Communications – Engaging LR employees worldwide

Our objective this year has been to enhance the communications between the Foundation and the Trading Group to inspire and engage employees from both organisations in our shared social purpose mission, celebrate the 10th anniversary of the Foundation and the Trading Groups' unique structure, as well as inform employees about the Foundation's work.

Being a part of the Lloyds Register (LR) conference

In January, LR hosted their new strategy through an all-employee conference where significant Foundation messaging featured alongside key strategic communications for the Trading Group. Foundation messaging was weaved into the leadership speeches, dedicated breakout sessions were hosted, the Foundation's CEO (at that time) Richard Clegg was invited to speak on the Executive Leadership Team (ELT) panel and a bespoke Foundation video was created to inspire and engage employees. As a result, we have seen 55% of the people who filled out the conference feedback form say that they will be engaging more with the Foundation and LR's social purpose. Over 250 positive responses have been logged, noting

where LR colleagues learned something new about the Foundation, and the breakout sessions that were the second most attended on the day (813 attendees) have been viewed an additional 500 times since on LR's intranet site.

Internal Communications for Safer World Conference 2022

The Safer World Conference 2022 sign-up campaign was very successful and had significant airtime covering all LR Group internal communications channels, resulting in sign-ups five times higher than what was seen in 2019, and 181 employees from LR signed up to join both in-person and online, with 86% of them signing up to both days.

Internal Communications campaign – Pathways to Impact

A key campaign has been the launch of Pathways to Impact, which went live globally on 16 May. This was an opportunity for colleagues to apply for funding up to £5,000 from the Foundation in support of a charity or not-for-profit organisation that makes the world a safer place and supports the Foundation's key challenges. As part of their application for funding, employees were encouraged to apply for two volunteering days with that charity or not-for-profit organization.

The multi-channel promoted campaign saw high engagement, totaling over 13,000 engagements from views, clicks, opens, comments and likes/reactions and 154 colleagues directly engaged with the application or expression of interest process through the expression of interest form, webinars and application forms.

Enhancing Internal Channels

Amongst larger campaigns, significant effort has gone into enhancing LR Foundation communications across existing internal channels such as the Intranet, Yammer, internal newsletters and CEO video messages. Notably, this work has resulted in significantly increased engagement with intranet pages featuring in the top 20 most viewed, the Yammer channel becoming an official 'blue tick' community with over 3,700 members from LR and the Foundation worldwide.

Engaging Foundation Employees

The Internal Communications work has also focused on informing and engaging Foundation colleagues through the continued improvement of the fortnightly meeting structure, a reinvigoration of the ED&I actions as well as the creation of a full-year communications plan to ensure the feedback from the internal Employee Opinion Survey has been implemented. We are now looking to rerun this survey in November 2022.

Future plans for the next 12 months to June 2023

The main objectives are to:

- Launch the four World Risk Poll 2021 reports between July and December 2022 through global, national and sector press and continue to build relationships with high-level partners and advocates who share our mission and can help bring the data to the attention of policymakers and organisations who can use it to inform interventions that make people safer. Each launch will be supported by a suite of multimedia content that will bring the data to life and a series of webinars that will engage stakeholders and potential end-users more deeply with the data.
- Use our sponsorship of Climate Week NYC in September 2022 to showcase the World Risk Poll and build our reputation as a global thought leader on resilience.
- Continue to build our profile within the ocean economy across supply chains and geographies and raise awareness of the safety challenges faced by people working in the ocean and those living in vulnerable coastal communities. We will focus on giving a voice to those who don't currently have one and highlight the role of evidence and insight, engineering and infrastructure, technology, and education and skills, using global influencer events such as COP27 and the World Ocean Summit 2023 to drive debate and form partnerships.
- In collaboration with the Red Cross Climate Centre, led a successful satellite event for the World Bank's Understanding Risk 2022 conference, connecting with stakeholders from across the public understanding of the risk ecosystem and further disseminating findings from the World Risk Poll.

- Conclude Lloyd's Register Foundation's anniversary celebrations with a state-of-the-art audio-visual experience in collaboration with award-winning designs and art practice Superflux, celebrating ten years of making the world a safer place.
- Coordinate a suite of events with our colleagues and potential stakeholders in Singapore, including an Art / Science Symposium in collaboration with the National University of Singapore and the Singapore Art / Science Museum and Lloyd's Register Foundation workshop with LR colleagues in the Singapore office.
- Strengthen communications activity with our grant holder community, ensuring the impact of our funding and their work is maximised.
- Internal Communications: Run 'LR Festival of Social Impact' events in key LR offices worldwide, showcasing the work of LR Foundation, how employees can get involved in Foundation initiatives and discuss our shared social purpose mission.
- Internal Communications: Create dynamic and engaging content for the second iteration of LR Group's all-employee conference.
- Internal Communications: Inspire LR Group and LR Foundation teams with employee stories of the Pathways to Impact programme.

HERITAGE AND EDUCATION CENTRE (HEC)

Impact highlight:

The digitisation of the Ship Plan and Survey Report Collection has been completed on time and within budget. In total, 1,154,669 documents were digitised from 4,367 boxes. Since the Collection's release digitally, it has been accessed more than a million times with over 150,000 active users.)

A New Vision and Mission for HEC

Following the appointment of Alex Stitt as Director, we took the opportunity to redefine the department's purpose. The new direction is as follows:

Vision

Maritime safety: increasing the understanding of its importance to the past, present and future ocean economy

Mission

Maritime safety has always been critical to the ocean economy. Today, as the industry navigates the challenges of climate change, sustainable global supply chains and net zero targets, what lessons can we learn from the past that will help us shape a safer ocean economy for tomorrow?

Our mission is to inform, educate, influence and inspire policymakers, researchers and business leaders as they meet these challenges. Leveraging our connections, cash flow, heritage assets and creativity, we will increase worldwide understanding of maritime safety's importance to a sustainable and efficient ocean economy.

We will innovate, pioneer and promote best practices within the maritime heritage sector to create the archive of the future, open and accessible to all.

Opening of the Archive and Visitor Centre in Fenchurch Street

Following the Group's strategic decision to sell the Rogers Building and the required capital works, the opening of our bespoke visitor centre at 71 Fenchurch Street in 2022 has been delayed until early 2024. We have used the time to invest in detailed planning of the visitor experience, maintaining contact online with our community of researchers, who continue to access the archive online.

Website – impact overview

From 1 July 2021 to 30 June 2022, the HEC website saw:

- 491,651 page views from 68,456 users across 190 Countries. Compared to the previous year, the HEC website has seen a 30% increase in page views and a 13% increase in users.
- 89% of all page views for the website were for archive resources.
- 390 different websites have referenced content listed on the HEC website
- Throughout the period, the HEC website received 121,199 unique engagements (document downloads, visits to external HEC platforms – Internet Archive, video views).

Social Media and YouTube

The Heritage & Education Centre's social media and YouTube platforms have continued to reach new audiences. In total, HEC's social media content has received 573,895 impressions (views), with our social media community now at 2,592 people.

The HEC's YouTube content has accrued a watch time of almost 175 hours and reached over 7,000 views.

Finally, in early January 2022, the Foundation-funded *Mariner's Mirror* Podcast began releasing videos. The videos, published to the video social network, TikTok, featured digitised documents from the Ship Plan and Survey Report Collection. These videos have now surpassed 750,000 views on the platform.

Digitisation

The Ship Plan and Survey Report Collection were digitised on time and within budget. In total, 1,154,669 documents were digitised from 4,367 boxes. Since the Collection's release digitally, it has been accessed more than a million times with over 150,000 active users.

The Centre's Register of Ships Collection has now been digitised, with over 200 years' worth of editions published to the HEC website, Google Books and Wiki Commons. HEC will soon be recruiting a new Digitisation Assistant as we continue to ramp up the digitisation of HEC's archive resources for public benefit.

Research and grants

Hindsight Perspectives for a Safer World (History & Policy, King's College London)

The Hindsight Perspectives project commissions professional historians to provide historical context and insight into contemporary safety challenges, deepen understanding of the issues and provoke creative solutions. Grant holder, History & Policy (H&P) is a collaborative network based at the Institute of Historical Research and King's College London, with connections to academic historians all over the UK and the world. Working with HEC material and other stakeholder's archive collections, the first of five H&P reports is by Dr Elin Jones, who explores how Lloyd's Register as a classification society deployed its surveyors to manage risk during the sail-to-steam transition, a maritime revolution comparable to the profound technological change happening today as the industry grapples with decarbonisation.

Curator of Contemporary Maritime Impacts

Support for the role of Curator of Contemporary Maritime Impacts at the National Maritime Museum (NMM), London, has been extended to 2024. Curator Laura Boon is working with the Museum team to strategically advance public education and understanding of maritime issues. This has included leading events for World Oceans Day, collecting and digitising merchant navy oral histories, and leading the curatorial strand of the incredibly successful Ice Worlds Festival. Staged in partnership with the British Antarctic Survey to celebrate the maiden voyage of the RRS *Sir David Attenborough*, the festival welcomed over 30,000 visitors to NMM across three days. The Our Ocean, Our planet online hub, continues to grow. The showcase exhibition 'Exposure: Lives at Sea' has also been extended, allowing more visitors to see it in person and to learn about the lives of those working at sea. It has been showcased at several events with representatives from the maritime industries and donors to the Museum, including London International Shipping Week and the Foundation's Safer World Conference.

Lloyd's Register Surveyors in China, 1869-1918

Cory Watson is undertaking his PhD at the University of Portsmouth and as a visiting scholar to be hosted by Hong Kong Baptist University and Dalian Maritime University. Blogs on the project have been published on the HEC and the Port Towns and Urban Cultures (PTUC) websites. In January 2022, PTUC hosted an online conference for postgraduate and early career researchers, exploring the emerging scholarship on many aspects of Chinese port life and work. Cory's thesis will explore the international understanding of health, safety, risk management, and their broader influences on local infrastructures and imperial cultural knowledge.

CITiZAN: Widening access to HEC resources through citizen science

We have extended the duration of our support for the award-winning Coastal and Intertidal Zone Archaeological Network (CITiZAN) to allow for the completion of the objectives. As a community-based project led by the Museum of London Archaeology, CITiZAN engages new and diverse audiences by using citizen science to document at-risk archaeology, covering the UK and including ports like Liverpool, Southampton, Hull and London, with an international perspective. Research undertaken by the team's participants and higher education students also covers topics such as impact of the maritime sector on world trade and trade routes. This will be incorporated as a theme into some of the targeted outreach and educational work.

Thomas Chapman Scholarships

Two Doctoral students at the University of Hull are on track to complete their PhDs in January 2023. The grant, extended due to the delays caused by the pandemic, has been used to fund the research and writing of two projects, one on the management of risk by Lloyd's Register (LR) in the 19th century (by Peter Phillipson), the other on the work of LR in the port of Hull, 1880-1908 (by Samuel Wright). The engagement has included online blogs, papers and exhibitions, plus 200 visitors on guided tours of Hull's Old Town, 200 attendees at conferences/workshops, and online coverage of activities including on the HEC and on the Hull: Yorkshire's Maritime City websites.

Appraising the Archives

The appraisal of the HEC archive collections, conducted by the University of Hull, was completed on 31 December 2021. The project was hindered by a lack of access to the physical archive collections due to the pandemic, resulting in reduced in-person archival visits and delayed project outputs. The project report, workshop report and future publication of a research note in an academic journal will facilitate more excellent knowledge and understanding of the contents and structure of the HEC archive.

Future plan for the next 12 months to June 2023

The main objectives are:

- Partnership activities - We will build partnerships with high-profile institutions.
 - Activating our grant with the Imperial War Museum
 - Reinvigorating our partnership with the National Maritime Museum
 - Contributing as a partner in the UNPATH Towards a National Collection Discovery Project. This five-year programme aims to rock the boat when it comes to telling maritime stories – exploring innovative ways of reaching more people by making 23,000 years of maritime history more accessible to the public.
 - Building opportunities with the UN Ocean Decade Cultural Heritage Framework and seeking new international partners.
- Collections – We will invigorate and expand the digital and physical access to our collections.
 - We will research, procure and install a new content management system for our archive.
 - Continue to invest in diversifying access to HEC's digital research resources by making these available across Wikipedia, The Internet Archive, ArchivesHub and Google Books.
 - Develop plans for a new engaging, and exciting visitor centre.
- Research, interpretation & engagement – We will build on our portfolio of work.
 - New collaborative research projects, including 'Rewriting women into maritime history'.
 - Launching the Learning from the Past (LFP) programme at the International Congress of Maritime Museums (ICMM) in Halifax, Nova Scotia.
 - Reaching new stakeholders and routes to impact through crowd-sourcing projects.

- Commissioning original editorial content to bring our Collection to life and encouraging new interpretations. This will include animations on the Plimsoll Line and MARPOL and videos for a ships-in-miniature series.
 - Working with authors, including Rose George, appointed to act as a frontline fishing correspondent for the Foundation while researching her next book, *Every Last Fish*. This will include a series of blog posts, podcasts, videos and tweets.
- Digital Transformation - HEC will lead a Digital Transformation project in partnership with leading agency Numiko.
 - Phase 1 will audit the existing digital estate, audiences and capabilities and deliver a compelling strategy for how LRF can leverage digital tools to increase global reach and impact.
 - Our ambition is a wholesale re-imagining of the Foundation's digital activity to support our global impact targets.

FUTURE PLANS BEYOND JUNE 2023

Beyond 30 June 2023, the Foundation will continue its strategy set out above. The Foundation will continue to manage its existing grant portfolio and make additional interventions through direct activities or grants based on evidence of the most pressing challenges and where the Foundation is able to achieve the most positive impact.

The future plans for the Foundation will continue to evolve during its second decade led by its new Chief Executive as it responds to a world that is changing fast. Population growth, climate change, the energy transition, and technological innovation will bring us new challenges and opportunities.

Accountability and Stakeholder Engagement

The following section describes how the Trustees have had regard to applying section 172 of the Companies Act to promote the success of Lloyd's Register Foundation and its subsidiaries. The Trustees confirm that they have acted in good faith to promote the long-term sustainable success of the charity to achieve its charitable purpose of working together for a safer world.

Oversight, Strategy and the Longer-term

The Trustee Board has a formal set of processes to enable it to discharge its duties in overseeing the management of the Foundation. The Board meets quarterly. The Audit, Risk and Investment Committee meets three times a year and the Grants and Direct Charitable Activities Committee meets quarterly. The Nominations Committee meets once a year, with additional meetings as required, to oversee succession planning and the Board composition. The Remuneration Committee meets four times a year. The Board also has a less formal, off-site meeting once a year where broader strategic issues are considered and the Board has the opportunity to meet with the Foundation's executive team. In addition, the Board meets twice a year with the Board of its operating subsidiary, Lloyd's Register Group Limited, for an update on its trading activities, with presentations by executive management, and there is a joint boards' visit to a Lloyd's Register site where both boards meet and engage with employees, customers and, where possible, Foundation beneficiaries.

The Board reviews all aspects of the Foundation's operations, risk management and objectives on a regular basis and those of its trading subsidiary, Lloyd's Register Group Limited. This is achieved by means of an annual rolling agenda of items to be considered at its meetings, split into standing agenda items, such as reports from the Foundation Chief Executive, the Foundation Chief Operating Officer and the Chief Executive of Lloyd's Register Group Limited, and annual items, such as the Board evaluation review, review of the budget and risk management updates. In conjunction with the Audit, Risk and Investment Committee, the Board has agreed a schedule of risk deep dives for presentation at each Board meeting.

The Board has oversight of planning for the longer-term through its review processes, the approval of the five-year strategy, the work of the Audit, Risk and Investment Committee, which meets with the investment fund managers at each meeting, and the annual Board update from each fund manager. This longer-term approach is reflected in the composition of grants awarded by the Foundation, which is agreed by the Grants and Direct Charitable Activities Committee and reported to the Board at its meetings as a standing item. The Board has also established delegated levels of authority for the Grants and Direct Charitable Activities Committee, above which the Board determines the award of grants. Further details on the charitable activities can be found on pages 5 to 27.

During the year under review, the Board held an additional meeting outside of the Board cycle to consider, and approve, the acquisition by its subsidiary, Lloyd's Register Group Limited, of OneOcean, a maritime digital services business covering navigation and compliance.

The following section describes the Board's engagement with the various stakeholder groups and the impact on its key decisions taken during the year. It includes the disclosures required in respect of Section 172 of the Companies Act 2006.

Charity Stakeholder engagement

Society in general As the Foundation is a company limited by guarantee and a registered charity, the beneficiary is society in general through the Foundation's charitable purpose	
Why we focus on this stakeholder	How the Board engages and Communicates
The Foundation's mission and objectives are of a public benefit nature as noted on page 45.	<p>At each Board meeting, the Foundation Chief Executive provides an update on the activities of the Foundation and the Chief Operating Officer reports on the financial and operating performance.</p> <p>There is also a report on the activities of the Grants and Direct Charitable Activities Committee and a presentation by the beneficiaries of one of the Foundation's large grants on their activities.</p> <p>During the annual joint boards' site visit, Trustees meet with beneficiaries of the Foundation's grants wherever possible.</p> <p>Trustees are invited to events connected with the activities of the Foundation.</p>

How the Board has taken account of these interests / Outcome <p>The Trustees are updated on the activities of the Foundation against its strategy and related challenges and can assess the connection of funding back to the strategy and charitable purpose.</p> <p>The report of the Grants and Direct Charitable Activities Committee provides a high level of granularity into funding applications, grants and rejections. A Trustee is chair of the committee.</p> <p>During the year under review, there were presentations from the UK Health and Safety Executive in respect of their Discovering Safety Grant, the Gallup World Risk Poll, the Foundation's Heritage and Education Centre in respect of their Strategy and Vision, and from the Royal Academy of Engineering in respect of an Engineering X programme for the Safer End of Engineered Life. This enabled Trustees to have direct access to the beneficiaries of the Foundation's large grants, to hear about their work, to assess their impact and how they are working in practice.</p> <p>During the year under review, the Trustees joined the board of Lloyd's Register Group Limited on a joint board visit to the Lloyd's Register offices and clients in Italy. There was no opportunity to visit a grant beneficiary during the visit, however the Trustees were able to visit the National Institute of Oceanography and Applied Geophysics, an internationally oriented public research institution, and to learn about its activities in spreading and widening knowledge and also its role in the safeguarding and enhancement of environmental and natural resources.</p> <p>The Foundation Chief Executive's report presented at each Board meeting lists upcoming Foundation events, which Trustees are invited to attend. During the period under review, notable presentations were those connected with the media launch of the Foresight Review on Ocean Engineering in conjunction with the Economist, key global influencer events on safer oceans and climate change at COP26 and the World Ocean Summit, the Foundation's Safer World Conference 2022 and the private viewing of two documentary films in the Ocean Citizens Series – "Two Kinds of Water" and "Salt Lines" – which document the safety challenges faced by fishermen in Senegal, West Africa and in Maine, USA. This enabled the Trustees to see the funding in action and to understand the benefits and challenges of projects more fully.</p>	
Workforce The Foundation defines its workforce as its employees and subcontractors.	
Why we focus on this stakeholder	How the Board engages and Communicates
<p>The workforce is vital to the success of the Foundation. By demonstrating the values shared with Lloyds Register Group Limited of "We care, We share, We do the right thing" we build and maintain the relationships with our beneficiaries.</p> <p>Our workforce expects to be safe when performing their work and to work in a culture in which they can achieve their potential.</p>	<p>The Foundation has a relatively small number of employees (34) when compared to Lloyd's Register Group Limited (circa 4,500 employees). As a result, the Foundation receives support from Lloyd's Register Group Limited in respect of employee and workforce engagement, and details can be found in the Strategic Report of the Lloyd's Register Group Limited financial report and accounts.</p> <p>At the Board Meeting held in December 2021, the Foundation Chief Executive reported to the Board on the results of the latest Employee Opinion Survey ("EOS"). The Foundation Chief Executive reported that the results had been considered by the Executive Team and in consultation with staff an action plan had been put in place.</p> <p>The Board continue to promote diversity and inclusion, and the Foundation has developed an action plan that embeds equity, diversity, and inclusion in everything that we do to create a sense of belonging for our staff and also our global community of grant holders and partners.</p> <p>At each Board Meeting the Foundation's Chief Executive provides an update in their report on matters specifically relating to the Foundation's workforce.</p> <p>The Foundation Board is able to engage with senior members of the Foundation's workforce when they give Board presentations on the Foundation's activity.</p> <p>The Lloyd's Register Remuneration Committee comprises two separate committees, one for Lloyd's Register Group Limited and one for Lloyd's Register Foundation. The Chair and membership of both committees are the same. A report is provided at each Trustees' Board meeting of the activities of the committees since the previous Board meeting. In respect of the Foundation, the committee deals with the remuneration of the Foundation Chief Executive and the remuneration policy for their direct reports.</p>
How the Board has taken account of these interests / Outcome <p>The Foundation Chief Executive's report to the Board provides updates on staffing matters specific to the Foundation, including succession planning, changes in key posts and initiatives such as diversity and inclusion and flexible working and actions from Employee Opinion Surveys.</p> <p>A Foundation Trustee is a member of the Remuneration Committee and provides a report to the Board on Remuneration Committee meetings.</p>	
Customers The Foundation does not have customers, as such, but for this purpose regards the beneficiaries of its grants as customers	
Why we focus on this stakeholder	How the Board engages and Communicates
<p>The beneficiaries of the Foundation's grants are a key way in which the Foundation fulfils its mission and purpose.</p>	<p>Details of the Foundation's engagement with the beneficiaries of its grants are set out below in the section on Grant Holders.</p>
How the Board has taken account of these interests / Outcome <p>The Trustees are mindful of the impact of the Foundation's activities on its beneficiaries. To ensure that there is security of funding for the grants to be maintained for beneficiaries, the Foundation's investment fund managers provide updates at each meeting of the Audit, Risk and Investment Committee and provide annual updates to the Foundation Board. In addition, the Foundation Board receives updates on the income from its trading subsidiary, Lloyd's Register Group Limited. This enables the Trustee Board to oversee the security of funding over the longer-term. Further details on grant holder matters can be found in the section below.</p>	

Details of Lloyd's Register Group Limited's oversight of customer matters can be found in the Strategic Report of the Lloyd's Register Group Limited report and accounts.	
Suppliers Lloyd's Register's suppliers are those stakeholders from whom LR receives goods and services	
Why we focus on this stakeholder	How the Board engages and Communicates
Reliable suppliers are vital to the success of the Lloyd's Register Foundation. They include the provision of critical infrastructure such as IT systems and office accommodation. The Foundation relies upon a management services agreement with the Lloyd's Register Group Limited to provide key services.	The selection of suppliers and services are typically monitored by the Lloyd's Register Group's operational functions, and policies and procedures are set out in the Business Management System which is available on the Group's intranet. However, the selection of key suppliers of, for example, banking arrangements, IT systems and major property leases are reviewed by the LRG Board. Lloyd's Register Group Limited's Chief Executive Officer provides a business update on Lloyd's Register Group Limited to the Foundation Board at each meeting and details of Lloyd's Register's oversight can be found in the Strategic Report of the Lloyd's Register Group Limited report and accounts.
How the Board has taken account of these interests / Outcome Details of Lloyd's Register's oversight of suppliers can be found in the Strategic Report of the Lloyd's Register Group Limited report and accounts. The Foundation engages regularly with the investment fund managers to ensure that all parties are engaged to provide a high level of service delivery.	
Regulators Regulators are those stakeholders by whom Lloyd's Register and its services are assessed and regulated	
Why we focus on this stakeholder	How the Board engages and Communicates
The key regulator for Lloyd's Register Foundation is the Charity Commission.	The Trustees receive annual training on Charity Commission guidance and updates from an external provider at its annual off-site meeting. In addition, the Company Secretary and the Foundation's executive leadership, including the Foundation Chief Executive and the Foundation Chief Operating Officer, report to the Board on engagement with the Charity Commission and on matters relating to Charity Commission regulation and guidance, either as specific items or as risk deep dives. There is a standing item at Board meetings for serious incident reporting.
How the Board has taken account of these interests / Outcome The Board applies the guidance received from the Charity Commission in its review of the grants process and in its oversight of its social investment, Lloyd's Register Group Limited and engages with the Charity Commission on matters of Charity law as necessary.	
Grant Holders Grant holders are those stakeholders who receive funding awards from the Foundation.	
Why we focus on this stakeholder	How the Board engages and Communicates
The Foundation furthers its objectives by way of grants to universities, individuals and other institutions.	<p>At each Board meeting, there is a report on the activities of the Foundation's Grants and Direct Charitable Activities Committee.</p> <p>At each Board meeting there is a presentation by a beneficiary of one of the Foundation's large grants on their activities.</p> <p>During the annual joint boards' site visit, Trustees meet with beneficiaries of the Foundation's grants wherever possible.</p> <p>Trustees are invited to events connected with the activities of the Foundation.</p>
How the Board has taken account of these interests / Outcome The Trustees are updated on the activities of the Foundation against its strategy and related challenges and can assess the connection of funding back to the strategy and charitable purpose. The report of the Grants and Direct Charitable Activities Committee provides a high level of granularity into funding applications, grants and rejections. A Trustee is chair of the committee. The Board provides oversight over the grants approval process and the decisions made based on applications from different beneficiaries. Details of presentations from the beneficiaries of the Foundation's large grants, of annual Board site visits and of events connected with activities of the Foundation can be found in the section of this report on Society in General on page 28 to 29.	
Society and the Environment. Community and the environment - the impact on social and natural communities where LR deliver our services	
Why we focus on this stakeholder	How the Board engages and Communicates
<p>The Foundation has strong links to safety in the community. To further the Foundation's aim of 'working together for a safer world', the Foundation and Lloyd's Register Group Limited have a responsibility to use their position of influence to be a thought-leader on sustainability.</p> <p>What society expects of us:</p> <ul style="list-style-type: none"> - Corporate responsibility 	The Board receives updates on the Foundation's activities at each Board meeting in the Foundation Chief Executive's report and presentations from large grant holders. They also receive regular communications on the Foundation's activities.

- Trusted advisor to our industries promoting safety and efficiency.	
How the Board has taken account of these interests / Outcome <p>The Board has underlined the Foundation's commitment to carbon neutrality by actively supporting decisions to work closely with the High Level Climate Change Champions and supporting the Race to Zero and Race to Resilience campaigns.</p> <p>The Board has supported the work being done jointly by the Foundation and Lloyd's Register Group Limited, working with the Carbon Trust to measure our carbon and emission footprint in order to inform and achieve the Science Based Targets submission (more details can be found at page 49). During 2021 Lloyd's Register signed up to the UNs Business Ambition for 1.5C and joined the Race to Zero in the lead up to COP26.</p> <p>The Board supported the Foundation's work in respect of COP26 and received a CEO report on the activities of representatives at the conference to raise awareness of key initiatives and programmes including the Foundation's safer oceans campaign and the World Risk Poll. Several Foundation funded secondees were also present in their UNGC and High-Level Climate Change for Shipping capacities and updates were provided to the Board.</p> <p>The Board receives regular updates on progress made by the Lloyd's Register Maritime Decarbonisation Hub. This project aims to accelerate the sustainable decarbonisation of the maritime industry by enabling the delivery and operation of safe, technically feasible, and commercially viable zero-emission vessels by 2030. This is an important part of the Foundation's mission to enable safer and more sustainable oceans.</p> <p>As noted above, the Trustees are updated on the activities of the Foundation against its Strategy and related challenges and can assess the connection of funding back to the strategy and charitable purpose.</p> <p>The actions taken by the Lloyd's Register Group on ESG factors are reported in a separate publication on www.unglobalcompact.org.</p>	

Trading Group Stakeholders

Additional stakeholders specific to the Trading Group are summarised below:

Workforce The Trading Group defines its workforce as its employees and subcontractors.	
Why we focus on this stakeholder	The workforce is vital to the success of the Trading Group. By demonstrating the values of "We care, We share, We do the right thing" they build and maintain the relationships with customers and continue to support the Group's reputation for technical excellence and client service.
Customers The Trading Group is an operating company. Its customers are those stakeholders to whom it provides services.	
Why we focus on this stakeholder	Customers are at the heart of everything that the Trading Group does. Its customers expect LRG to not only deliver world-class testing, inspection and certification services but increasingly also become a trusted advisor, helping them to maximise their operating efficiency, profitability and sustainability. <p>Customers care about:</p> <ul style="list-style-type: none"> - Safety - Sustainability - Trusted long-term partnerships - Technical expertise
Suppliers Lloyd's Register's suppliers are those stakeholders from whom LR receives goods and services	
Why we focus on this stakeholder	Reliable suppliers are vital to the success of the Trading Group as they include not only the provision of critical infrastructure such as IT systems but also contractors who provide services alongside our workforce to complement services provided to clients by the Trading Group.
Regulators Regulators are those stakeholders by whom Lloyd's Register and its services are assessed and regulated	
Why we focus on this stakeholder	Many of the services provided by the Trading Group, are subject to compliance with regulation and accreditation.

How the Foundation Board engages and Communicates and how the Foundation Board has taken account of these interests / Outcome

The Foundation Board has delegated day to day responsibility for the management of the stakeholders referred to above to the Lloyd's Register Group board. It exercises oversight through reporting received from the updates provided by the Lloyd's Register Group Limited Chief Executive at each Trustee Board meeting where there are matters to report, as well as receiving a trading update on the activities of the Lloyd's Register Group.

Additionally, the Foundation Board meets twice a year with the Board of the Trading Group for an update on its activities, with presentations by executive management. Each year, there is a joint boards' visit to a Lloyd's Register site where both boards meet and engage with employees and customers, and grant holders where possible.

Further details of Lloyd's Register Group Limited's oversight of the above matters can be found in the Strategic Report of the Lloyd's Register Group Limited report and accounts.

Foundation Financial Review and Policies

Lloyd's Register Foundation ("the Foundation") generates its income from the investments that it holds.

These fall into two categories:

- Financial investments: a portfolio of listed investments; and
- A Social Investment: 100% ownership of the unlisted shares in the immediate subsidiary company Lloyd's Register Group Limited ("LRG" or "the Trading Group").

The Trustees consider that the policies outlined in this section constitute the framework for their key financial risk management policies.

Results for the period

The Foundation had total income for the year ended 30 June 2022 of £15.3m (6 months to 30 June 2021: £6.8m) consisting of income from its listed investments and gift aid donation from LRG.

Investment income of £15.3m (6 months to 30 June 2021: £6.8m) comprised £7.0m (6 months to 30 June 2021: £3.0m) of donations from the Trading Group and £8.3m (6 months to 30 June 2021: £3.8m) of income from the return on the investment portfolio.

The Foundation had total expenditure of £21.3m during the year to 30 June 2022 (6 months to 30 June 2021: £7.1m). The increase in expenditure reflects the longer accounting period and increased grant awards.

Lloyd's Register Foundation	12 months ended 30 June 2022 £m	6 months ended 30 June 2021 £m
Gift aid donation from Trading Group	7.0	3.0
Income from listed investments and other resources	8.3	3.8
Total income	15.3	6.8
Investment management costs	(0.8)	(0.4)
Charitable activity costs	(20.5)	(6.7)
Total expenditure	(21.3)	(7.1)
Net (losses) / gains on listed investments	(26.5)	11.0
Net (loss) / income and net movement in funds	(32.5)	10.7

Charitable expenditure of £20.5m for the year (6 months to 30 June 2021: £6.7m) includes grants of £14.7m (6 months to 30 June 2021: £3.1m) which are discussed further in this Trustees' Report.

The Group Financial Review can be found on pages 70 to 71 and forms part of this Strategic Report.

Subsidiaries: Social Investment

The Foundation has one direct, wholly-owned subsidiary company: Lloyd's Register Group Limited. Together we share the same mission to make the world a safer place and work closely to maximise our global impact.

LRG is itself the head of a global trading group of companies with over 260 years of history, focused on adding value to society through independent assurance and expert advice for clients in the maritime industry. The profits generated by the Trading Group help fund the public benefit activities of the Foundation. The Trading Group carries out a mix of charity-related and non-charitable activities globally. The Charities (Protection and Social Investment) Act 2016 ("the Act") sets out a general power for Trustees to make social investments (pursuing both a financial and social return). This effectively enshrines in legislation the basis for mixed-motive investment. The extent to which public benefit is delivered by the work of the Trading Group forms part of the Trustees' assessment of the return on their investment.

The Trading Group's trading operations include many activities which are of a public benefit nature, aligned to the Foundation's mission of securing high technical standards of design, manufacture, construction, maintenance, operation and performance and to advance engineering-related public education.

The Trading Group's Marine & Offshore business includes the safety inspection of over 6,000 ships each year and the ongoing development of Rules for their safe construction, maintenance and disposal. For example, the Group's Marine business has helped the International Maritime Organisation to devise international safety standards such as the Ballast Water Management Convention and helped the International Labour Organisation devise the Maritime Labour Convention. Following its input into the creation of these internationally recognised safety standards, the Trading Group then performs design approvals, surveys and audits to verify its customers' assets comply with these requirements.

Overall, the Trading Group's activities include considerable investment in furthering the understanding of technology through research conducted by the Marine & Offshore business stream and through a focus on 'Data and digital innovation' as one of its core areas of business development. Typical areas of research include: advance materials; propulsion and powering; energy production and storage; robotics; marine biotechnology; and autonomous systems. The Trading Group has established key strategic relationships based around important digital capabilities and areas of focus for growth through investment or collaboration. This emphasis on research and data and digital innovation directly benefits public understanding of technology and means that when technology is deployed it is safe, suitable and dependable and therefore safe for society in its application.

The Foundation's investment in the Trading Group is a social investment. The extent to which the Trading Group's activities further the Foundation's charitable objectives is assessed as well as its financial return. Whilst acknowledging the social benefits of the Trading group, a financial return is expected from the Trading Group to help fund additional public benefit activities of the Foundation.

The Trustees base their expectations of future financial return from the Foundation's investment in the Trading Group on quarterly reports to their Board meetings and an annual five-year plan review from the executive leadership of the Trading Group. The performance of this unlisted investment is considered in the 'Investment performance: Social Investment' section. We monitor the social return on our investment in 4 key areas:

LR commercial products and services – they demonstrably contribute to making the world a safer place through the clients and sectors they serve.

LR leading by example – acting as a beacon, driving positive change in the world, being a good global citizen in core areas linked to our charitable objects. Key priorities include: maritime decarbonisation, sustainability, ocean stewardship, occupational health and safety, diversity and inclusion, ethics, delivering the UN Sustainable Development Goals and participation in COP26.

LR as a trusted advisor and impact partner to the Foundation – providing a real-world, industrial, end-user perspective that helps inform the Foundation's strategy and deliver key programmes. Examples of LRG as an impact partner include projects such as: the Safetytech Accelerator, the Maritime Industry Decarbonisation Hub, and HILO.

LR employees supporting our charitable ethos in their local communities – our key initiative in this area is our LR Pathways to Impact project. Other examples include Mercy Ships (Rotterdam) and HELMEPA (Greece).

During the year the Trustees commissioned an independent organisation to strengthen and support this ongoing process.

Funds

In September 2012, the Trading Group transferred £206.4m of assets to the Foundation as an expendable endowment. The Trustees have the power to convert the capital within the fund to income and expend such amounts converted on the Foundation's objectives as they see fit. £125.0m of the endowment can only be converted to income from late 2022 at the earliest as discussed below in the reserves policy section.

Income generated from the assets held within the expendable endowment is shown in the Foundation's general fund, as it may be used in furtherance of the Foundation's charitable objectives.

Capital returns on the assets held within the expendable endowment are retained within the endowment and form part of the endowment into the future, subject to the same rules as the existing endowment funds.

Reserves policy

The Trustees review the Foundation's reserves policy on an ongoing basis and at least each financial year.

The Foundation's reserves underpin its long-term financial viability. The Foundation (charity only) has total reserves of £305.8m of which £292.5m is held in an expendable endowment as at 30 June 2022.

The level of general funds is maintained to facilitate meeting the medium-term overhead costs, forecast grant awards and direct charitable activities. The general reserves include the Foundation's £40.1m investment in LRG held at cost. This Social Investment is integral to the Foundation's ability to generate future income and to delivering its public benefit, as noted elsewhere in this Strategic Report. Grant commitments approved and communicated to grantees to be claimed in future periods are also included in the general reserves fund. The Trustees have considered the Foundation's level of general reserves. The Foundation does not currently have large overheads and, in general, is able to rely on recurring income from its endowment and from the Trading Group. Excess funds are placed on investment and may be drawn down upon if required. For that reason, the Trustees do not currently consider that the charity has a need to hold other funds as general reserves.

The target for the expendable endowment is to maintain the real value of the initial £206m donation received from the Trading Group following the establishment of the Foundation in 2012.

However, should the Trustees consider there to be a shortfall in the general funds, part of the expendable endowment could be used to continue to meet the Foundation's short-term plans while the long-term reserve policy is reviewed. The original terms of the expendable endowment contained a condition that the Foundation must retain £100.0m of that sum until 1 July 2017 which was subsequently increased to £125.0m and extended until at least the full actuarial valuation as at 31 March 2022 has been approved, with possible further extensions to 2034. During that period, there is a contractual obligation to transfer an amount not exceeding £125.0m to the Trading Group's UK defined benefit pension scheme should the Trading Group become insolvent.

Having reviewed the policy and the current reserves position, the Trustees consider the levels of reserves to be satisfactory.

Financial position

At 30 June 2022, the Foundation had unrestricted funds of £13.3m (30 June 2021: £20.1m). Of the £305.8m total funds (30 June 2021: £338.3m), £40.1m is invested in the Trading Group (30 June 2021: £40.1m).

Going concern

A review of financial performance and the Foundation's reserves position is set out above. In the opinion of the Trustees, the Foundation has adequate financial resources and is able to manage its business risks. The Foundation's planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the sources of income and planned expenditure. The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future.

The Trustees believe that there are no material uncertainties that call into doubt the Foundation's ability to continue in operation. Accordingly, the Foundation's financial statements have been prepared on the basis that the charity is a going concern.

Grant-making policy

The Foundation has a formal governance structure for grant decision making. The Foundation can receive grant proposals and applications at any time. All proposals and applications are reviewed initially at its monthly grant applications meetings.

All grants are approved by the Chief Executive Officer with guidance from the members of the Grants Application Meeting Committee (GAM). Further approval is needed from the Grants and Direct Charitable Activities Committee (GDCA) for grants above £1m and from the Board for grants above £2m.

Details of available funding and the application process are published on the Foundation's website and notified on social media. Grant holders are required to submit staged reports as part of the process to track delivery against the agreed grant objectives, as well as to monitor the impact and public benefit being generated.

Investment policy

The Trustees have delegated decision making on investment matters relating to all assets except the investment in the Trading Group (reviewed directly by the Board of Trustees) to an Audit, Risk and Investment Committee, which is governed by agreed Terms of Reference. In order to provide appropriate focus on the investment arrangements, day-to-day investment choice is delegated to investment managers, who have been given targets against which they are measured. With the guidance and oversight of the investment managers, Trustees take account of the following classes of risk: capital; liquidity; market; valuation; counterparty; tax; and Environmental, Social and Governance issues.

The Foundation's financial objective is to at least maintain the real value of the 2012 initial donation from the Trading Group of £206m, whilst generating a stable and sustainable return to meet the Foundation's objectives as laid down under its governing document.

The investment portfolios are a mix of unrestricted funds and an expendable endowment, the income from which serves to provide funds for the ongoing charitable work of the Foundation. In this context, a number of portfolios exist, each of which has specific objectives.

The Foundation seeks to produce an optimum level of return within an acceptable level of risk. The current investment objective for the majority of the investment portfolio is to generate a return of inflation as defined by the Consumer Price Index ("CPI") which the government has set at a target rate of 2% per annum plus 4% per annum over the long term. These returns, when combined with the anticipated future gift aid donations from the Trading Group, should enable the present and future financial requirements of the Foundation to be met whilst maintaining the real value of the initial donation. Where there is a shortfall part of the investment portfolio may be realised. The Trustees review the performance of the Trading Group on a regular basis.

A set of measurable performance objectives has been developed for the investment managers and pooled funds. Performance in each asset category is compared quarterly with a suitable performance benchmark. The managers are expected to demonstrate skill in the management of their portfolios consistent with the performance objectives, given

the level of risks adopted. Investment performance is considered three times a year by the Audit, Risk and Investment Committee.

Cash-based investments support the Foundation's working capital, overhead expenses and anticipated near term grant awards and as such are invested in a prudent manner with a secondary objective of achieving reasonable rates of return relative to the deposit market.

The Trustees are fully supportive of responsible investment as it aligns with the Foundation's aims to provide a benefit to society and is also central to long-term value creation. The Foundation's investment managers are required to adopt the same philosophy and whilst day-to-day investment decisions are delegated to them, the Trustees regularly receive investment reports enabling them to monitor the investments and the managers' performance. The Trustees expect them to take an active interest in the management of the investee companies, engaging with management on issues of corporate governance and with regard to social, environmental or ethical considerations all of which impact shareholder value.

Investment performance: listed investments

During the year, the investments delivered a total return of (5.7%) (2021: 9.3%). This comprised an income yield of 2.6% (2021: 2.4%) and a capital yield of (8.3%) (2021: 6.9%). The return on the endowment is lower than the long-term objective stated within the investment policy above due to the current market conditions.

Investment performance: Social Investment

The Trading Group's refocus on the maritime industry is driven by the strong foundations of its maritime business. The new construction market was at a peak during the reporting period, with yards full for several years hence. The Maritime Performance Services business stream pro forma revenue grew by over 25%, helping us serve customers' need for safe, sustainable and efficient operation.

The divestment of the BAIS business stream has enabled a focus of the Trading Group's resources on building a cohesive portfolio of client-centric services around its role as trusted advisors, decarbonisation experts, fuel specialists and maintenance optimisation consultants.

Six months since the launch of the Trading Group's new F.I.T. to Grow strategy (Focus, Invest, Transform), it has made sound progress in a truly globally coordinated, team approach. The Trading Group gained share of the world's fleet, achieving our most positive transfer of class results in 8 years. The Trading Group secured excellent wins for i4 Insight and Hanseaticsoft, with clients such as Louis Dreyfus and PIL bringing hundreds of ships on to LR platforms to reduce their emissions and fuel bills, and to make their organisations more sustainable, both environmentally and commercially.

The Trading Group continues with its drive to create safe, sustainable pathways to a zero-carbon maritime industry, through the work of the Maritime Decarbonisation Hub, an LRG/LRF joint venture. New fuels will start to become available in greater quantities, as will new technologies such as carbon capture and storage solutions. To advance this, the Hub launched the Zero Carbon Fuel Monitor, a framework for understanding the environmental, societal and investment viability of leading fuels. The Hub, in collaboration with several partners, launched 'The Silk Alliance' to develop a Green Corridor Cluster beginning with intra-Asia container trade. The Hub also created a First Movers Framework, which is a methodology that enables comparison of different fuel transition pathways, regardless of vessel type or trade route. These resources, free to the maritime industry, will help advance the maritime energy transition.

Meanwhile, global external events continued to impact the day-to-day operations of clients. Lockdowns and restrictions on movement of people continued their impact in major port cities, such as Shanghai. Following the invasion of Ukraine, LR was the first classification society to comply fully with sanctions on Russia imposed by the UK, EU and US.

Financial results

Summarised consolidated financial information as disclosed in the Trading Group's consolidated financial statements for the year ended 30 June 2022 is provided in note 12 to the Foundation's financial statements. Further details of the financial performance of the Trading Group is included within LRG's financial statements.

The Trustees are satisfied with the Trading Group's performance, and will continue to maintain and develop the effective working relationship with it. They will allow the Trading Group to retain funds for investment in operating improvements and potential acquisitions, but continue to expect cash distributions.

Governance and management

The Foundation is governed by a Board of Trustees, which is responsible for setting the Foundation's strategy, operating with good governance and monitoring the fulfilment of the Foundation's objective – delivering public benefit.

The Board is currently made up of seven Trustees who are also the Members and Directors of the Foundation for Companies Act 2006 purposes. The Board considers Foundation policies, receives committee reports and recommendations, approves annual budgets, reviews the performance of the Trading Group, and guides the Foundation Chief Executive.

Thomas Thune Andersen, Chairman (appointed 22 June 2012)

Thomas is the Chairman of the Lloyd's Register Foundation and Chairman of Lloyd's Register Group Limited. He is a member of the Foundation's Nominations Committee and the Lloyd's Register Group Limited Remuneration Committee. Thomas, a former member of the executive Board of the A.P. Moller-Maersk Group with more than 30 years tenure in its maritime and energy sectors, was appointed to the Board in June 2012. Thomas is Chairman of Ørsted A/S and of VKR Holding A/S, and a Non-Executive Director of IMI plc, BW Group Limited and Green Hydrogen Systems A/S. He is a member of the World Economic Forum Chairmen's Council, Friends of Ocean Action and the Danish Committee on Corporate Governance.

Lambros Varnavides (appointed 24 July 2012)

Lambros is the former Managing Director and Global Head of Shipping at The Royal Bank of Scotland. Lambros was Chairman of the Baltic Exchange during 2017 and is Vice President of The Baltic Exchange Charitable Foundation, as well as a member of its Finance Committee. He is a court assistant to the Worshipful Company of Shipwrights and was Chair of its Finance Committee until May 2021. He is also a Younger Brother of Trinity House Corporation, a liveryman of the Honourable Company of Master Mariners (including its Finance Committee), a Freeman of the Watermen and Lightermen of the River Thames and an Honorary Visiting Professor at the Business School, City University. Lambros was appointed Senior Independent Trustee of Lloyd's Register Foundation in September 2015 and chairs the Grants and Direct Charitable Activities Committee.

Carol Sergeant CBE (appointed 1 January 2014)

Carol holds non-executive positions on the boards of Danske Bank AS and Belmont Green Finance Limited. She is a member of the Governing Council of the Centre for the Study of Financial Innovation, an Ambassador for the Money Advice Trust and a member of the Global Advisory Board of the Bayes Business School and Chairman of its Global Women's Leadership Programme. She has previously been Chairman of the BSI Standards Strategy and Policy Committee, Managing Director on the board of the Financial Services Authority, Chairman of Protect, the UK Whistleblowing Charity, a non-executive director of TP ICAP plc, BNY Mellon SA/NV, and Secure Trust Bank, and Chief Risk Officer at Lloyds Banking Group, having begun her career at the Bank of England. Carol holds a degree in Modern Languages from Cambridge University and an MBA from the Business School, City University. Carol is a member of the Foundation's Audit, Risk and Investment Committee.

Rosemary Martin (appointed 1 July 2014)

Rosemary is Group General Counsel and Company Secretary of Vodafone Group Plc. She previously served as CEO of the Practical Law Group, having spent 11 years with Reuters Group plc with the last five years as Group General Counsel and Company Secretary. Before joining Reuters, Rosemary was a partner with Rowe & Maw (now Mayer Brown). She is currently a Trustee of Vodafone Foundation, a member of the UK Takeover Panel's code committee, a member of the Supervisory Board of Vantage Towers AG, Vice Chair of the University of Sussex (UoS) and also a member of both the Chair's Committee and the Strategy, Performance and Resources Committee of UoS. Rosemary was appointed Chairman of the Foundation's Nominations Committee in August 2020 and is a member of the Lloyd's Register Foundation Remuneration Committee.

Andreas Sohmen-Pao (appointed 26 June 2018)

Andreas is Chairman of BW Group and its listed affiliates, BW Offshore, BW Energy, BW LPG, BW Epic Kosan, Cadeler and Hafnia. He is also Chairman of the Singapore Maritime Foundation, Chairman of the Global Centre for Maritime Decarbonisation in Singapore and a director of Navigator Holdings. He has served as a non-executive director of The Hong Kong and Shanghai Banking Corporation Limited, The London P&I Club, The Esplanade Co Ltd, Singapore National Parks Board, Sport Singapore and the Maritime and Port Authority of Singapore, amongst others. Andreas graduated from Oxford University with an honours degree in Oriental Studies and holds an MBA from Harvard Business School

Dame Una O'Brien (appointed 1 January 2021)

Dame Una O'Brien was the Permanent Secretary at the Department of Health and Social Care between 2010 and 2016. She has extensive UK and international experience of healthcare policy and government, having held a wide variety of senior policy roles in Whitehall departments and the NHS over a 30-year career in public service. Whilst working primarily in and for the Department of Health, she was also seconded to be Principal Private Secretary to the Secretary of State for Transport and worked in the Prime Minister's Efficiency Unit under both Conservative and Labour governments. Since leaving government, Una has served as a trustee on charitable and higher education boards and currently is a member of Council at the London School of Hygiene & Tropical Medicine and a member of the Board of Visitors at the Ashmolean Museum, University of Oxford. Una was also on the Board of Trustees at Macmillan Cancer until her term of office finished in June 2021.

Professor Sir Peter Gregson FREng (appointed 1 June 2021)

A materials' scientist by background, Peter is Chair of the Henry Royce Institute and a Trustee of the Royal Anniversary Trust. He has previously been Chief Executive and Vice-Chancellor of Cranfield University, President of Queen's University Belfast, Non-Executive Director of Rolls-Royce Group and served on the councils of the Royal Academy of Engineering and the Central Laboratory of the Research Councils. Peter has been elected to Fellowship of the Royal Academy of Engineering and the Royal Irish Academy and was knighted for services to higher education in 2013.

Governance structure

The Board is supported by four committees, which have been delegated authority on certain matters (Audit, Risk and Investment; Grants and Direct Charitable Activities; Nominations; and the Remuneration Committee). Details of which Trustees, executives and independent members sit on these committees are provided in the 'membership of committees' section below.

Trustee recruitment and training

The Board and the Nominations Committee invest considerable time in identifying Trustees with appropriate skills which will benefit the Foundation. They are equally keen that any new Trustee is properly inducted into the Board. All new Board members go through a structured period of training.

Thomas Thune Andersen and Lambros Varnavides have been in office for more than 9 years. Given their critical roles, their appointments have been extended solely for the purposes of succession planning, which has enabled them to oversee recent changes in the composition of the Board of Trustees and to provide continuity and support following the recent change in Foundation Chief Executive. The Nominations Committee is carrying out the recruitment for their replacement.

During the period under review, the Nominations Committee carried out its annual review of the composition of the Trustee Board, its skills and experience. Recommendations were made to, and approved by, the Board on Trustee re-elections and succession planning.

During the training for new Trustees, the Chairman talks to them about the history of the Foundation, its role in Society and the way the Board operates. The Company Secretary provides a fuller briefing on the operations of the Foundation,

its structure, its risks, its key documentation and will provide a general overview of Trustees' duties and responsibilities and charity law. The new Board members meet with the Foundation Chief Executive and are also encouraged to meet with the senior staff in both the Foundation and in the Trading Group, to assist them in their understanding of the Group, and can therefore apply appropriate oversight.

Each year the full Trustee Board receives refresher training on the roles and responsibilities of charity trustees delivered by an external provider. This training was carried out during the period under review and included updates on the Foundation's legal structure, trustee duties and social investment issues.

Board Evaluation Review

The Trustee Board undertakes annual evaluations of its performance and effectiveness. In line with the UK Corporate Governance Code, evaluations are externally facilitated every third year. The last external Board evaluation was carried out in 2021.

In order to gain the benefit of an informed perspective on the way in which the Trustee Board has evolved since the previous external evaluation in 2018, particularly through the recent period of change, the Trustee Board appointed Leadership Advisor Group to facilitate the 2021 external Board evaluation, having carried out the previous external evaluation in 2018. Leadership Advisor Group had no other connection with the Foundation or Lloyd's Register Group Limited.

This enabled the tailoring of the process to the Foundation, with a facilitator who has a demonstrable understanding of the Foundation. The evaluation progressed during the second half of 2021 by way of questionnaires, individual interviews, and observation at a Board meeting, with the final report and discussion taking place in the first quarter of 2022.

The performance of Thomas Thune Andersen and Lambros Varnavides, were subject to rigorous review, given their length of service. In the 2021 board evaluation, the composition and effectiveness of the Board were areas of particular focus. In its outcomes, the review noted that Thomas is perceived as an excellent Chair who achieves his mandate and fulfils his responsibilities. The Board of Trustees considers that both individuals continue to be effective in their roles.

The final report detailed key strengths, areas for development and made recommendations. Following board discussion, a number of actions were agreed, including the continuation of regular discussions between the board of the Foundation and the board of Lloyd's Register Group Limited in respect of strategic developments and matters concerning future decisions by the Board of Trustees, the extension of the length of board meetings to allow more time for discussion and a review of ESG goals.

Remuneration of Trustees

The Trustees are the Directors of the Foundation. Trustees are not remunerated for their services as Trustees of the Foundation. The Foundation pays for Trustees' travel expenses to Board meetings.

Membership of committees:

	Status	Foundation Board	Grants and Direct Charitable Activities ⁷	Audit, Risk and Investment	Nominations	Remuneration ¹
Thomas Thune Andersen ⁶	Trustee	Chair	—	—	Member	Member
Rosemary Martin	Trustee	Member	Member	—	Chair	Member
Carol Sergeant	Trustee	Member	Member	Member	—	—
Lambros Varnavides ⁶	Trustee	Member	Chair	—	—	—
Andreas Sohmen-Pao	Trustee	Member	—	—	—	—
Ishbel Macpherson ²	Trustee	Member	Member	Chair	—	—
Una O'Brien	Trustee	Member	—	—	—	—
Peter Gregson	Trustee	Member	—	—	—	—
Allan Whalley	Independent	—	—	Member	—	—
Michelle Davies	Company Secretary	—	—	—	—	—
Richard Clegg ³	Foundation Chief Executive	—	Member	—	—	—
Ruth Boumphrey ⁴	Foundation Chief Executive	—	Member	—	—	—
Michael F. Lykiardopulo	Independent	—	—	—	Member	—
Ron Henderson ⁵	Independent	—	—	Chair	—	—

Notes:

¹ The Remuneration Committee has the same membership composition as the Remuneration Committee of Lloyd's Register Group Limited and is chaired by Chris Finlayson, a Non-Executive Director of Lloyd's Register Group Limited.

² Resigned 22 April 2022

³ Retired 30 June 2022 as Foundation Chief Executive

⁴ Appointed 1 July 2022 as Foundation Chief Executive

⁵ Appointed 22 April 2022 as Chair of the Audit and Risk Committee

⁶ Appointed in 2021 for a fourth term of up to three years, subject to annual re-election, for the purposes of succession planning

⁷ The Committee Chair invites two additional Trustees to be members of the Committee. One is invited to sit on the Committee for up to 12 months; the other for 6 months. During the year, Carol Sergeant held the 12-month appointment and Rosemary Martin and Ishbel Macpherson each held the 6-month appointment. They all attended meetings of the Committee.

Executive

The Foundation Chief Executive is responsible to the Board for the operation of the Foundation. On 30 June 2022, after 10 years as Chief Executive of the Foundation since it was established, Richard Clegg retired as the Foundation Chief Executive. Following a formal search process for his successor, Ruth Boumphrey was appointed as the new Foundation Chief Executive with effect from 1 July 2022

The Advisory Council

The Advisory Council continues to assist the Foundation on delivering its charitable aims by providing independent expert advice, support and constructive challenge in areas including developing general strategy and plans, identifying new funding opportunities and emerging priorities, maximising impact plus suggesting other bodies with which to work. The Advisory Council meets twice a year.

360Giving

We are committed to being as transparent as possible so the Foundation is pleased to be one of the growing number of significant UK grant-givers to share grants data through the 360Giving standard. 360Giving supports organisations to publish their grants data in an open, standardised way and helps people to understand and use the data in order to support decision-making and learning across the charitable giving sector.

Employees

The Foundation and its Trading Group are equal opportunities employers.

Full consideration is given to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Foundation’s policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

The Foundation and its Trading Group aim to provide employees with information on matters of concern to them as employees and to enable them to engage with the operations and objectives of the organisation.

Management of risk

The Board is responsible for establishing, monitoring and maintaining an effective risk management and internal control framework. LR Foundation’s (LRF) risk management framework enables the leadership teams and those charged with governance to identify, evaluate, prioritise, and respond to the risk landscape in a consistent and managed way. This framework was established several years ago and is regularly refreshed and updated, with formal reviews undertaken every 6 months.

Risk management is overseen by the Board and its Audit, Risk and Investment Committee (ARIC), to whom the monitoring of the identification, review and assessment of key risks to the Foundation has been delegated. These risks are described in a Risk Register which is reviewed at each meeting of the Committee. The updated Risk Register is also tabled at meetings of the Board, where the Chair of the ARIC provides a report following each meeting of the Committee. The Risk Register describes the current mitigating controls and plans for future development, and risks are evaluated according to their impact and likelihood.

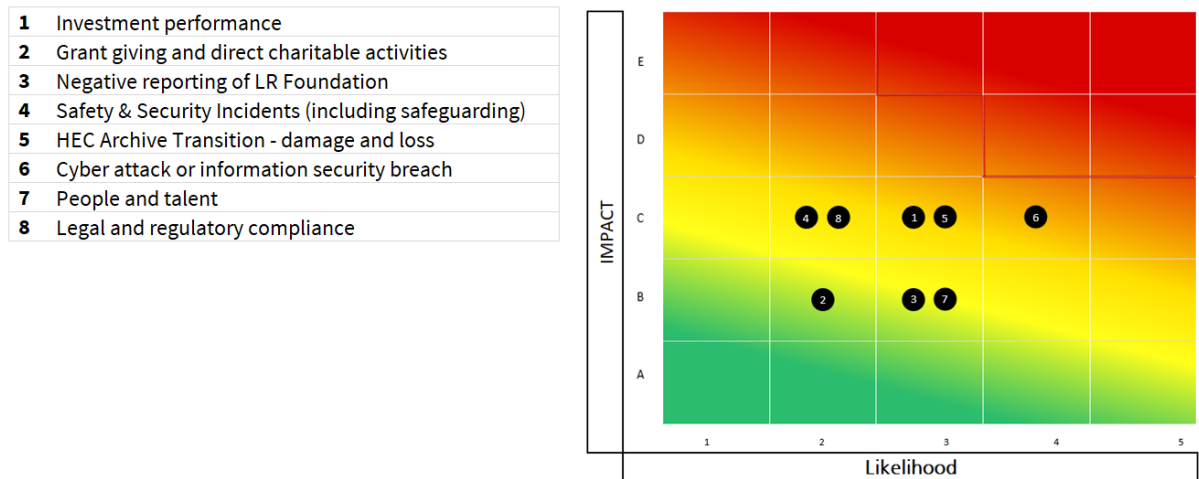
- The key elements of LRF’s risk management framework for evaluating, categorising and presenting risks are as follows:
- risks are evaluated using a combination of impact and likelihood;
 - each risk is evaluated at three points: the unmitigated (gross) risk score; the current (net) risk score considering all current controls; and the target risk score considering the impact of future mitigating actions;
 - each risk is categorised according to whether it is a strategic, operational or legal and compliance risk;
 - each risk is flagged as to whether it is being monitored or managed;
 - each risk has its own velocity score to assess the speed at which the exposure can impact LRF;
 - a risk evaluation scale is used to ensure a common approach and consistency when assessing the impact and likelihood; and
 - the complete risk register is expressed graphically in a risk heatmap to allow comparison between risks.

A timetable is in place to manage the various elements of risk management across the Foundation, including:

- Board risk deep dives at three of the four meetings;
- Inclusion of the LRF Risk Register in Board papers for every meeting; and
- LRF’s Risk Register is updated and reviewed by Senior Management, ARIC and the Board every six months.

Risk heatmap

The risk heatmap illustrates the risk identification and assessment process used to prepare the Foundation’s Risk Register. The chart plots the relative likelihood and impact of the key risks identified, demonstrating the net risk.



Risk	Mitigation
<p>Investment performance Investment income can be impacted (positively and negatively) by external events, stock market performance, the global economy, the operational performance of the Lloyd's Register Group (LRG), and the ability of the respective management teams to respond to and manage through a downturn.</p> <p>This risk also encompasses the ability to forecast and manage cashflows across income and expenditure accurately.</p> <p>The investment in LRG is mixed-motive as the Group's goals are aligned with those of the Foundation.</p>	<ul style="list-style-type: none"> • Review by Audit, Risk and Investment Committee with active management and frequent reporting by third party investment managers. • Portfolio split between two competing managers to enable a champion/challenger approach. • Regular reporting of LRG strategy and financial performance to the Trustees. • Cash flow and reserves projected in the 5 Year Plan and performance against the plan is monitored by the Board. • Monthly cash and treasury management by a dedicated Financial Controller. • Management of short and medium-term funds in conjunction with the longer-term endowment funds, including medium-term lower risk fund to cover cash requirements for the period 12-24 months in the event of a sustained major market downturn. • Benchmarking of fund managers assessed by ARIC. • Oversight of fund manager service level agreements in place.
<p>Grant giving and direct charitable activities (DCA) Grants awarded and / or direct charitable activities (DCA) do not achieve stated objectives. This impacts the Foundation's achievement of its charitable purpose. This could arise from mismanagement of the project, misappropriation of funds or other unforeseen circumstances and might result in reputational damage and regulatory impact.</p>	<ul style="list-style-type: none"> • Detailed and thorough evaluation and approval of grant/DCA applications, including applicant due diligence where there is uncertainty or risk. Pre-grant application process implemented to streamline / standardise processes. • Regular monitoring of grant progress and impact by Chief Executive and the Grants and Direct Charitable Activities Committee (GDCA) with focus on the need for strong evidence of impacts. Grant impact deep dives also undertaken at the GDCA and Board. • Controls over grant/DCA applications, including due diligence and 'red flag' reviews, guidance documents with strong screening processes in place. • Clear guidelines in place directing monitoring and recording of impact for grants, the Heritage and Education Centre (HEC) and internal charitable activity, including reporting against agreed progress and escalation policy for overdue progress reports. • Metrics library created to use for pathways to impact for grants, DCA, HEC and internal charitable activity (such as the foresight reviews). • Whistleblowing, anti-bribery and corruption, modern slavery and serious incident requirement clauses have been added to grant agreements and progress monitoring reports. • Social impact of LRG monitored through shared value sheet.
<p>Negative reporting of LR Foundation There is an inherent risk that the Foundation receives negative coverage as a result of:</p> <ul style="list-style-type: none"> • an issue or incident relating to a Foundation grant recipient or investee; • negative press relating to current or historic activities of LRG; • controversial conclusions in published output of Foundation funded research or by the Evidence and Insight Centre; • a misunderstanding of the social investment relationship between LRG and LRF; and • reputational damage amongst LRF stakeholder and supplier network due to delays in operational processes. 	<ul style="list-style-type: none"> • Crisis planning and media training in place to ensure Trustees and staff are prepared to respond appropriately to media coverage that concerns the Foundation. • Detailed technical and peer reviews of published material/reports. • Discussion and early warnings between LRF and LRG on any reports that could be sensitive. • Public statements controlled by the LRF Communications Manager and external advice taken where appropriate. • Horizon scanning/social media review for issues/trends that could impact LRF's reputation. • All grants to LRG approved by LRF Board. • LRG Corporate narrative agreed and in place, which incorporates narrative specifically focused on LRF.

<p>Safety and Security Incidents (including safeguarding) Grantee/DCA related staff or recipients of grantee services operate in environments that are not under the direct control of the Foundation. There may be incidents or issues that arise in a grantee organisation that impact individuals' safety and/or wellbeing, including vulnerable individuals.</p> <p>Safety and security incidents directly affecting LRF employees</p>	<ul style="list-style-type: none"> • Consideration of grantee health, safety and security risk, where relevant, is incorporated into the grantee application and due diligence process. Safeguarding policy addressing vulnerable individuals implemented, with grantees required to confirm compliance. • Safeguarding policy in place covering for LRF staff interactions with potentially vulnerable people. • Whistleblowing, anti-bribery and corruption, modern slavery and safeguarding clauses have been added to grant agreements and progress monitoring reports. • LRF applies LRG policies and procedures, with the office HSE risk being managed by LRG.
<p>HEC Archive Transition - damage and loss Events including disaster and theft resulting in the destruction/loss of irreplaceable historical records and artefacts. This risk is heightened during the transition of the archive to the Collcutt building. Once the transition is complete, this risk will be addressed by the "Business resilience event/crisis" risk.</p>	<ul style="list-style-type: none"> • Digital copies of historic archive documents retained, providing a preserved copy, including back ups. • Safe transition of the archive to a modern, purpose-built archive at 71 Fenchurch Street is underway and is being actively managed. During works, records and artefacts are being stored in a secure offsite location. • Insurance is in place for LRF collection. • LRF offices at 71 Fenchurch Street, London, have appropriate fire suppression systems and incident response plans, which are tested regularly, including testing of fire equipment.
<p>Cyber attack or information security breach An advanced targeted cyber attack could result in the loss of sensitive information.</p>	<ul style="list-style-type: none"> • Sensitive information is identified and is subject to appropriate security measures, which are tested regularly. • Technology based security provided by LRG, with all Foundation staff required to undertake annual information security awareness training • Multifactor authentication has been implemented to protect administrative, privileged and standard users. • Migration of data from physical servers to the cloud is now complete, resulting in reduced physical infrastructure footprint across the Foundation.
<p>People and talent Loss of key staff potentially due to a decrease in employee morale, lack of development opportunities or misallocation of workloads. Furthermore, the inability to recruit new specialised roles and skill-sets within the Foundation or replace lost talent.</p>	<ul style="list-style-type: none"> • Succession planning and active talent management implemented. • Annual Employee Opinion Survey undertaken, with plans implemented to address identified development issues. Increase attention and active management of current trends identified. • Annual appraisal process in place to ensure all staff are properly equipped to deliver their role. • Consultants used to address necessary skills gaps.
<p>Legal and regulatory compliance Failure to comply with UK or international law, regulatory requirements or sanctions. Key areas of compliance are charity law, anti-bribery and corruption, sanctions and conflicts of interest.</p>	<ul style="list-style-type: none"> • LRF Chief Executive and LRG's General Counsel and Company Secretary keep compliance under close review. • Advice and support sought from external advisers where appropriate.

Lloyd's Register Group has in place Internal Audit and Risk, and Quality functions which provide independent and objective opinions and assurance on the adequacy of the Foundation and Trading Group's risk processes, internal controls and governance frameworks. The resources of the Internal Audit and Risk, and Group Legal functions are available to the Foundation's Audit, Risk and Investment Committee.

Public benefit

As described throughout this Trustees' Report, the Trustees place specific focus on the public benefits arising from the output and activities of the Foundation having regard to the Charity Commission guidance on public benefit.

Research and development

The Trading Group carries out research and development activities. The amount of £12.5m (6 months to 30 June 2021: £5.7m) has been charged to the consolidated statement of financial activities.

Organisational structure

The Foundation has a total of 34 members of staff supported by secondees from the Trading Group. A service level agreement exists between the Foundation and the Trading Group for the provision of specialist business support in areas including finance, HR, communications, legal and IT. The Foundation pays for these services at an agreed market rate.

Disclosure of information to the Auditor

Having made enquiries each of the Trustees, listed above, in office at the time of approving the Trustees' Report confirm that:

- so far as each Trustee is aware, there is no information relevant to the preparation of its report and the financial statements of which the Foundation's Auditor is unaware; and
- each Trustee has taken all steps a trustee might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Foundation's Auditor is aware of that information.

Independent Auditor

Deloitte LLP has expressed a willingness to continue in office.

Governing document

Lloyd's Register Foundation is a company limited by guarantee registered in England, incorporated in 2012, governed by its Memorandum and Articles of Association.

Financial statements and Trustees' Report

The company and consolidated financial statements have been prepared in accordance with the accounting policies set out on pages 60 to 61 and 76 to 79 respectively and comply with applicable laws and the FRS102 Charity SORP (Statement of Recommended Practice) except for the disclosures relating to employee benefit banding (see page 76).

This Trustees' Report on pages 1 to 45 and 70 to 71 has been prepared in accordance with Part 8 of the Charities Act 2011 and the Companies Act 2006 and incorporates the Strategic Report and has been approved by order of the Board.

Michelle K Davies

Michelle K Davies (Dec 13, 2022 12:03 GMT)

Michelle Davies
Company Secretary

13 December 2022

Legal and administrative details

Company number

07905861 (England and Wales)

Charity number

1145988 (England and Wales)

Principal Banker

HSBC UK Bank plc
Level 6
71 Queen Victoria Street
London
EC4V 4AY

Statutory Auditor

Deloitte LLP
London
United Kingdom

Investment managers

Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London
EC4M 8BU

Fidelity International
25 Cannon Street
London
EC4M 5TA

Investment custodians

Bank of New York Mellon
One Canada Square
Canary Wharf
London
E14 5AL

Solicitors

4 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Registered and principal office

71 Fenchurch Street
London
EC3M 4BS

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Foundation and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Foundation and Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Foundation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Energy and Carbon Reporting

The table below reports on all sources of Greenhouse Gas (GHG) emissions and energy usage in the Group's operations as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Working with The Carbon Trust, the below table has been prepared in accordance to ISO14064-3 which is the standard that specifies principles, requirements and provides guidance for verifying and validating greenhouse gas statements.

GHG Scope	Category	Global			
		Total Emissions (t CO2e)		% of total value chain	
		12 months to 30 June 2022	6 months to 30 June 2021	12 months to 30 June 2022	6 months to 30 June 2021
Scope 1	Scope 1 – Gas, lease car miles and F-gas	2,413	1,304	6%	6%
Scope 2	Scope 2 – location based electricity consumption	3,836	1,029	10%	5%
Scope 3	Scope 3 – indirect emissions (not included in scope 2)	33,789	18,501	84%	89%
		40,038	20,834	100%	100%

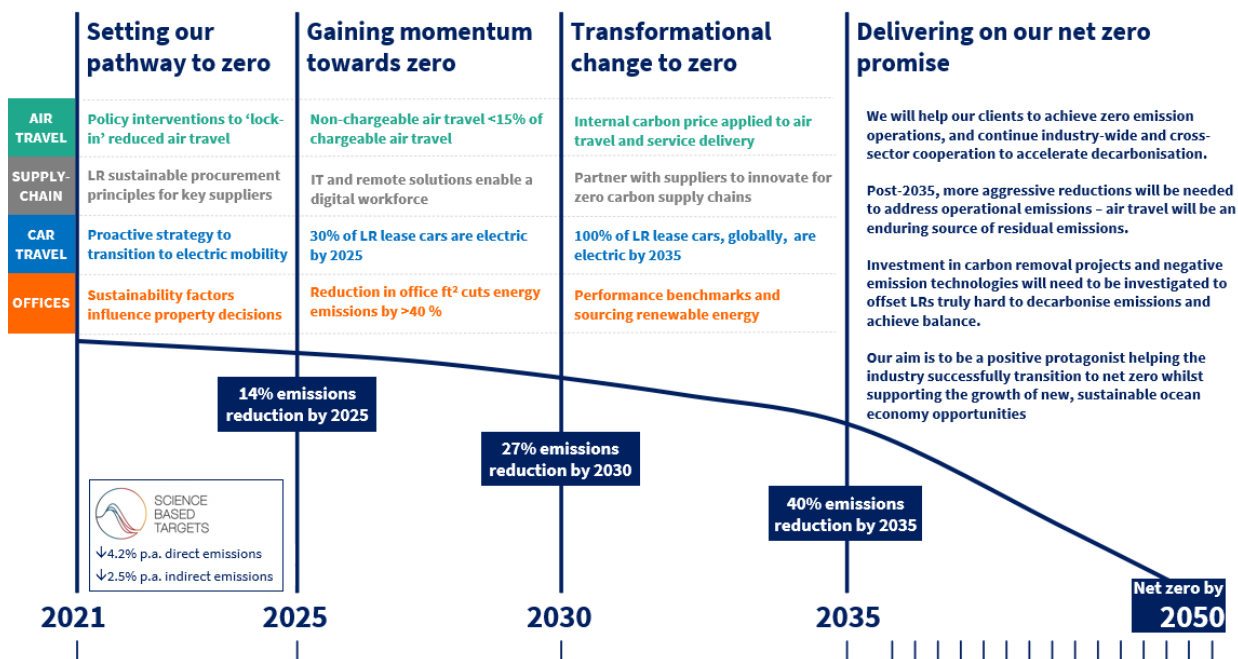
Total t CO2e / £m turnover	70.4	55.5
Total Scope 1 and 2 emissions – location based (t CO2e)	6,249	2,333
Total Scope 3 emissions (t CO2e)	33,789	18,501
Total Scope 1, 2, and 3 emissions – location based (t CO2e)	40,038	20,834

Quantity of Energy consumed for which the company is responsible	Global	
	Kilowatt Hours kWh	
	12 months to 30 June 2022	6 months to 30 June 2021
Gas	4,463,341	2,392,399
Purchased electricity	13,596,901	4,450,170

	FOOTPRINT SHARE	PROGRESS 2021/22	PLANS 2022/23
TRAVEL	13%	'Remote-first' travel policy implemented, together with quarterly CO2 reporting.	Continue to develop low / zero emission service delivery.
FLEET	6%	Policy towards full electrification agreed; accelerating switch to Battery Electric Vehicles (BEVs) in multiple early-adopter countries.	Focus on stimulate switch to BEVs in continental Europe.
PROCUREMENT	56%	Focus on working with Travel, Fleet and Property-related suppliers.	Develop holistic policy and approach, focusing on priority categories.
PROPERTY	22%	Significant reduction in office footprint achieved, aligned to new ways of working.	Continue to review the portfolio, targeting a similar further reduction over the next three years.
OTHER	3%	Reduction in commuting through the move to (hybrid) Ways-of-Working.	Influence colleagues' behaviours, though raising awareness.

Our GHG Reduction Plan and Science-Based Target

Our timeline to zero-emissions by 2050



Lloyd's Register commits to reduce absolute scope 1 and 2 GHG emissions by 63% by FY2034/35 from a FY 2019/20 base year.

Lloyd's Register also commits to reduce absolute scope 3 GHG emissions from purchased goods and services and business travel by 37.5% within the same timeframe.



Remuneration Committee Report

This report describes the constitution and activities of the Remuneration Committee during the 12 month period ended 30 June 2022.

The Committee

Two separate remuneration committees operate within the Group; one for Lloyd's Register Group Limited and one for Lloyd's Register Foundation. A report is provided at each Trustees' Board meeting of the activities of the Foundation Remuneration Committee since the previous Board meeting.

Both Committees comprise members of the Board of Directors of Lloyd's Register Group Limited and Trustees of the Lloyd's Register Foundation. Their current membership is as follows:

Mr C G Finlayson (Chair)
Mr T T Andersen
Mrs R Martin

The members of the Foundation's Committee are appointed and removed by the Board of Trustees.

It is the role of the Foundation's Remuneration Committee to:

- Aim to ensure that the Foundation reward structure reflects best practice;
- Provide advice to the Board of Trustees on the remuneration policy for the Foundation's Chief Executive Officer and his direct reports;
- Implement the remuneration policy in practice through determination of all aspects of the remuneration of the Foundation Chief Executive;
- Approve the salary and bonus proposals and payments for the Foundation's Chief Executive and review remuneration decisions with reference to the Foundation employee salary budget, including approval of the overall level of any annual pay increase applied in the Foundation;
- Review and approve all changes to terms in pension scheme arrangements for the Foundation Chief Executive;
- Review and advise upon the level of remuneration for senior direct reports to the Foundation Chief Executive;
- Have oversight of the diversity and gender spread across the globe, insofar as it relates to remuneration matters of the Foundation; and
- Oversee any major changes to remuneration strategy for the Foundation.

The Foundation is anchored in the charity sector but is differentiated by greater commercial and technical involvement than would be the norm in many charitable organisations. Therefore, our pay and benefits provide market competitiveness within those other sectors from which we seek to attract and retain senior talent to lead the Foundation and deliver its charitable aims. These include the charity, science and technology sectors.

General Policy

In determining the general policy regarding the total remuneration of the Foundation's Chief Executive and his direct reports, the Board of Trustees has directed the Committee to have regard to the following guidelines:

- Our aim is to pay at the market median, but roles that need specific skills, specialisms or business experience may command a remuneration premium as a result of the value they add.
- Reward and affordability align to efficient and effective delivery of the Foundation's short and long-term strategies and priorities and will include links to the business performance of the Trading Group.
- We recognise high performance by individuals and teams through the use of variable pay.

- We believe in the principles of fairness and equality of opportunity in employment. We are committed to all our colleagues receiving equal pay for the same or broadly similar work, regardless of gender, ethnicity or other non-performance related differences.

The remuneration of the charity's key management personnel is set to:

- provide a base salary designed to attract and retain key management which also reflects their level of responsibility and experience;
- see that they are fairly and responsibly rewarded for their individual contributions; and
- take account of competitive rates of total remuneration, based upon surveys of comparative organisations which are undertaken annually.

Remuneration

The highest paid Foundation employee serving in the 12 month period received aggregate emoluments, including performance based remuneration, of £353,000 (6 months to June 2021: £116,000). They are not a member of a Company pension scheme.

A summary of employee remuneration is included in note 12 of the consolidated financial statements.

Independent External Advice

The Committee has access to, and takes cognisance of, professional advice both from within the organisation and from independent external consultants. The current external advisor is EY and the Chief People Officer acts as Secretary to the Committee.

Audit, Risk and Investment Committee Report

This report describes the constitution and activities of the Audit, Risk and Investment Committee in place during the year ended 30 June 2022.

Summary of the role of the Audit, Risk and Investment Committee

The membership of the Audit, Risk and Investment Committee is:

Ms I J S Macpherson (resigned 22 April 2022)

Mr R A Henderson (appointed 22 April 2022)

Mrs C F Sergeant

Mr A Whalley

During the year Ms Macpherson ceased to be a member of the Board of Trustees and resigned as a member and Chair of the Committee. Mr Henderson was appointed as a member and Chair of the Committee in her place.

The Audit, Risk and Investment Committee is a sub-committee of the Board of Trustees. The Committee reviews the application and effectiveness of the policies and processes of the Lloyd's Register Foundation.

The Committee assists the Board of Trustees in monitoring the integrity of the Foundation's published financial statements and the compliance of the Foundation's Report and Accounts with UK accounting standards, the Companies Act and the Charities SORP. The external auditor attends each meeting of the Committee and reports on the external audit plan, the results of the external audit and on the annual report and accounts.

The Committee also reviews the performance of the Foundation's investment portfolio and its investment managers and makes decisions on behalf of the Board of Trustees as to an appropriate investment strategy for the Foundation. At each meeting, the Committee receives reports from the Group Treasurer and the investment fund managers.

The Group's Internal Audit and Risk function reports to the Committee on any issues which it considers impact on the adequacy and effectiveness of the Foundation's internal financial controls and risk management systems. The Committee reviews the risk register at each meeting. No material items have been reported to the Committee by Group Audit and Risk during the financial period.

The Committee oversees the relationship with the external auditor including approval of the audit plan and scope of the audit. The assessment of the auditor's independence and review of the level of fees payable for non-audit services did not identify any significant matters.

The financial statements are reviewed by the Committee before recommending their consideration by the Board of Trustees, focusing particularly on any significant adjustments resulting from the audit and major judgmental areas. The Audit, Risk and Investment Committee typically meets three times a year, and at least once a year a meeting is held between the Chair of the Committee, the Head of Group Internal Audit and Risk and the external auditor, at which no employees are present.

The Committee met three times during the year under review. Matters considered by the Committee during the year and subsequently include the review of:

- the 30 June 2021 and 30 June 2022 Reports and Consolidated Financial Statements and the Auditor's Reports thereon;
- the process for the re-tendering for investment fund managers;
- the approval of the schedule of risk deep dives for presentation to the Board of Trustees;
- the annual review of the risk appetite statement; and
- the approval of a loan facility from Lloyd's Register Group Limited.

Nominations Committee Report

The Nominations Committee is a committee of Lloyd's Register Foundation which addresses the needs of Lloyd's Register Foundation, Lloyd's Register Group Limited and other related senior appointments or succession issues. It comprises one Foundation Trustee, one Lloyd's Register Group Board Director and the Chairman. The current members of the Committee are the following:

Mrs R Martin – Committee Chair

Mr T T Andersen

Mr M Lykiardopulo – Senior Independent Non-Executive Director of Lloyd's Register Group Limited

The Committee meets at least annually to consider the matters noted below in respect of both Lloyd's Register Foundation and Lloyd's Register Group Limited, with additional meetings as required, for example, for the appointment of additional Board members and succession planning.

- Board succession planning;
- Reviewing the composition of the Boards of the Group and the Foundation and making recommendations regarding the annual re-election of Board members and changes and new appointments of the Chairman, Trustees and Directors, to ensure an appropriate balance of skills, experience and diversity;
- Reviewing the membership and operation of Board committees and making recommendations where appropriate;
- Reviewing the succession of senior executive positions and making recommendations accordingly;
- Identifying, nominating and recommending for approval of the Boards, candidates to fill Board vacancies; and
- Making recommendations to the Boards regarding changes to the positions of Chief Executive and Chief Financial Officer of Lloyd's Register Group Limited, and to the position of the Chief Executive of Lloyd's Register Foundation.

During the period under review, the Committee made recommendations with regard to the appointment of Dr. Ruth Bounphrey as the Chief Executive of Lloyd's Register Foundation on the retirement of Professor Richard Clegg, succession planning, the re-election of Board members on the expiry of terms of office which were due to expire in the coming year, and the review of the Board Committee memberships, including the consideration and recommendation of the appointment of an additional member of each of the Remuneration Committee, the Foundation Audit, Risk and Investment Committee and the Lloyd's Register Group Limited Audit and Risk Committee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYD'S REGISTER FOUNDATION

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyd's Register Foundation (the 'charitable company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2022 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Foundation statement of financial activities (incorporating an income and expenditure account);
- the Foundation balance sheet;
- the Foundation cash flow statement;
- the related notes to the Foundation financial statements 1 to 19;
- the consolidated statement of financial activities;
- the consolidated balance sheet;
- the consolidated statement of cash flow; and
- the related notes to the consolidated financial statements 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYD'S REGISTER FOUNDATION

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to

the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, IT, and Real Estate specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- grants awarded to the Trading Group may not be in line with charitable objectives of the Foundation. The Foundation had approved grant awards of £1.92 million to the Trading Group in the current year (note 19), to support decarbonisation in the marine sector, and the SafetyTech Accelerator Programme. We obtained an understanding of these grants and how it delivered the Foundation's charitable objectives. We also performed detailed reviews of the grant agreements, evidence of approvals and related information to understand any conditions present and ascertain the correct level of expenditure to recognise;
- manual adjustments are posted to the general ledger to true-up revenue recognised under multi-year marine in-service contracts. We have performed substantive tests of detail on a sample of contracts to assess the accuracy of the adjustments that were made; and
- the proportion of revenue recognised in the period in relation to fixed price projects that are still in-progress at the end of the period is subject to error due to an inaccurate estimation of costs to complete. We have assessed the design and implementation of key controls relating to this process and performed substantive tests of detail on a sample of contracts by corroborating project progress with project managers and evidencing the inputs to the revenue calculation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYD'S REGISTER FOUNDATION

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with the Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Black

Jeremy Black (Dec 13, 2022 15:48 GMT)

Jeremy Black, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

13 December 2022

FOUNDATION STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 JUNE 2022

	Note	General funds 12 months to 30 June 2022 £000	Endowment funds 12 months to 30 June 2022 £000	Total funds 12 months to 30 June 2022 £000	General funds 6 months to 30 June 2021 £000	Endowment funds 6 months to 30 June 2021 £000	Total funds 6 months to 30 June 2021 £000
Income							
Income from investments:							
Gift aid donation from Trading Group		7,000	—	7,000	3,000	—	3,000
From listed investments and other investments		8,297	—	8,297	3,824	—	3,824
Total income	3	<u>15,297</u>	<u>—</u>	<u>15,297</u>	<u>6,824</u>	<u>—</u>	<u>6,824</u>
Expenditure on raising funds							
Investment management costs	4	—	(865)	(865)	—	(437)	(437)
Charitable activities							
Total grant activities	5	(14,652)	—	(14,652)	(3,063)	—	(3,063)
Total direct activities	5	<u>(5,809)</u>	<u>—</u>	<u>(5,809)</u>	<u>(3,611)</u>	<u>—</u>	<u>(3,611)</u>
Total expenditure		<u>(20,461)</u>	<u>(865)</u>	<u>(21,326)</u>	<u>(6,674)</u>	<u>(437)</u>	<u>(7,111)</u>
Net (expenditure) / income before gains on investments		(5,164)	(865)	(6,029)	150	(437)	(287)
Realised (losses) / gains on disposal of listed investments		(434)	(6,878)	(7,312)	2,195	35,112	37,307
Unrealised losses on listed investments		<u>(1,135)</u>	<u>(17,991)</u>	<u>(19,126)</u>	<u>(1,547)</u>	<u>(24,749)</u>	<u>(26,296)</u>
Net (expenditure) / income and net movement in funds		<u>(6,733)</u>	<u>(25,734)</u>	<u>(32,467)</u>	<u>798</u>	<u>9,926</u>	<u>10,724</u>
Reconciliation of funds							
Funds brought forward		<u>20,071</u>	<u>318,205</u>	<u>338,276</u>	<u>19,273</u>	<u>308,279</u>	<u>327,552</u>
Funds carried forward		<u>13,338</u>	<u>292,471</u>	<u>305,809</u>	<u>20,071</u>	<u>318,205</u>	<u>338,276</u>

All of the Company's income is derived from continuing activities.

There are no recognised gains or losses for the current and preceding period other than those shown above. All funds are unrestricted.

FOUNDATION BALANCE SHEET AT 30 JUNE 2022

	Note	30 June 2022 £000	30 June 2021 £000
Fixed assets			
Investments	10	<u>334,383</u>	<u>360,282</u>
		334,383	360,282
Current assets			
Cash at bank and in hand		7,140	17,763
Debtors	11	<u>694</u>	<u>245</u>
		7,834	18,008
Creditors: amounts falling due within one year	13	<u>(24,461)</u>	<u>(23,243)</u>
Net current liabilities		(16,627)	(5,235)
Total assets less current liabilities		317,756	355,047
Creditors: amounts falling due after one year	14	<u>(11,947)</u>	<u>(16,771)</u>
Net assets		<u>305,809</u>	<u>338,276</u>
The funds of the charity			
Unrestricted – general fund		7,829	12,993
Revaluation reserve	17	<u>5,509</u>	<u>7,078</u>
Total unrestricted funds		13,338	20,071
Endowment funds		224,286	225,151
Revaluation reserve	17	<u>68,185</u>	<u>93,054</u>
Total endowment funds		<u>292,471</u>	<u>318,205</u>
Total charity funds	16	<u>305,809</u>	<u>338,276</u>

The financial statements on pages 57 to 69 were approved by the Trustees on 13 December 2022 and signed on their behalf by:

C.F. Sergeant
C.F.Sergeant (Dec 13, 2022 12:55 GMT)

Carol Sergeant, Trustee

Lloyd's Register Foundation
Company registration number 07905861

FOUNDATION CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

		12 months to 30 June 2022	6 months to 30 June 2021
	Note	£000	£000
Cash flows from operating activities:			
Net cash used in operating activities	A	(25,381)	(12,920)
Cash flows from investing activities:			
Dividends and income from investments		15,297	6,824
Purchase of investments		(158,006)	(124,961)
Proceeds from sale of listed investments		157,467	135,774
Net cash provided by investing activities		14,758	17,637
Change in cash and cash equivalents in the period		(10,623)	4,717
Cash and cash equivalents at the beginning of the period	B	17,763	13,046
Cash and cash equivalents at the end of the period	B	7,140	17,763

A. Reconciliation of net income to net cash flow from operating activities

	12 months to 30 June 2022	6 months to 30 June 2021
	£000	£000
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	(32,467)	10,724
Adjustments for:		
Losses / (gains) on investments	26,438	(11,011)
Dividends and income from investments	(15,297)	(6,824)
Increase in debtors	(449)	(245)
Decrease in creditors	(3,606)	(5,564)
Net cash used in operating activities	(25,381)	(12,920)

B. Analysis of cash and cash equivalents

	30 June 2021	Cash flow £000	30 June 2022
	£000	£000	£000
Cash at bank and in hand	17,763	(10,623)	7,140
Total cash and cash equivalents	17,763	(10,623)	7,140

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Basis of accounting

Lloyd's Register Foundation is a private charitable company limited by guarantee, incorporated in the United Kingdom, registered in England and Wales and a registered charity. It is governed by its memorandum and articles.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments. They have been prepared in accordance with the Charities Statement of Recommended Practice ("SORP") FRS102 "Accounting and Reporting by Charities" ("the Charities SORP"), the reporting requirements of the Companies Act 2006 and applicable accounting standards in the United Kingdom. The Foundation meets the definition of a public benefit entity under FRS102. The charitable company has adapted the Companies Act formats to reflect the Charities SORP. The financial statements have been prepared on the going concern basis as discussed in the Trustees' report on page 35.

The functional currency of the company is considered to be Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all periods presented.

a. Income

Income is accounted for on an accruals basis and included in the statement of financial activities when the Company is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

b. Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on raising funds represents costs associated with generating income from investment management.

Expenditure on charitable activities comprises all the costs incurred by the Foundation in undertaking its work to meet its charitable objectives as opposed to the cost of generating the funds to finance these activities. Charitable activities represents all the expenditure by the charity in the delivery of goods and services, including its programme and project work that is directed at the achievement of its charitable aims and objectives. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken.

Grants awarded are recognised when the Charity formally notifies the recipient of the award following approval by the Trustees. The liability recognised is for the full amount of the award, unless a break clause is able to be exercised by the Foundation, whether payable immediately or across a number of financial years as grants are subject to qualitative review rather than strict performance criteria. Where material, grant liabilities in excess of one year are discounted to net present value to reflect the time value of money which is based on the investment returns with a similar risk profile.

Support costs are defined as those costs that are incurred indirectly that cannot be allocated to specific activities, and relate to both grant making and direct activities that then give the Foundation the capability to carry out its charitable activities. They are allocated to the SORP expenditure headings on the basis of underlying expenditure which reflects the level of activity performed.

Short-term employee benefits are recognised as an expense in the period in which they relate.

c. Investments

Listed investments are stated at market value. The statement of financial activities includes realised gains and losses on investments sold in the period and unrealised gains and losses on revaluation of investments.

Investment in the Trading Group (Lloyd's Register Group Limited), which is a social investment, is valued at cost less any impairment.

d. Cash

Items considered to be cash are those held in hand, in current accounts and on short-term deposit (where the term is less than three months) with recognised financial institutions.

e. Taxation and Value Added Tax

The Foundation is a UK registered charity and is exempt from Corporation Tax under Chapter 3 of Part 11 to the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that surpluses are applied to its charitable purposes.

The Foundation is not registered for VAT and therefore suffers irrecoverable VAT. This expense is recorded and disclosed with the cost of the underlying goods or services.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

f. Fund accounting

The Foundation's general fund comprises accumulated unrestricted surpluses and deficits.

Endowment funds comprise one expendable endowment fund, a part of the September 2012 donation from the Trading Group. Generally, capital is retained within the fund, with income forming part of the Foundation's general fund. Trustees have the power to convert capital to income should they wish to expend capital subject to the contractual obligations of the initial donation as outlined in note 16.

g. Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). With the exception of fixed asset investments, financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors are recognised at the settlement amount due. Creditors are recognised where the Foundation has a present obligation resulting from a past event that will result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Short term creditors are recognised at their settlement amount while grant liabilities are discounted to net present value where the impact is material.

h. Significant accounting estimates and assumptions

The Foundation makes estimates and assumptions to produce the Financial Statements. The accounting estimates will, by nature, differ from the actual results. The key estimate that may have a significant risk of causing a material adjustment to the carrying value of assets or liabilities within the next financial year relates to the discounting of grant liabilities. The rate applied to discount grant liabilities payable after more than twelve months requires an estimate of the appropriate discount rate, as well as an estimate of when the liability will be called down as a claim to be paid. A discount rate of 2.1% (30 June 2021: 2.1%) has been applied having considered the range of the market rate of interest the Foundation could borrow money over the life of the grants and the opportunity cost of income from investments foregone. A 1.5% increase in the discount rate would reduce grant liabilities by £0.3 million while a 0.5% decrease in the discount rate would increase grant liabilities by £0.1 million. There are no other significant accounting estimates or judgements for the Foundation.

3. Investment income

	General funds £000	Endowment funds £000	Total 12 months to 30 June 2022 £000	Total 6 months to 30 June 2021 £000
Gift aid from Trading Group	7,000	—	7,000	3,000
Listed and other investments:				
Fixed Interest – UK	652	—	652	370
Fixed Interest – Overseas	56	—	56	46
Equities – UK	1,824	—	1,824	1,003
Equities – Overseas	2,223	—	2,223	1,021
Pooled Funds	3,478	—	3,478	1,378
Cash Instruments	38	—	38	6
Bank interest	26	—	26	—
	8,297	—	8,297	3,824
Total	15,297	—	15,297	6,824

4. Expenditure on raising funds

Expenditure on raising funds represents investment management costs, which are charged to the endowment fund.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. Analysis of expenditure on charitable activities

				12 months to 30 June 2022 £000
Grant making activities:	Grants (note 6) £000	Direct costs £000	Support costs £000	
Goal 1: Evidence and Insight	410	40	136	586
Goal 2: Challenge area: Safety at Sea	477	47	158	682
Goal 2: Challenge area: Safety of Food	1,107	108	367	1,582
Goal 2: Challenge area: Safety for a Sustainable Future	4,037	407	1,343	5,787
Goal 2: Challenge area: Skills for Safety	1,010	98	335	1,443
Goal 2: Challenge area: Safety of Physical Infrastructure	134	13	44	191
Heritage and education centre	874	85	290	1,249
Foundational *	1,965	191	652	2,808
	10,014	989	3,325	14,328
Unwinding of discounting of grant liabilities	324	—	—	324
Total grant activities	10,338	989	3,325	14,652
Activities undertaken directly:				
Goal 1: Evidence and Insight	—	2,205	667	2,872
Goal 2: Challenge area: Safety of Food	—	158	48	206
Goal 2: Challenge area: Safety for a Sustainable Future	—	139	42	181
Goal 2: Challenge area: Safety of Physical Infrastructure	—	36	11	47
Heritage and education centre	—	1,688	510	2,198
Foundational *	—	234	71	305
Total direct activities	—	4,460	1,349	5,809
	10,338	5,449	4,674	20,461

Expenditure associated with Building global coalitions for change (Goal 3) span all activities and are not separately identified.

No grant expenditure has been incurred during the year relating to Safety of Digital Systems and Public Understanding of Risk (Goal 2)

* Our Charitable mission of safety and education requires us to take a long term view. Whilst our Strategy will build up the role of evidence and insight, focus on pressing challenges, and build partnerships, we must also look beyond the five year time frame, investing in longer term programmes and initiatives. Examples of our longer term 'foundational' programmes include: establishing a long term funded network of those who have been supported by the Foundation in developing their careers to date; developing the global establishment of the discipline of 'Data-centric engineering'; and continuing our Foresight programme looking ahead at how safety can be secured in a future of technological, demographic, societal, economic and environmental change.

Where costs relate predominantly to grant making activity they have been allocated to grants in proportion to the level of expenditure. Support costs of £4,674,000 (6 months to 30 June 2021: £1,478,000) are allocated across all the Foundation's activities. These include costs associated with IT, HR, finance, property and other central services of the Charity's staff where not considered directly attributable. Included within support costs are staff costs of £1,795,000 (6 months to 30 June 2021: £737,000) and governance costs of £62,000 (6 months to 30 June 2021: £59,000).

Governance costs includes fees payable to the Foundation's auditor for the audit of the Foundation's annual accounts of £62,000 (6 months to 30 June 2021: £59,000).

Analysis of expenditure by charitable activities in the 6 months to 30 June 2021 is shown below.

				6 months to 30 June 2021 £000
Grant making activities:	Grants £000	Direct costs £000	Support costs £000	
Goal 1: Evidence and Insight	534	255	239	1,028
Goal 2: Challenge area: Safety at Sea	21	10	9	40
Goal 2: Challenge area: Safety of Food	7	3	3	13
Goal 2: Challenge area: Safety of Digital Systems	333	159	149	641
Goal 2: Challenge area: Public Understanding of Risk	40	19	18	77
Heritage and education centre	90	43	40	173
Foundational	403	193	181	777
	1,428	682	639	2,749
Unwinding of discounting of grant liabilities	314	—	—	314
Total grant activities	1,742	682	639	3,063
Activities undertaken directly:				
Goal 1: Evidence and Insight	—	1,329	402	1,731
Heritage and education centre	—	1,375	416	1,791
Foundational	—	68	21	89
Total direct activities	—	2,772	839	3,611
	1,742	3,454	1,478	6,674

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. Grants awarded

Grants are awarded to institutions and fund tuition costs, employment costs or other costs of research. Grants awarded in the 12 months to 30 June 2022 are analysed by institution below.

	Number of grants	Safety at Sea £000	Safety of Food £000	Safety of Digital Systems £000	Safety for a sustainable future £000	Safety of Physical infrastructure £000	Skills for Safety £000	Heritage And Education Centre £000	Evidence and Insight £000	Foundational £000	Total 12 months to 30 June 2022 £000
Foundation for the Global Compact	1	—	—	—	—	—	—	—	—	250	250
Interferry	1	50	—	—	—	—	—	—	—	—	50
Imperial War Museum	1	—	—	—	—	—	—	500	—	—	500
The University of Manchester	1	—	—	—	—	—	—	—	104	—	104
Accenture	1	119	—	—	—	—	—	—	—	—	119
Detection of hydroden embrittlement	1	—	—	—	—	—	—	—	—	2	2
FISH Safety Foundation	1	98	—	—	—	—	—	—	—	—	98
Kindling Safety Organisation	1	—	—	—	—	10	—	—	—	—	10
National Safety Council	1	—	—	—	—	200	—	—	—	—	200
RAND Europe Community Interest Company	1	—	—	—	—	—	—	—	95	—	95
Research presentations at Transport Research Board Annual Meeting	1	—	—	—	—	—	—	—	—	2	2
Royal Academy of Engineering Fellowship scheme	1	—	—	—	11	—	—	—	—	—	11
Royal National Lifeboat Institution	1	—	—	—	—	—	10	—	—	—	10
Safe adoption of emerging technologies	1	—	—	—	—	—	—	—	—	87	87
Techshore Inspection Services for International Certifications	1	—	—	—	—	—	—	—	—	2	2
The Resilience Shift for The Resilience Shift	1	—	—	—	3,750	—	—	—	—	—	3,750
TUV SUD Ltd	1	—	—	—	—	100	—	—	—	—	100
UCL	1	—	—	—	—	—	—	—	—	2	2
UN Global Compact Network Norway	1	—	150	—	—	—	—	—	—	—	150
Undertaking a series of development courses	1	—	—	—	—	—	—	—	—	2	2
University of Hull	1	—	—	—	—	—	—	—	—	16	16
University of Southampton	1	—	—	—	—	—	—	—	10	—	10
University of Surrey	1	—	—	—	—	—	—	—	—	10	10
University of Strathclyde	1	—	—	—	—	—	—	—	10	—	10
Lloyds Register Group	1	—	—	—	1,120	—	—	—	—	—	1,120
SafetyTech Accelerator Limited	1	—	—	—	—	—	—	—	—	800	800
CNRS Station Biologique de Roscoff	2	—	957	—	—	—	—	—	—	—	957
Nottingham Trent University	1	—	—	—	—	—	—	—	45	—	45
Zero Carbon Green Future	1	—	—	—	—	—	—	—	9	—	8
University College London	1	—	—	—	—	—	—	—	—	657	657
Unicef	1	—	—	—	—	—	—	—	—	100	100
Ocean Decade Heritage Network	1	—	—	—	—	—	—	374	—	—	374
National Safety Council	1	—	—	—	—	—	—	—	148	—	148
The CHIRP Charitable Trust	1	260	—	—	—	—	—	—	—	—	260
Haumaru HS - Micro Credential	1	—	—	—	—	—	—	—	—	8	8
Sustainable Shipping Initiative	1	—	—	—	—	—	—	—	—	10	10
Children's Radio UK	1	—	—	—	—	—	—	—	—	10	10
University of Southampton	1	—	—	—	—	—	—	—	—	10	10
National Safety Council	1	—	—	—	—	—	—	—	—	10	10
Safetyknot Ltd	1	—	—	—	—	—	—	—	—	10	10
TWI Ltd - SEASEP	1	—	—	—	—	—	1,000	—	—	—	1,000
Kids Invent Stuff	1	—	—	—	—	—	—	—	—	10	10
Grant adjustments		(50)	—		(713)	(176)	—	—	(10)	(33)	(982)
	43	477	1,107	—	4,168	134	1,010	874	410	1,965	10,145
Impact of discounting grants awarded		—	—	—	(131)			—	—	—	(131)
		477	1,107	—	4,037	134	1,010	874	410	1,965	10,014

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Grants awarded in the 6 months to 30 June 2021 are analysed by institution below.

	Number of grants	Safety at Sea £000	Safety of Food £000	Safety of Digital Systems £000	Public Under- standing of Risk £000	Safety of Physical infra- structure £000	Safety for a sustainable future £000	Heritage And education centre £000	Evidence and Insight £000	Found- ational £000	Total 6 months to 30 June 2021 £000
British Science Association	1	—	—	—	40	—	—	—	—	—	40
Cardiff University Seafarers International Research Centre	1	21	—	—	—	—	—	—	—	—	21
Cranfield University	1	—	—	—	—	—	—	—	—	50	50
Delft University of Technology	1	—	—	—	—	—	—	—	—	10	10
Delft University of Technology	1	—	—	—	—	—	—	—	—	21	21
Global Manufacturing Organisation Limited	1	—	—	400	—	—	—	—	—	—	400
History & Policy, King College London	1	—	—	—	—	—	—	—	—	122	122
Hook Marine Ltd	1	—	—	—	—	—	—	—	—	10	10
Lancaster University	1	—	—	—	—	—	—	—	—	10	10
Nottingham Trent University	1	—	—	—	—	—	—	—	—	59	59
Queen's University Belfast	1	—	19	—	—	—	—	—	—	—	19
Safetyknot Ltd	1	—	—	—	—	—	—	—	—	10	10
SafetyTech Accelerator Limited	1	—	—	—	—	—	—	—	—	104	104
Scense about Science	1	—	—	—	—	—	—	—	384	—	384
SeedPod LLC	1	—	—	—	—	—	—	—	150	—	150
University of Portsmouth Higher Education Corporation	1	—	—	—	—	—	—	90	—	—	90
Worldwide Ferry Safety Association	1	—	—	—	—	—	—	—	—	7	7
Grant adjustments		—	(12)	(67)	—	—	—	—	—	—	(79)
17		21	7	333	40	—	—	90	534	403	1,428
Impact of discounting grants awarded		—	—	—	—	—	—	—	—	—	—
		21	7	333	40	—	—	90	534	403	1,428

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Grants awarded but not paid

	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
At start of period	37,710	43,987
Awarded in the period	10,996	1,507
Unwinding of discounting (note 5)	324	314
Grant adjustments (note 6)	(982)	(79)
Paid in the period	(15,800)	(8,019)
At end of period	32,248	37,710

The aging of grants payable is shown in note 14.

8. Employees

	General funds £000	Endowment funds £000	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Wages and salaries	2,440	—	2,440	1,238
Social security costs	239	—	239	117
Pension costs	301	—	301	120
	2,980	—	2,980	1,475

All employees are engaged in charitable activities. The average number of employees during the year was 34 (6 months to June 2021: 31).

Included within employee costs above is £353,000 (6 months to 30 June 2021: £124,000) remuneration received by key management personnel which includes £nil of employer defined contribution pension costs (6 months to 30 June 2021: £8,000). See note 31 of the consolidated financial statements for the key management personnel of the Foundation Group.

The following number of employees earned emoluments within the bands shown below. Emoluments include benefits in kind, but exclude employer defined contribution pension costs.

	12 months to 30 June 2022 Number	6 months to 30 June 2021 Number
£60,001 - £70,000	4	3
£70,001 - £80,000	2	—
£90,001 - £100,000	1	—
£100,001 - £110,000	2	—
£110,001 - £120,000	—	1
£120,001 - £130,000	1	—
£130,001 - £140,000	1	—
£150,001 - £160,000	2	—
£350,001 - £360,000	1	—

The increase compared to the prior period is principally due to the longer financial reporting period from 6 to 12 months. The Foundation made no termination payments during the current or prior period.

9. Trustees

The Trustees are the directors of the Foundation. The Trustees do not currently receive remuneration in respect of their duties as Trustees. Trustees received £4,000 for reimbursement for out of pocket expenses (6 months to 30 June 2021: £nil) in respect of travel expenses to Board meetings.

The Foundation maintained throughout the period Trustees' and Officers' liability insurance in respect of itself and its Trustees.

10. Investments

	30 June 2022 £000	30 June 2021 £000
Listed investments at market value comprise:		
Fixed Interest – UK	17,404	24,400
Fixed Interest – Overseas	268	1,561
Equities – UK	44,472	45,766
Equities – Overseas	101,745	134,995
Pooled Funds	109,983	107,825
Derivatives	105	(563)
Cash instruments	17,740	3,927
Cash at investment managers and accrued interest	2,616	2,321
	294,333	320,232
Unlisted investments		
Investment in subsidiaries – social investment at cost less impairment	40,050	40,050
	334,383	360,282

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Listed investments and cash held by investment managers	30 June 2022 £000	30 June 2021 £000
At start of period	317,911	318,103
Additions at cost	158,006	124,961
Disposals proceeds	(157,762)	(136,164)
Realised gains on disposals	(7,312)	37,307
Unrealised gains	(19,126)	(26,296)
At end of period	291,717	317,911
Cash at investment managers and accrued interest	2,616	2,321
	294,333	320,232

Subsidiaries (note 12)

The Foundation has invested £40,050,000 (30 June 2021: £40,050,000) in its only immediate subsidiary, Lloyd's Register Group Limited. The subsidiaries and joint ventures of Lloyd's Register Group Limited are shown in note 32 to Lloyd's Register Foundation Group Consolidated Financial Statements.

11. Debtors

	30 June 2022 £000	30 June 2021 £000
Prepayments and accrued income	694	245
	694	245

12. Trading Group

The Foundation has a social investment in one trading subsidiary, Lloyd's Register Group Limited which has its own global group of trading companies (the Trading Group). The Foundation owns 100% of the issued share capital of Lloyd's Register Group Limited. The Trading Group's principal activities are the provision of independent inspection and compliance services to clients in capital intensive industries, in particular the marine industry.

The summarised financial information of the consolidated Trading Group is provided below, as per the Trading Group's consolidated financial statements for the 12 months ended 30 June 2022 (2021: 6 months ended 30 June 2021).

	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Turnover	569,096	375,669
Cost of sales	(362,211)	(237,164)
Gross profit	206,885	138,505
Administrative expenses	(215,881)	(114,983)
Administrative expenses before exceptional costs	(189,619)	(108,642)
Operating profit before exceptional costs	17,266	29,863
Exceptional costs	(26,262)	(6,341)
Operating (loss) / profit	(8,996)	23,522
Profit on disposal	409,261	—
Share of net operating loss of joint ventures	(480)	(336)
Net investment income	(38,158)	(92)
Other finance costs	—	(186)
Profit before taxation	361,627	22,908
Taxation on profit	(3,067)	(8,791)
Profit for the financial period	358,560	14,117
	30 June 2022 £000	30 June 2021 £000
Assets	1,351,943	1,033,901
Liabilities	(454,960)	(548,534)
Net Assets	896,983	485,367
Shareholder's funds	896,983	485,367

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Creditors: amounts falling due within one year

	30 June 2022	30 June 2021
	£000	£000
Trade creditors	458	108
Amounts due to related companies	2,587	1,150
Grants payable	20,301	20,939
Accruals and deferred income	1,115	1,046
	24,461	23,243

14. Creditors: amounts falling due after one year

	30 June 2022	30 June 2021
	£000	£000
Grants payable	11,947	16,771
	11,947	16,771

The timing of grants payable is shown in the table below:

	30 June 2022	30 June 2021
	£000	£000
Due within one year	20,301	20,939
Due within 1-2 years	7,095	15,016
Due within 2-5 years	5,333	2,429
Impact of discounting	(481)	(674)
	11,947	16,771
Net grants payable	32,248	37,710

15. Contingent liabilities

The Foundation has a contractual obligation to transfer up to £125m of the investment assets received from the Trading Group in September 2012 to the Lloyd's Register Superannuation Fund Association in the event of an insolvency of Lloyd's Register Group Limited. The Trustees consider the risk of insolvency, and therefore the risk of payment of the contingent liability, to be minimal. Additional funding commitments to related parties are detailed in note 19.

16. Funds

	30 June 2021 £000	Income £000	Expenditure £000	Other movements £000	30 June 2022 £000
Total unrestricted funds	20,071	15,297	(20,461)	(1,569)	13,338
Endowment funds:					
Expendable endowment	318,205	—	(865)	(24,869)	292,471
	338,276	15,297	(21,326)	(26,438)	305,809

Other movements relate to realised and unrealised gains and losses on investment assets.

	31 December 2020 £000	Income £000	Expenditure £000	Other movements £000	30 June 2021 £000
Total unrestricted funds	19,273	6,824	(6,674)	648	20,071
Endowment funds:					
Expendable endowment	308,279	—	(437)	10,363	318,205
	327,552	6,824	(7,111)	11,011	338,276

Other movements relate to realised and unrealised gains and losses on investment assets.

In September 2012, the Trading Group transferred a portfolio of investments to the Foundation, with a market value of £206.4m. The transfer was made as a gift of an expendable endowment. The gift also contained a condition that the Foundation must agree to keep £100.0m of that sum as a contingent asset of the Trading Group's UK pension scheme. The terms of the gift were subsequently amended to increase the contingent asset to £125.0m and extend the period at least until the full actuarial valuation as at 31 March 2022 has been approved, with possible further extensions to 2034. During that period the monies can only be transferred to the Pension Scheme in the event of the insolvency of the Trading Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. Revaluation reserve

	30 June 2021 £000	Unrealised losses £000	Realised revaluation reserve £000	30 June 2022 £000
Unrestricted – general funds	7,078	(1,135)	(434)	5,509
Endowment funds:				
Expendable endowment	93,054	(17,991)	(6,878)	68,185
	<u>100,132</u>	<u>(19,126)</u>	<u>(7,312)</u>	<u>73,694</u>

	31 December 2020 £000	Unrealised losses £000	Realised revaluation reserve £000	30 June 2021 £000
Unrestricted – general funds	6,430	(1,547)	2,195	7,078
Endowment funds:				
Expendable endowment	82,691	(24,749)	35,112	93,054
	<u>89,121</u>	<u>(26,296)</u>	<u>37,307</u>	<u>100,132</u>

18. Analysis of net assets between funds

	General funds £000	Endowment funds £000	Total 30 June 2022 £000	Total 30 June 2021 £000
Fixed assets	41,912	292,471	334,383	360,282
Current assets	7,834	—	7,834	18,008
Creditors: amounts falling due within one year	(24,461)	—	(24,461)	(23,243)
Creditors: amounts falling due after one year	(11,947)	—	(11,947)	(16,771)
	<u>13,338</u>	<u>292,471</u>	<u>305,809</u>	<u>338,276</u>

	General funds £000	Endowment funds £000	Total 30 June 2021 £000	Total 31 December 2020 £000
Fixed assets	42,077	318,205	360,282	360,084
Current assets	18,008	—	18,008	13,046
Creditors: amounts falling due within one year	(23,243)	—	(23,243)	(21,951)
Creditors: amounts falling due after one year	(16,771)	—	(16,771)	(23,627)
	<u>20,071</u>	<u>318,205</u>	<u>338,276</u>	<u>327,552</u>

19. Related party transactions

The Foundation has taken advantage of the exemption in Financial Reporting Standard 102, whereby transactions with subsidiary companies ultimately 100% owned by the same parent are not required to be disclosed.

In accordance with the provisions of Financial Reporting Standard 102 the related party transactions entered into by the charity are detailed below. The transactions that arose were in the normal course of business.

Two grants have been awarded to the Trading Group during the 12 months to 30 June 2022:

- A £1,120,000 grant to support decarbonisation in the marine sector. £nil remains outstanding as at 30 June 2022.
- A £800,000 grant to support the SafetyTech Accelerator Programme. £nil remains outstanding as at 30 June 2022.

A grant was awarded to the Trading Group during the 6 months to 30 June 2021:

- A £104,000 grant to support the SafetyTech Accelerator programme. £nil remains outstanding as at 30 June 2022 (30 June 2021: £51,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

In addition to the grants provided, a further £2.4m may become payable to the Trading Group over the following nine years, with the majority payable within the following two years. The additional payments are dependent upon periodic reviews of the project outcomes. The commitments are planned to be funded from general funds, following receipt of future investment income.

During the 12 months to 30 June 2022, the Foundation was charged the following amounts from the Trading Group:

- £1,013,000 in respect of the provision of services including accommodation and IT support (6 months to 30 June 2021: £496,000); and
- £450,000 in respect of Trading Group employees seconded to the Foundation (6 months to 30 June 2021: £96,000).

The above recharges do not include any amounts in respect of services for key management personnel.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FINANCIAL REVIEW OF LLOYD'S REGISTER FOUNDATION GROUP

Strategic report of the Foundation

The Foundation has a direct social investment in one trading subsidiary, Lloyd's Register Group Limited which has its own global group of trading companies ("the Trading Group"). The Foundation owns 100% of the issued share capital of Lloyd's Register Group Limited. The Trading Group's principal activities are the provision of independent inspection and compliance services to clients in capital intensive industries, in particular the marine industry. The activities of the Trading Group in furthering the charitable objects of the Foundation are discussed on pages 33 and 27.

The Foundation's consolidated total income for the 12 months to 30 June 2022 of £996.5 million (6 months to 30 June 2021: £384.5 million) comprises of income recognised by the Trading Group of £988.2 million (6 months to 30 June 2021: £380.7 million) and investment income recognised by the Foundation of £8.3 million (6 months to 30 June 2021: £3.8 million). Income recognised by the Trading Group includes turnover of £569.1 million (6 months to 30 June 2021: £375.7 million), investment income of £9.8 million (6 months to 30 June 2021: £5.0 million) and profit on disposal of discontinued operations of £409.3 million.

The Foundation's consolidated total expenditure for the 12 months to 30 June 2022 of £189.1 million (6 months to 30 June 2021: £360.5 million) relates principally to the Trading Group of £169.7 million (6 months to 30 June 2021: £353.5 million) with the remainder relating to the activities of the charitable entity.

Consolidated net assets for the Foundation at 30 June 2022 are £1,163.8 million (30 June 2021: £784.4 million), an increase of £379.4 million from the prior period.

Net consolidated funds (cash and short term deposits) for the Foundation at 30 June 2022 are £409.8 million (30 June 2021: £314.6 million), an increase of £95.2 million from 30 June 2021.

The performance of the Charitable entity is discussed on pages 32 to 37, and the results of the Trading Group below.

Results of the Trading Group

This financial review of the Trading Group forms part of the strategic report.

The summarised financial information of the consolidated Trading Group is provided in note 18 to the consolidated financial statements, as per the Trading Group's consolidated financial statements for the year ended 30 June 2022.

Turnover for the 12 month period to 30 June 2022 was £569.1 million (6 months to 30 June 2021: £375.7 million).

Total Group operating profit before exceptional costs for the year to 30 June 2022 was £17.3m, (6 months to 30 June 2020: £29.9m). Group operating profit from continuing operations before exceptional costs for the year to 30 June 2022 was £17.5m, (6 months to 30 June 2020: £26.5m). Discontinued operations comprise the BAIS business line which was disposed of on 2 December 2021.

Exceptional costs for the year of £26.3 million relate to the surrender of an operating lease following a review of Group's office requirements, restructuring activity associated with changes in processes and resource requirements following restructuring within back office functions and the voluntary repayment of Government grants received as part of government initiatives to provide financial support as a result of Covid-19.

Statutory operating loss for the 12 month period, after exceptional costs, was £9.0 million (6 months to 30 June 2021: profit £23.5 million).

Financial position of the Trading Group

Net assets for the Trading Group at 30 June 2022 are £987.0 million (30 June 2021: £485.4 million), an increase of £411.6 million.

Branches of the Group

The Lloyd's Register Foundation group (the Group) has branches, as defined in section 1046(3) of the Companies Act 2006, which are outside the UK.

Financial risk management policies and objectives

The Group is exposed to certain financial risks as a result of its operations and the activities that it carries out. These financial risks include litigation, foreign exchange risk, credit risk, and interest rate risk.

Litigation

In the normal course of business, the Trading Group receives claims for compensation from clients and other associated parties. The Trading Group has in place appropriate policies and procedures to mitigate litigation risk. Although insurance cover is carried to mitigate this risk, the results of litigation can be uncertain and the Trading Group remains exposed to a potential shortfall in this cover.

Foreign exchange risk (price risk)

Foreign exchange exposure is an expected risk of operating across a number of geographies. The Trading Group monitors the impact of foreign exchange on a regular basis. Where possible, the Trading Group uses natural hedges (offsetting costs incurred in a particular currency against revenues earned in that currency) that arise from its normal operating activities to manage its foreign exchange exposures. Where cash-pooling is not permitted by local regulations, non-GBP entities submit cash to head office companies by paying dividends and management charges. Derivative financial

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

instruments are used by the Trading Group's third-party investment manager to manage the exposure to foreign exchange risk associated with the Company's investment portfolio. Residual foreign exchange exposure is monitored and is considered tolerable.

Liquidity risk and going concern

The Group has net cash of £409.8 million (30 June 2021: £314.6 million). In addition, the Group holds listed investments of £580.4 million (30 June 2021: £388.9 million) of which £51.8 million (30 June 2021: £68.7 million) is held in escrow to make good the deficit on overseas defined benefit pension schemes in future periods.

The Trustees consider that the cash held by the Group, together with its listed investments, are sufficient to address the Group's liquidity requirements, both in the near and longer term.

The Trustees therefore have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Credit risk

It is company policy to perform an assessment of the creditworthiness of new clients and, where appropriate, assign a credit limit to clients' accounts.

Interest rate risk

Derivative financial instruments are used by the Group's third party investment manager to manage the exposure to foreign exchange risk associated with the Company's investment portfolio. Aside from this potential risk the Group has only limited exposure to interest rate risk as it has no external borrowings or other interest-bearing financial instruments.

Further details of the Trading Group

Further details of the financial performance of the Trading Group is included within the Lloyd's Register Group Limited's statutory accounts.

THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES, INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2022

		Trading funds	Trading funds	Trading funds	General funds	Endowmen t funds	Total funds	Total funds
	Note	12 months to 30 June 2022	12 months to 30 June 2022	12 months to 30 June 2022	12 months to 30 June 2022	12 months to 30 June 2022	12 months to 30 June 2022	6 months to 30 June 2021
		£000	£000	£000	£000	£000	£000	£000
		Continuing	Discontinued	Total				
Income								
Income from investments:								
Listed investments	4	3,917	—	3,917	8,271	—	12,188	4,837
Property	4	5,034	—	5,034	—	—	5,034	2,647
Other	4	909	—	909	26	—	935	1,305
Income from other trading activities	5	441,371	127,725	569,096	—	—	569,096	375,669
Profit on disposal of discontinued operations	17	—	409,261	409,261	—	—	409,261	—
Total income		451,231	536,986	988,217	8,297	—	996,514	384,458
Expenditure on raising funds								
Investment management costs		—	—	—	—	(865)	(865)	(437)
Cost of other trading activities		(450,792)	(129,178)	(579,970)	—	—	(579,970)	(352,940)
Other finance costs – pensions		—	—	—	—	—	—	(186)
Net interest in the results for the period in joint ventures		(480)	—	(480)	—	—	(480)	(336)
Other		(8)	—	(8)	—	—	(8)	(26)
Total costs of raising funds		(451,280)	(129,178)	(580,458)	—	(865)	(581,323)	(353,925)
Expenditure on charitable activities								
Total grants activities	7	—	—	—	(12,732)	—	(12,732)	(2,959)
Total direct activities	7	—	—	—	(5,809)	—	(5,809)	(3,611)
Total expenditure		(451,280)	(129,178)	(580,458)	(18,541)	(865)	(599,864)	(360,495)
Net income / (expenditure) before (losses) / gains on investments	11	(49)	407,808	407,759	(10,244)	(865)	396,650	23,963
Unrealised (losses) / gains on investments		(45,198)	—	(45,198)	(1,135)	(17,991)	(64,324)	(39,864)
Realised gains on disposal of investments		(2,626)	—	(2,626)	(434)	(6,878)	(9,938)	45,926
Net income / (expenditure) before taxation		(47,873)	407,808	359,935	(11,813)	(25,734)	322,388	30,025
Taxation	10	(2,471)	(596)	(3,067)	—	—	(3,067)	(8,791)
Net income / (expenditure)		(50,344)	407,212	356,868	(11,813)	(25,734)	319,321	21,234
Transfers between funds				(5,308)	5,308	—	—	—
Acquisition of non-controlling interest				—	—	—	—	(2,525)
Foreign exchange differences on translation of net assets of overseas operations				15,881	—	—	15,881	(588)
Net actuarial movements on defined benefit pension schemes	24			53,935	—	—	53,935	14,904
Tax relating to components of other comprehensive income				(9,760)	—	—	(9,760)	(9,974)
Net movement in funds				411,616	(6,505)	(25,734)	379,377	23,051
Funds brought forward				485,367	(19,153)	318,205	784,419	761,368
Funds carried forward				896,983	(25,658)	292,471	1,163,796	784,419

There are no recognised gains or losses for the year other than those shown above. An analysis of the prior period funds is shown in note 6. All funds are unrestricted.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2022

	Note	30 June 2022 £000	30 June 2021 £000
Non Current Assets			
Goodwill	14	24,548	58,655
Intangible fixed assets	14	29,847	40,350
Tangible assets	15	149,563	172,309
Investments	16	580,515	389,012
Pension surplus	24	186,971	148,420
Deferred tax assets	10	14,756	20,377
Interests in joint ventures: share of net assets	16	116	275
		986,316	829,398
Current assets			
Debtors	19	255,428	227,037
Cash at bank and in hand		409,779	314,556
		665,207	541,593
Creditors: amounts falling due within one year	20	(224,689)	(248,029)
Net current assets		440,518	293,564
Total assets less current liabilities		1,426,834	1,122,962
Creditors: amounts falling due after one year	21	(11,947)	(16,771)
Provisions for liabilities	22	(86,735)	(84,496)
Net assets excluding pension liability		1,328,152	1,021,695
Pension liability	24	(164,356)	(237,276)
Net assets including pension liability		1,163,796	784,419
The funds of the group	27,28		
Non charitable trading funds		1,030,780	645,315
Revaluation reserve		30,559	77,328
General fund	29	(25,658)	(19,153)
Unrestricted funds excluding pension liability		1,035,681	703,490
Pension reserve		(164,356)	(237,276)
Total unrestricted funds		871,325	466,214
Endowment funds		224,286	225,151
Revaluation reserve	28	68,185	93,054
Total endowment funds	27	292,471	318,205
Total group funds		1,163,796	784,419

The financial statements on pages 73 to 106 were approved by the Trustees on 13 December 2022 and signed on their behalf by:

C.F. Sergeant

C.F.Sergeant (Dec 13, 2022 12:55 GMT)

Carol Sergeant, Trustee

Lloyd's Register Foundation

Company registration number 07905861

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 June 2022

	Note	2022 £000	2021 £000
Net cash (outflow) / inflow from operating activities	30	(110,496)	36,336
Cash flows used in investing activities			
Decrease / (increase) in loans		26	(7)
Proceeds from sale of investments		174,912	142,420
Proceeds from sale of tangible fixed assets		966	485
Purchase of investments		(421,603)	(132,581)
Purchase of intangible fixed assets		(2,435)	(591)
Purchase of tangible fixed assets		(8,527)	(1,626)
Interest paid		(194)	(108)
Investment income		18,157	8,789
Additional investment in existing joint ventures		(686)	(217)
Acquisition of trade and assets		(4,671)	(6,964)
Disposal of subsidiaries		480,704	—
Cash acquired		67	—
Cash disposed		(24,457)	—
Net cash inflows generated by investing activities		212,259	9,600
Net increase in cash and cash equivalents		101,763	45,936
Cash and cash equivalents at beginning of period		314,556	272,200
Net increase in cash and cash equivalents		101,763	45,936
Effect of foreign exchange rate changes		(6,540)	(3,580)
Cash and cash equivalents at end of period		409,779	314,556

Analysis of cash and cash equivalents

Group	At 30 June 2021 £000	Cash flow £000	Effect of foreign exchange rate changes £000	At 30 June 2022 £000
Cash and cash equivalents	314,556	101,763	(6,540)	409,779
	314,556	101,763	(6,540)	409,779

Reconciliation of net cash flow to movements in net funds

	Cash and cash equivalents £000	2022 Net funds £000	Cash and cash equivalents £000	2021 Net funds £000
At start of period	314,556	314,556	272,200	272,200
Foreign exchange	(6,540)	(6,540)	(3,580)	(3,580)
Cash flow	101,763	101,763	45,936	45,936
At end of period	409,779	409,779	314,556	314,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Basis of accounting and consolidation

The Group financial statements consolidate the financial statements of the Foundation and its subsidiary undertakings. The results of subsidiaries acquired or sold are consolidated from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments and derivative financial instruments. They have been prepared in accordance with the Statement of Recommended Practice FRS 102 "Accounting and Reporting by Charities" ("the Charities SORP"), with the exception of banding disclosures of employee benefits (excluding pension costs) in £10,000 bandings from £60,000 for employees of the Foundation's trading subsidiaries (see note 12), the reporting requirements of the Companies Act 2006 and applicable accounting standards in the United Kingdom. The charitable company has adapted the Companies Act formats to reflect the Charities SORP. The financial statements have been prepared on the going concern basis as discussed further in the Trustees' report on page 35.

The functional currency of the Group is considered to be Pound Sterling as this is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

a. Income

Income is accounted for on an accruals basis and included in the statement of financial activities when the Group is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

Turnover from surveys and inspections, which are the main activities of the Trading Group is recognised by reference to the stage of completion of the contract activity as at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs once the final outcome can be assessed with reasonable certainty. All income is recorded net of VAT and similar sales taxes.

b. Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on raising funds includes costs associated with trading activities and investment management.

Expenditure on charitable activities comprise all the costs incurred applied by the Foundation in undertaking its work to meet its charitable objectives as opposed to the cost of generating the funds to finance these activities. Charitable activities are all the expenditure by the charity in the delivery of goods and services, including its programme and project work that is directed at the achievement of its charitable aims and objectives. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken.

Grants awarded are recognised when the Group formally notifies the recipient of the award following approval by the Trustees. The liability recognised is for the full amount of the award, unless a break clause is able to be exercised by the Group, whether payable immediately or across a number of financial years as grants are subject to qualitative review rather than strict performance criteria. Where material, grant liabilities in excess of one year are discounted to net present value to reflect the time value of money which is based on investment returns with a similar risk profile.

Support costs are defined as those costs that are incurred indirectly that cannot be allocated to specific activities, and relate to both grant making and direct activities that then give the Foundation the capability to carry out its charitable activities. They are allocated to the SORP expenditure headings on the basis of underlying expenditure which reflects the level of activity performed.

c. Tangible fixed assets

Tangible fixed assets (other than investment properties) are stated at cost, net of depreciation and impairment.

Depreciation of tangible fixed assets is provided using the straight line method, commencing with the year in which they are ready for use, at rates estimated to write off their cost over their respective useful lives as follows:

Motor vehicles	5 years
Office fittings and equipment	8 years
Computer equipment	5 years
Plant and machinery	5 to 20 years
Freehold buildings	5 to 40 years
Leasehold improvements	Length of the lease

Depreciation is not provided in respect of freehold land as it is deemed to have an infinite useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

d. Intangible fixed assets: goodwill

Goodwill arises on the acquisition of subsidiary undertakings and businesses and represents the excess of the fair value of the consideration given over the fair value of identifiable assets and liabilities acquired.

Goodwill arising on acquisitions is capitalised and amortised on a straight line basis over its estimated useful economic life up to a maximum of 10 years. It is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

e. Intangible fixed assets

Intangible assets relating to intellectual property rights acquired from third party developers are recognised at cost and amortised on a straight line basis over their estimated useful economics lives, which is estimated to be 10 years. Provision is made for any impairment.

Intangible assets relating to purchased software is recognised at cost including any directly attributable costs of preparing the software for its intended use and amortised using the straight line method over their useful economic lives which are estimated to be from 3 to 11 years. Provision is made for any impairment.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date and are amortised over a period of six years which is estimated to be their useful economic life.

f. Investments

Listed investments are stated at market value. Unlisted investments are stated at cost less provision for impairment. The statement of financial activities includes realised gains and losses on investments sold in the period and unrealised gains and losses on revaluation of investments.

Investment properties includes one property that is in mixed functional and investment use. Areas of the building occupied by third party tenants are deemed to be in investment use and are held at market value with any change in fair value recognised in the consolidated statement of financial activities. A valuation of the building is pro-rated according to the value of floor space occupied by third party tenants. The valuation is carried out by a surveyor holding a relevant qualification (via an independent property company).

g. Cash

Items considered to be cash are those held in hand, in current accounts and on term deposit (where the term is less than three months) with recognised financial institutions.

h. Taxation and Value Added Tax

The Foundation is a UK registered charity, and is exempt from Corporation Tax under Chapter 3 of Part 11 to the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes.

The Trading Group includes companies and branches that operate overseas and that are subject to foreign tax. Direct tax relating to those entities is included within the consolidated financial statements as a trading cost, and analysed in note 10 to the financial statements. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Foundation is not registered for VAT and therefore suffers irrecoverable VAT. This expense is recorded and disclosed with the cost of the underlying goods or services.

i. Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less or to receive more tax in the future.

Deferred tax assets are recognised only to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

j. Fund accounting

The Foundation's general fund comprises accumulated unrestricted surpluses and deficits.

Non-charitable trading funds represent the accumulated surpluses and deficits retained within the Trading Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Endowment funds comprise one expendable endowment fund, a part of the September 2012 donation from the Trading Group. Generally, capital is retained within the fund, with income forming part of the Foundation's general fund. Trustees have the power to convert capital to income should they wish to expend capital subject to the contractual obligations of the initial donation as outlined in note 27.

k. Financial assets and liabilities:

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). With the exception of fixed asset investments and derivative financial instruments, financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors are recognised at the settlement amount due. Creditors are recognised where the Foundation has a present obligation resulting from a past event that will result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

Income from quoted securities, which is recorded on an accruals basis, is recognised in investment income as are changes in the fair value of the listed investment portfolio. The Group does not apply hedge accounting for any of its financial instruments.

l. Foreign currencies:

i. Foreign currency denominated assets and liabilities of the Group and its overseas operations are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of financial activities and accumulated in net funds.

ii. Income and expenditure for the period are translated at the appropriate rates prevailing during the period, updated on a monthly basis.

iii. Other exchange differences are shown in net income within the statement of financial activities except for exchange differences on monetary items receivable or payable from / to a foreign operation for which settlement is neither planned nor likely to occur (forming part of the net investment in the foreign operations) which are accumulated in net funds.

m. Leases

The costs of operating lease rentals are charged to the profit and loss account in the period to which they relate even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

n. Rental income

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

o. Research and development expenditure

Research expenditure is written off as incurred. Development expenditure, including all costs of developing internally generated intangible assets, is also written off, except for costs of bringing purchased software into use, where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as part of the cost of the purchased software as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between 1 and 10 years. Provision is made for any impairment.

p. Interest receivable

Interest receivable from bank and short term deposits includes interest accrued. Income from listed investments is recorded on an accruals basis when the income becomes payable to the Group.

q. Short-term employee benefits

Short-term employee benefits are recognised as an expense in the period in which they relate.

r. Pensions

For defined benefit schemes the amounts charged to costs of activities for generating funds are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the statement of financial activities and included within other finance costs - pensions. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the statement of financial activities.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For defined contribution schemes the amount charged to the statement of financial activities account in respect of pension costs and other retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

s. Investment in joint ventures

In the Group financial statements, investments in joint ventures are accounted for using the equity method. Investments in joint ventures are initially recognised at the transaction price and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint venture.

t. Heritage assets

The Group's collection of pictures, furniture and fittings, ship models, books and archive material are considered to be heritage assets. No value is attributed to them in the balance sheet and no depreciation charged on the grounds that for many of the assets, reliable historical cost information is not available and that the depreciated historical cost of these assets is now immaterial.

u. Provisions

Provision is made on a case-by-case basis in respect of defending claims received and where appropriate, the estimated cost of settling claims. Provisions for employee benefits arising on termination of employment, are recognised when a company is demonstrably committed to a formal plan for termination and is without realistic possibility of withdrawal from the plan.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The Trustees do not consider there to be any critical judgements, apart from those involving estimations (which are dealt with separately below), in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Revenue recognition

The Group has long-term customer contracts under which service delivery can extend over a number of years. In accounting for such long-term contracts, an estimate is required of the costs to complete the contract to determine the percentage of completion, which is used to determine the amount of revenue to be recognised. These estimates are used to forecast the ultimate profitability of each contract. If, at any time, these estimates indicate that a contract will be unprofitable, the entire estimated loss for the contract is recognised immediately. If the estimates change, the measurement of the percentage of completion will change, with a consequential remeasurement of cumulative revenue recognised to date on the contract. Consequently the determination of cost estimates on long-term customer contracts that span more than one accounting period are considered a critical judgement. However, there are no such long-term projects that are individually material to the Group's reported result. At 30 June 2022, the Group has recognised £53,997,000 of net deferred income in respect of long term contracts.

Pension plans

The Group operates pension schemes worldwide, including defined benefit pension schemes, the most significant of which is in the United Kingdom. For a description of the related accounting policies, refer to Note 2 above. Changes in significant assumptions could materially affect the amounts, particularly the rate used to discount the projected benefit obligation. Note 24 to the financial statements describes the principal discount rate, salary increase, inflation, mortality and pension payment increase assumptions that have been used to determine the pension and post-retirement charges. The calculation of any charge relating to pensions is dependent on the assumptions used, which reflects the exercise of judgement. The assumptions adopted are based on advice of the Group's actuaries, on prior experience and market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

4. Investment income

	Trading funds £000	General funds £000	Endowment funds £000	Total funds 12 months to 30 June 2022 £000	Total funds 6 months to 30 June 2021 £000
Fixed Interest – UK	2,684	652	—	3,336	1,383
Fixed Interest – Overseas	—	56	—	56	46
Equities – UK	521	1,824	—	2,345	1,003
Equities – Overseas	541	2,223	—	2,764	1,021
Pooled Funds	165	3,478	—	3,643	1,378
Cash Instruments	6	38	—	44	6
	<u>3,917</u>	<u>8,271</u>	<u>—</u>	<u>12,188</u>	<u>4,837</u>
Bank interest	909	26	—	935	1,305
Income from UK investment property	<u>5,034</u>	<u>—</u>	<u>—</u>	<u>5,034</u>	<u>2,647</u>
	<u>9,860</u>	<u>8,297</u>	<u>—</u>	<u>18,157</u>	<u>8,789</u>

5. Income from other trading activities

	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Turnover by class of business of the Trading Group:		
Marine and Offshore**	364,297	186,683
Maritime Performance Services **	59,920	25,971
Industrial Digital Products **	17,154	7,640
Business Assurance and Inspection Services*	127,725	155,375
	<u>569,096</u>	<u>375,669</u>

* Business Assurance and Inspection Services operations were discontinued following the disposal of the business to Goldman Sachs Management on 2 December 2021.

** During the year the Trading Group has established a new business line, Maritime Performance Services. The Maritime Performance Services business line focuses on operational efficiency and sustainability solutions. The comparative period has been re-presented to separately show the turnover for this new business line, for which turnover was previously reported within the Marine and Offshore business line and Digital Products. The Digital Products operations not transferred to Maritime Performance Services has been renamed Industrial Digital Products.

Expenditure on raising funds

Costs of raising funds include investment management costs and all expenses of the Trading Group including those attributable to public benefit activities but excluding any charitable donations made directly by the Trading Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

6. Breakdown of total funds for 2021

	Trading funds £000	Trading funds £000	Trading funds £000	General funds £000	Endowment funds £000	Total funds 6 months to 30 June 2021 £000
	Continuing	Discontinued	Total			
Income						
Income from investments:						
Listed investments	1,013	—	1,013	3,824	—	4,837
Property	2,647	—	2,647	—	—	2,647
Other	1,305	—	1,305	—	—	1,305
Income from other trading activities	220,294	155,375	375,669	—	—	375,669
Total income	225,259	155,375	380,634	3,824	—	384,458
Expenditure on raising funds						
Investment management costs	—	—	—	—	(437)	(437)
Cost of other trading activities	(198,371)	(154,569)	(352,940)	—	—	(352,940)
Other finance costs – pensions	(186)	—	(186)	—	—	(186)
Net interest in the results for the period in joint ventures	(336)	—	(336)	—	—	(336)
Other	(26)	—	(26)	—	—	(26)
Total costs of raising funds	(198,919)	(154,569)	(353,488)	—	(437)	(353,925)
Expenditure on charitable activities						
Total grant activities	—	—	—	(2,959)	—	(2,959)
Total direct activities	—	—	—	(3,611)	—	(3,611)
Total expenditure	(198,919)	(154,569)	(353,488)	(6,570)	(437)	(360,495)
Net income / (expenditure) before (losses) / gains on investments	26,340	806	27,146	(2,746)	(437)	(23,963)
Unrealised (losses) / gains on investments	(13,568)	—	(13,568)	(1,547)	(24,749)	(39,864)
Realised gains / (losses) on disposal of investments	8,619	—	8,619	2,195	35,112	45,926
Net income / (expenditure) before taxation	21,391	806	22,197	(2,098)	9,926	30,025
Taxation	(5,583)	(3,208)	(8,791)	—	—	(8,791)
Net income / (expenditure)	15,808	(2,402)	13,406	(2,098)	9,926	21,234
Transfers between funds			(2,021)	2,021	—	—
Acquisition of non-controlling interest			(2,525)			(2,525)
Foreign exchange differences on translation of net assets of overseas operations			(588)	—	—	(588)
Net actuarial movements on defined benefit pension schemes			14,904	—	—	14,904
Tax relating to components of other comprehensive income			(9,974)	—	—	(9,974)
Net movement in funds			13,202	(77)	9,926	23,051
Funds brought forward			472,165	(19,076)	308,279	761,368
Funds carried forward			485,367	(19,153)	318,205	784,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

7. Analysis of expenditure on charitable activities

Grant making activities:	Grants (note 8)	Direct costs	Support costs	12 months to 30 June 2022 £000
	£000	£000	£000	
Goal 1: Evidence and Insight	410	40	136	586
Goal 2: Challenge area: Safety at Sea	477	47	158	682
Goal 2: Challenge area: Safety of Food	1,107	108	367	1,582
Goal 2: Challenge area: Safety for a Sustainable Future	2,917	407	1,343	4,667
Goal 2: Challenge area: Skills for Safety	1,010	98	335	1,443
Goal 2: Challenge area: Safety of Physical Infrastructure	134	13	44	191
Heritage and education centre	874	85	290	1,249
Foundational *	1,165	191	652	2,008
	8,094	989	3,325	12,408
Unwinding of discounting of grant liabilities	324	—	—	324
Total grant activities	8,418	989	3,325	12,732
Activities undertaken directly:				
Goal 1: Evidence and Insight	—	2,205	667	2,872
Goal 2: Challenge area: Safety of Food	—	158	48	206
Goal 2: Challenge area: Safety for a Sustainable Future	—	139	42	181
Goal 2: Challenge area: Safety of Physical Infrastructure	—	36	11	47
Heritage and education centre	—	1,688	510	2,198
Foundational *	—	234	71	305
Total direct activities	—	4,460	1,349	5,809
	8,418	5,449	4,674	18,541

Expenditure associated with Building global coalitions for change (Goal 3) span all activities and are not separately identified.

No grant expenditure has been incurred during the year relating to Safety of Digital Systems and Public Understanding of Risk (Goal 2)

* Our Charitable mission of safety and education requires us to take a long term view. Whilst our Strategy will build up the role of evidence and insight, focus on pressing challenges, and build partnerships, we must also look beyond the five year time frame, investing in longer term programmes and initiatives. Examples of our longer term 'foundational' programmes include: establishing a long term funded network of those who have been supported by the Foundation in developing their careers to date; developing the global establishment of the discipline of 'Data-centric engineering'; and continuing our Foresight programme looking ahead at how safety can be secured in a future of technological, demographic, societal, economic and environmental change.

Where costs relate predominantly to grant making activity they have been allocated to grants in proportion to the level of expenditure. Support costs of £4,674,000 (6 months to 30 June 2021: £1,478,000) are allocated across all the Foundation's activities. These include costs associated with IT, HR, finance, property and other central services of the Charity's staff where not considered directly attributable. Included within support costs are staff costs of £1,795,000 (6 months to 30 June 2021: £737,000) and governance costs of £62,000 (6 months to 30 June 2021: £59,000).

Governance costs includes fees payable to the Foundation's auditor for the audit of the Foundation's annual accounts of £62,000 (6 months to 30 June 2021: £59,000).

Analysis of expenditure on charitable activities in the 6 months to 30 June 2021 is shown below.

Grant making activities:	Grants (note 8)	Direct costs	Support costs	6 months to 30 June 2021 £000
	£000	£000	£000	
Goal 1: Evidence and Insight	534	255	239	1,028
Goal 2: Challenge area: Safety at Sea	21	10	9	40
Goal 2: Challenge area: Safety of Food	7	3	3	13
Goal 2: Challenge area: Safety of Digital Systems	333	159	149	641
Goal 2: Challenge area: Public Understanding of Risk	40	19	18	77
Heritage and education centre	90	43	40	173
Foundational *	299	193	181	673
	1,324	682	639	2,645
Unwinding of discounting of grant liabilities	314	—	—	314
Total grant activities	1,638	682	639	2,959
Activities undertaken directly:				
Goal 1: Evidence and Insight	—	1,329	402	1,731
Heritage and education centre	—	1,375	416	1,791
Foundational *	—	68	21	89
Total direct activities	—	2,772	839	3,611
	1,638	3,454	1,478	6,570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

8. Grants awarded

Grants are awarded to institutions and fund tuition costs, employment costs or other costs of research. Grants awarded for the year ended 30 June 2022 are analysed by institution below.

	Number of grants	Safety at Sea £000	Safety of Food £000	Safety of Digital Systems £000	Safety for a sustainable future £000	Safety of Physical infrastructure £000	Skills for Safety £000	Heritage And Education Centre £000	Evidence and Insight £000	Foundational £000	Total 12 months to 30 June 2022 £000
Foundation for the Global Compact	1	—	—	—	—	—	—	—	—	250	250
Interferry	1	50	—	—	—	—	—	—	—	—	50
Imperial War Museum	1	—	—	—	—	—	—	500	—	—	500
The University of Manchester	1	—	—	—	—	—	—	—	104	—	104
Accenture	1	119	—	—	—	—	—	—	—	—	119
Detection of hydrogen embrittlement	1	—	—	—	—	—	—	—	—	2	2
FISH Safety Foundation	1	98	—	—	—	—	—	—	—	—	98
Kindling Safety Organisation	1	—	—	—	—	10	—	—	—	—	10
National Safety Council	1	—	—	—	—	200	—	—	—	—	200
RAND Europe Community Interest Company	1	—	—	—	—	—	—	—	95	—	95
Research presentations at Transport Research Board Annual Meeting	1	—	—	—	—	—	—	—	—	2	2
Royal Academy of Engineering Fellowship scheme	1	—	—	—	11	—	—	—	—	—	11
Royal National Lifeboat Institution	1	—	—	—	—	—	10	—	—	—	10
Safe adoption of emerging technologies	1	—	—	—	—	—	—	—	—	87	87
Techshore Inspection Services for International Certifications	1	—	—	—	—	—	—	—	—	2	2
The Resilience Shift for The Resilience Shift	1	—	—	—	3,750	—	—	—	—	—	3,750
TUV SUD Ltd	1	—	—	—	—	100	—	—	—	—	100
UCL	1	—	—	—	—	—	—	—	—	2	2
UN Global Compact Network Norway	1	—	150	—	—	—	—	—	—	—	150
Undertaking a series of development courses	1	—	—	—	—	—	—	—	—	2	2
University of Hull	1	—	—	—	—	—	—	—	—	16	16
University of Southampton	1	—	—	—	—	—	—	—	10	—	10
University of Surrey	1	—	—	—	—	—	—	—	—	10	10
University of Strathclyde	1	—	—	—	—	—	—	—	10	—	10
CNRS Station Biologique de Roscoff	2	—	957	—	—	—	—	—	—	—	957
Nottingham Trent University	1	—	—	—	—	—	—	—	45	—	45
Zero Carbon Green Future	1	—	—	—	—	—	—	—	9	—	8
University College London	1	—	—	—	—	—	—	—	—	657	657
Unicef	1	—	—	—	—	—	—	—	—	100	100
Ocean Decade Heritage Network	1	—	—	—	—	—	—	374	—	—	374
National Safety Council	1	—	—	—	—	—	—	—	148	—	148
The CHIRP Charitable Trust	1	260	—	—	—	—	—	—	—	—	260
Haumaru HS – Micro Credential	1	—	—	—	—	—	—	—	—	8	8
Sustainable Shipping Initiative	1	—	—	—	—	—	—	—	—	10	10
Children's Radio UK	1	—	—	—	—	—	—	—	—	10	10
University of Southampton	1	—	—	—	—	—	—	—	—	10	10
National Safety Council	1	—	—	—	—	—	—	—	—	10	10
Safetyknot Ltd	1	—	—	—	—	—	—	—	—	10	10
TWI Ltd – SEASEP	1	—	—	—	—	—	1,000	—	—	—	1,000
Kids Invent Stuff	1	—	—	—	—	—	—	—	—	10	10
Grant adjustments		(50)	—	—	(713)	(176)	—	—	(10)	(33)	(982)
	41	477	1,107	—	3,048	134	1,010	874	410	1,165	8,225
Impact of discounting grants awarded		—	—	—	(131)	—	—	—	—	—	(131)
		477	1,107	—	2,917	134	1,010	874	410	1,165	8,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Grants awarded in the 6 months to 30 June 21 are analysed by institution below.

	Number of grants	Safety at Sea £000	Safety of Food £000	Safety of Digital Systems £000	Public Under standing of Risk £000	Safety of Physical infra-structure £000	Safety for a sustainable future £000	Heritage And education centre £000	Evidence and Insight £000	Found-ational £000	Total 6 months to 30 June 2021 £000
British Science Association	1	—	—	—	40	—	—	—	—	—	40
Cardiff University Seafarers International Research Centre	1	21	—	—	—	—	—	—	—	—	21
Cranfield University	1	—	—	—	—	—	—	—	—	50	50
Delft University of Technology	1	—	—	—	—	—	—	—	—	10	10
Delft University of Technology	1	—	—	—	—	—	—	—	—	21	21
Global Manufacturing Organisation Limited	1	—	—	400	—	—	—	—	—	—	400
History & Policy, King College London	1	—	—	—	—	—	—	—	—	122	122
Hook Marine Ltd	1	—	—	—	—	—	—	—	—	10	10
Lancaster University	1	—	—	—	—	—	—	—	—	10	10
Nottingham Trent University	1	—	—	—	—	—	—	—	—	59	59
Queen's University Belfast	1	—	19	—	—	—	—	—	—	—	19
Safetyknot Ltd	1	—	—	—	—	—	—	—	—	10	10
Scense about Science	1	—	—	—	—	—	—	—	384	—	384
SeedPod LLC	1	—	—	—	—	—	—	—	150	—	150
University of Portsmouth Higher Education Corporation	1	—	—	—	—	—	—	90	—	—	90
Worldwide Ferry Safety Association	1	—	—	—	—	—	—	—	—	7	7
Grant adjustments		—	(12)	(67)	—	—	—	—	—	—	(79)
16 Impact of discounting grants awarded		21	7	333	40	—	—	90	534	299	1,324
		21	7	333	40	—	—	90	534	299	1,324

9. Grants awarded but not paid

	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
At start of period	37,659	42,692
Awarded in the period	9,076	1,403
Unwinding of discounting (note 7)	324	314
Grant adjustments (note 8)	(982)	(79)
Paid in the period	(13,829)	(6,671)
At end of period	32,248	37,659

The aging of grants payable is shown in note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

10. Taxation

The Foundation is a UK registered charity and is not subject to UK corporation tax on its charitable activities.

Many companies and branches within the Trading Group are in jurisdictions where there is no such exemption, and so the overall Group is subject to tax.

	Group	
	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Current tax on profit		
UK corporation tax	54	658
Double tax relief	—	(658)
	54	—
Foreign tax	11,322	12,078
	11,376	12,078
Adjustment in respect of prior periods		
• UK corporation tax	5	28
• Foreign tax	(264)	(539)
Total current tax	11,117	11,567
Deferred tax		
Origination and reversal of timing differences	(7,746)	(4,259)
Adjustments in respect of previous periods	(304)	1,483
Total deferred tax	(8,050)	(2,776)
Total tax on profit	3,067	8,791

The standard rate of tax applied to the reported profit is 19% (2021: 19%).

On 10 June 2021, new measures to increase the main corporation tax rates to 25% from 1 April 2023 were enacted. Deferred tax assets and liabilities have been remeasured for the increased tax rate.

During the year beginning 1 July 2021, the net reversal of deferred tax assets and liabilities is expected to increase the corporate tax charge for the year by £5.0m (2021: £7.0m). This is due to the reversal of timing differences expected within the next 12 months.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Net income before taxation	322,388	30,025
Profit multiplied by the average standard rate of United Kingdom corporation tax of: 19 % (2021: 19%)	61,254	5,705
Effects of:		
• Tax exempt losses / (profits)	5,446	(2,321)
• Overseas rate differences	(1,213)	1,296
• Goodwill amortisation not deductible for tax purposes	1,031	789
• Expenses not deductible for tax purposes / (non-taxable income)	6,893	(175)
• Brought forward unprovided timing differences now recognised in period	(316)	(1,117)
• Impact of UK qualifying corporate donations	(2,016)	—
• Current year unprovided timing differences	4,159	2,281
• Fair value loss / (gain) on investment property not subject to tax	3,629	(299)
• Other taxes	2,989	1,660
• Adjustments in respect of prior periods	(563)	972
• Disposal of subsidiary undertakings including tax cost (note 17)	(78,226)	—
Group tax charge for period	3,067	8,791

In addition to the taxation charge above, tax of £17.2m has been included within transaction costs related to the disposal of BAIS (note 17)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Deferred tax liabilities / (assets)

	2022 £000	2021 £000
At start of period liabilities	9,871	2,936
Arising in the period	943	6,273
Disposal of business	9,321	—
Foreign exchange differences	199	662
At end of period liabilities	20,334	9,871
Deferred tax asset	(14,756)	(20,377)
Deferred tax liability (note 22)	35,090	30,248
	20,334	9,871

Deferred tax is recognised as follows:

Accelerated capital allowances	3,022	2,768
Deferred tax arising in relation to retirement benefit obligations	37,511	26,068
Tax losses	(19,365)	(11,877)
Tax on disposal of business	4,063	—
Other timing differences	(4,897)	(7,088)
	20,334	9,871

Deferred tax liabilities on short-term timing differences are recognised whenever the treatment for tax purposes has enabled deductions to be taken in advance of the financial statements.

Deferred tax assets on short-term timing differences and any overseas losses have not been recognised unless the asset is expected to be recovered in the foreseeable future. Deferred tax assets not recognised amount to £30.5 million (2021: £29.3 million). Unrecognised assets will potentially become recoverable against future profits generated in the relevant overseas operations.

11. Net income / (expenditure) before (losses) / gains on investments

This is stated after charging / (crediting):

	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Staff costs (note 12)	352,137	216,635
Charge for bad and doubtful debts	5,162	7,496
Research and development costs	12,534	5,693
Loss on disposal of fixed assets	600	128
Amortisation of intangible fixed assets (note 14)	8,272	4,945
Depreciation of tangible fixed assets (note 15)	6,788	3,988
Amortisation of goodwill (note 14)	5,586	4,269
Rentals payable under operating leases	23,964	15,144
Exceptional costs (note 18)	26,262	6,341
Auditor's remuneration:		
Audit of parent	62	59
Audit of subsidiaries	1,747	1,980
Other services	24	9
Tax compliance services	403	35
Foreign exchange loss / (gain)	652	(3,320)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

12. Employees

	Trading funds £000	General funds £000	Total funds 12 months to 30 June 2022 £000	Total funds 6 months to 30 June 2021 £000
Wages and salaries	288,559	2,440	290,999	175,256
Social security costs	30,803	239	31,042	21,661
Pension costs (note 24)	29,795	301	30,096	19,718
	349,157	2,980	352,137	216,635

In addition, £5.2 million (6 months to 30 June 2021: £6.3 million) of redundancy costs have been incurred.

The average number of employees, analysed by function was:

	12 months to 30 June 2022 Number	6 months to 30 June 2021 Number
Charitable activities	34	31
Trading activities	4,620	5,943
	4,654	5,974

The Charities SORP, which is applicable to the Foundation, recommends that charities disclose the number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of £10,000 from £60,000 upwards.

Employee benefit banding disclosures for the Foundation only employees are provided on page 65 in compliance with the requirements of the Charities SORP.

In addition, the Trustees are providing summary information on employee benefits in the Foundation's trading subsidiaries (the 'Trading Group'). The emoluments received by employees of the Trading Group in the 12 month period to 30 June 2022 were as follows: 3 employees received over £1,000,000; 5 employees received between £500,001 and £1,000,000; 3 employees received between £400,001 and £500,000; 10 employees received between £300,001 and £400,000; 34 employees received between £200,001 and £300,000; 437 employees received between £100,001 and £200,000; and 1,114 employees received between £60,001 and £100,000.

The Trustees have chosen, however, not to provide this disclosure on a consolidated basis in £10,000 bandings for the employees of the Foundation's trading subsidiaries (the 'Trading Group') as they believe that these disclosures will not be material to users of the Foundation's financial statements for the following reasons:

- In 2012, Lloyd's Register converted its status from an industrial and provident society to a company limited by shares, with the Foundation created as a new parent to hold the shares in Lloyd's Register Group Limited. One of the principal reasons for this action was to facilitate the furtherance of the charitable goals of Lloyd's Register. It is the view of the Trustees, that the employment of individuals within the Trading Group has not arisen from the deployment of the resources of the Foundation, but rather it is the endeavours of past and present employees of the Trading Group that have given rise to the ability to create a charity that is financially strong and that is capable of furthering its charitable objectives. The work of the Trading Group contributes to the achievement of the charitable objectives of the Foundation however to do so it is necessary to recruit employees with the necessary skills by offering employee benefits which are competitive within their respective markets. Accordingly, this disclosure is not necessary to enable potential stakeholders to assess whether the balance between expenditure on employment of individuals to generate trading profits (which benefit the charity) and expenditure on charitable purposes is appropriate.
- The Trading Group had an average of 4,620 employees for the 12 months ended 30 June 2022 (6 months ended 30 June 2021: 5,943). These employees are located throughout the world and their salaries reflect local market conditions. Provision of the disclosure required by the Charities SORP for the consolidated group would not aid comparability with other companies in the Charities sector because of the vast geographical diversity of the Trading Group's employee base and the employee benefits received by Trading Group employees can only be understood in the context of the market trends in the many countries in which the Trading Group operates. The vast majority of the Trading Group's employees are not in roles which exist in other charitable groups, and therefore any benchmarking against similarly sized charitable groups would not be meaningful for stakeholders.

This disclosure addresses the requirement of Financial Reporting Standard 100 'Application of Financial Reporting Requirements' (FRS 100), which requires that when an entity does not provide a disclosure required by a Statement of Recommended Practice, the financial statements explain which recommended disclosures have not been provided and the reasons why.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

13. Trustees

The Trustees are the directors of the Foundation. The Trustees do not currently receive remuneration in respect of their duties as Trustees. Trustees received £4,000 for reimbursement for out of pocket expenses (6 months to 30 June 2021: £nil) in respect of travel expenses to Board meetings.

The Foundation maintained throughout the period Trustees' and Officers' liability insurance in respect of itself and its Trustees.

14. Intangible fixed assets

	Group	
	Goodwill	Software and other intangibles*
	£000	£000
Cost:		
At 1 July 2021	111,391	85,416
Additions	9,471	2,435
Disposal of business (note 17)	(68,481)	(17,522)
Exchange adjustment	1,721	—
At 30 June 2022	54,102	70,329
Amortisation:		
At 1 July 2021	52,736	45,066
Charged during the period	5,586	8,272
Disposal of business (note 17)	(28,923)	(12,856)
Exchange adjustment	155	—
At 30 June 2022	29,554	40,482
Net book value:		
At 30 June 2022	24,548	29,847
At 30 June 2021	58,655	40,350

*Other intangibles relate to customer relationships acquired as part of business combinations and were disposed of during the period as part of the sale of the BAIS business.

The rights to software intellectual property relating to geological surveys were acquired in September 2013 for £10,193,000. The carrying amount as at 30 June 2022 was £1,204,000 (30 June 2021: £2,306,000) and the software has an estimated remaining useful life of one year.

The Group has developed a group-wide enterprise resource planning and financial reporting solution. The net book value as at 30 June 2022 was £14,164,000 (30 June 2021: £19,422,000). The intangible asset is being amortised over the estimated useful life of eight years.

The net book value of an operational system specific to our Marine business at 30 June 2022 was £9,976,000 (30 June 2021: £13,301,000). The remaining estimated useful life is four years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Acquisitions

C-MAP commercial

On 16 July 2021, the Group completed the second stage of the acquisition of C-MAP commercial, a leading provider of marine cartography and digital publications, shore-side and shipside voyage optimisation and cloud-based fleet management & fleet analytics software.

The first stage of the acquisition completed in March 2021, representing the operations principally in USA, Norway, Norway, Greece, Singapore and India.

The second stage represents the acquisition of the trade and assets of the technical support operations for consideration of USD \$3.7 million (GBP 2.7 million). The fair value of net assets acquired was £0.1 million, giving rise to goodwill of £2.6 million. The operations primarily relate to the provision of software research and development to other group companies. The acquisition has been accounted for using the acquisition method of accounting. The fair value of net assets acquired was £0.1 million.

	Book value £000	Fair value adjustments £000	Fair value £000
Current assets	82	—	82
	82	—	82
Total consideration payable			2,731
Acquisition costs			—
Less net assets acquired			(82)
Goodwill arising on acquisition			2,649

The useful economic life of the goodwill arising on acquisition is estimated to be 10 years based on the expected life of the marine cartography database and software underpinning the business and is consistent with the initial acquisition.

Intangible assets have not been separately recognised and are subsumed within goodwill. They relate to customer relations, internally developed software and internally generated databases. Lloyd's Register Group Limited has adopted the changes in the FRS102 triennial review, resulting in an accounting policy choice to recognise such intangible assets within goodwill.

The consolidated profit and loss account for the year ended 30 June 2022 includes the results of C-MAP since the acquisition date and contributed £2.8 million of profit after taxation which includes £1.4 million of foreign exchange gains.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Acquisitions (continued)

Green Steam Holdings Limited

In September 2021, the Group completed the acquisition of Green Steam Holdings Limited for consideration of \$2.5 million (GBP 1.8 million), a marine data intelligence company specialising in improving vessel efficiency through machine learning.

The acquisition has been accounted for using the acquisition method of accounting.

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets	6	—	6
Current assets	286	—	286
Cash and cash equivalents	67	—	67
Current liabilities	(5,241)	—	(5,241)
	<u>(4,882)</u>	<u>—</u>	<u>(4,882)</u>
Total consideration payable			1,812
Acquisition costs			128
Add net liabilities acquired			4,882
Goodwill arising on acquisition			<u>6,822</u>

The useful economic life of goodwill arising on acquisition is estimated to be 10 years based on the expected life of the underlying technology acquired.

Intangible assets have not been separately recognised and are subsumed within goodwill. They relate to customer relations, internally developed software and internally generated databases. Lloyd's Register Group Limited has adopted the changes in the FRS102 triennial review, resulting in an accounting policy choice to recognise such intangible assets within goodwill.

The consolidated profit and loss account for the year ended 30 June 2022 includes the results of Green Steam since the acquisition date and contributed £0.6 million to turnover and a £3.6 million loss after taxation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

15. Tangible fixed assets

	Investment property*	Land and buildings	Leasehold improvements	Office fittings and equipment	Plant and machinery	Computer equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:								
At 1 July 2021	140,563	22,882	19,841	39,539	1,766	55,315	2,022	281,928
Additions	373	5,499	423	625	738	760	109	8,527
Disposal of business	—	—	(3,440)	(4,425)	—	(6,418)	(293)	(14,576)
Revaluations	(19,099)	—	—	—	—	—	—	(19,099)
Disposals	—	—	(2,477)	(1,694)	—	(1,110)	(211)	(5,492)
Exchange differences	—	—	682	848	9	502	60	2,101
At 30 June 2022	<u>121,837</u>	<u>28,381</u>	<u>15,029</u>	<u>34,893</u>	<u>2,513</u>	<u>49,049</u>	<u>1,687</u>	253,389
Depreciation:								
At 1 July 2021	—	14,807	12,311	31,110	879	48,972	1,540	109,619
Charged in year	—	471	1,126	2,491	548	1,994	158	6,788
Disposal of business	—	—	(2,431)	(3,277)	—	(4,482)	(163)	(10,353)
Disposals	—	—	(1,634)	(1,480)	—	(601)	(211)	(3,926)
Exchange differences	—	—	579	640	6	440	33	1,698
At 30 June 2022	<u>—</u>	<u>15,278</u>	<u>9,951</u>	<u>29,484</u>	<u>1,433</u>	<u>46,323</u>	<u>1,357</u>	103,826
Net book value:								
At 30 June 2022	<u>121,837</u>	<u>13,103</u>	<u>5,078</u>	<u>5,409</u>	<u>1,080</u>	<u>2,726</u>	<u>330</u>	149,563
At 30 June 2021	<u>140,563</u>	<u>8,075</u>	<u>7,530</u>	<u>8,429</u>	<u>887</u>	<u>6,343</u>	<u>482</u>	172,309

*79% (2021: 79%) of the mixed used property is classified as an investment property.

Land and buildings includes freehold property in the United Kingdom with a net book value of £12,344,000 (2021: £7,080,000) and estimated market value of £37,500,000 (2021: £41,942,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Heritage Assets

The Group has accumulated a collection of heritage assets as described in the accounting policies. As a result of their age and, in many cases, unique nature reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. The latest insurance valuation of these assets was £7.0 million.

Investment property

Investment property includes one freehold property that is in mixed functional and investment use. Areas of the building occupied by or marketed to third party tenants are deemed to be in investment property use and are held at market value. A proportion of 79% (2021: 79%) is deemed an investment property, based on the value of space let or marketed to third party tenants. The property valuation, with an effective date of 30 June 2022, was carried out on a market value basis by a surveyor holding a qualification from the Royal Institution of Chartered Surveyors who has recent experience in the location and class of investment property valued. If the investment property had not been revalued it would have been included at £25,642,000 (2021: £27,069,000).

Significant assumptions included in the valuation of the investment property include current investment yields and estimated future rental values, having regard to the age and general condition of the property.

As set out in note 4, rental income from investment properties for the 12 months ended 30 June 2022 was £5,034,000 (6 months ended 30 June 2021: £2,647,000).

The Group leases the investment property to a portfolio of tenants. Lease agreements are up to 20 years and typically include rent review clauses. At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2022 £000	2021 £000
Within one year	5,375	6,116
In the second to fifth years inclusive	21,384	22,227
After five years	17,742	22,282
	44,501	50,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

16. Investments

	2022 £000	2021 £000
Listed investments at market value comprise:		
Fixed Interest – UK	105,797	92,336
Fixed Interest – Overseas	268	1,561
Equities – UK	84,028	45,766
Equities – Overseas	186,914	134,995
Pooled Funds	154,803	107,825
Derivatives	105	(563)
Cash Instruments	17,740	3,927
	549,655	385,847
Cash at investment managers and accrued interest	30,758	3,038
	580,413	388,885
Long-term loans	102	127
	580,515	389,012
Investments in joint ventures: share of net assets	116	275
	580,631	389,287

Listed investments and cash held by investment managers

	2022 £000	2021 £000
At start of period	385,847	391,544
Additions at cost	421,603	132,581
Disposals proceeds	(202,632)	(142,767)
Realised gains on disposals	(9,938)	45,926
Unrealised (losses) / gains	(45,225)	(41,437)
At end of period	549,655	385,847
Cash held by investment managers and accrued interest	30,758	3,038
	580,413	388,885

Subsidiaries

A complete list of the subsidiaries and joint ventures is included in note 32.

Joint ventures

The following entities are treated as joint ventures of the Group:

Company	Share of company owned	Country of incorporation and registration	Principal activity
Lloyd's Maritime Information Services Ltd	50%	United Kingdom	Dormant
Common Structural Rules Software LLC	50%	United States of America	Software development

The shareholders' agreements in place for the above entities means that Lloyd's Register Group Limited does not have overall control of the Company despite the nominal level of ownership.

The following shows the share of net assets recognised by the Group for these entities:

	Group 2022 £000	2021 £000
Lloyd's Register Apave Limited*	—	160
Lloyd's Maritime Information Services Limited	116	115
Common Structural Rules Software LLC	—	—
	116	275

At 30 June 2022 Common Structural Rules Software LLC joint venture had net liabilities. The Group's share of the net liabilities amounted to £34,000 (2021: £130,000) and was recognised within other provisions.

*Lloyd's Register Apave Limited was disposed of as part of the disposal of the BAIS business to Goldman Sachs Asset Management on 2 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

17. Sale of subsidiary undertaking

On 2 December 2021 the Group completed the disposal of the majority of its Business Assurance and Inspection Services (BAIS) business comprising certain legal entities as well as certain business assets to Goldman Sachs Asset Management. The results of the BAIS business for the period to 2 December 2021 and the six month period to 30 June 2021 are disclosed as discontinued operations in the Group's consolidated statement of financial activities.

Net assets disposed of and the related sale proceeds were as follows:

	Total £000
Fixed Assets	9,190
Current Assets	128,912
Creditors	(53,951)
Provisions for liabilities	(6,215)
Pension liability	(36,010)
Net assets	<u>41,926</u>
Goodwill	39,558
Sale proceeds	540,840
Disposal costs	50,095
Profit on disposal	<u>409,261</u>
Net cash inflows / (outflows) in respect of the sale comprised:	
Cash and cash equivalents received	514,675
Less: cash and cash equivalents disposed of	(24,457)
Disposal costs	<u>(33,971)</u>
	<u>456,247</u>

Disposal costs include £17.2m of taxation costs incurred relating to the group reorganisation required as part of the disposal of the BAIS business.

18. Trading Group

The Foundation has a social investment in one trading subsidiary, Lloyd's Register Group Limited which has its own global group of trading companies (the Trading Group). The Foundation owns 100% of the issued share capital of Lloyd's Register Group Limited. The Trading Group's principal activities are the provision of independent inspection and compliance services to clients in capital intensive industries, in particular the marine industry.

The summarised financial information of the consolidated Trading Group position is provided below, as per the Trading Group consolidated accounts for the 12 month period ended 30 June 2022.

	12 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Turnover	569,096	375,669
Cost of sales	<u>(362,211)</u>	237,164
Gross profit	206,885	138,505
Administrative expenses	<u>(215,881)</u>	(114,983)
Administrative expenses before exceptional costs	<u>(189,619)</u>	(108,642)
Operating profit before exceptional costs	17,266	29,863
Exceptional costs	<u>(26,262)</u>	(6,341)
Operating (loss) / profit	(8,996)	23,522
Profit on disposal of discontinued operations	409,261	—
Share of net operating loss of joint ventures	<u>(480)</u>	(336)
Net investment income	(38,158)	(92)
Other finance costs	<u>—</u>	(186)
Profit before taxation	361,627	22,908
Taxation on profit	<u>(3,067)</u>	(8,791)
Profit for the financial period	<u>358,560</u>	<u>14,117</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

	30 June 2022 £000	30 June 2021 £000
Assets	1,351,943	1,033,901
Liabilities	(454,960)	(548,534)
Net Assets	896,983	485,367
Shareholder's funds	896,983	485,367

Exceptional costs within administrative expenses

The Group has continued to incur material administrative expenses associated with its restructuring and development programmes. The costs related to:

- operating lease surrender costs of £17.1m following a review of the Group's office requirements;
- redundancy and severance costs incurred of £5.2m (2021: £6.3m) relating to the restructure of the Group's financial operating model; and
- voluntary repayment of £4.0m of Government grants received as part of government initiatives to provide financial support as a result of Covid-19.

19. Debtors

	2022 £000	2021 £000
Trade debtors	131,204	118,284
Other debtors	41,339	6,852
Prepayments and accrued income	68,609	86,929
Taxation recoverable	14,276	14,972
	255,428	227,037

20. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	23,082	21,358
Grants payable	20,301	20,888
Other creditors	4,344	2,418
Other taxation and social security	1,948	14,156
Taxation	23,079	15,188
Accruals and deferred income	151,935	174,021
	224,689	248,029

21. Creditors: amounts falling due after one year

	2022 £000	2021 £000
Grants payable	11,947	16,771
	11,947	16,771

The timing of grants payable is shown in the table below:

	2022 £000	2021 £000
Due within one year	20,301	20,888
Due within 1-2 years	7,095	15,016
Due within 2-5 years	5,333	2,429
Impact of discounting	(481)	(674)
	11,947	16,771
Net grants payable	32,248	37,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

22. Provisions for liabilities

	Legal claims £000	Employee related £000	Onerous lease £000	Deferred tax £000	Other £000	Total £000
At 1 July 2021	3,695	20,703	17,943	30,248	11,907	84,496
Exchange revaluation	40	245	93	44	92	514
(Credited) / charged to profit and loss account	(1,458)	11,552	—	(3,903)	5,875	12,066
Charged to other comprehensive income	—	—	—	8,993	—	8,993
Utilisation of provision	(164)	(11,605)	(566)	—	(1,432)	(13,767)
Disposal of business	(149)	(4,397)	(74)	(292)	(655)	(5,567)
At 30 June 2022	<u>1,964</u>	<u>16,498</u>	<u>17,396</u>	<u>35,090</u>	<u>15,787</u>	<u>86,735</u>

Legal claims: In the normal course of business, Lloyd's Register Group entities may receive claims for compensation from clients. Substantial insurance cover is carried for this purpose. Where appropriate, provision is made for the uninsured costs arising from such claims. Adequate provision has been made for the claims notified. The timing on these liabilities is dependent upon the conclusion of the continuing legal proceedings which typically span several years.

Employee related: Provision is made for redundancy and relocation costs with respect to the restructuring programmes in addition to certain employee benefits, including £1.2m (2021: £4.7m) relating to the settlement of Netherlands pension obligations, and repatriation of expatriate workers and other employment related costs. Settlement of these provisions is expected within two years.

Deferred tax: Liabilities are recognised in relation to deferred tax in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax.

Onerous lease: Provision is made for the future anticipated rent expense and related costs of leasehold property (net of estimated sublease income) where the space is vacant or currently not planned to be used for ongoing operations. Settlement of these provisions is expected within 11 years.

Other: Included in this category are provisions maintained to meet contractual obligations to perform restoration on leasehold properties on exit. In addition, provision is made for losses on long-term contracts, expected liabilities on self-insurance programmes, a share of net liabilities of joint ventures and other project related costs. With the exception of a small number of leasehold properties, settlement of these provisions is expected within 10 years.

23. Financial instruments

The carrying values of the Group's financial assets and liabilities measured at fair value through profit and loss are summarised by category below.

	2022 £000	2021 £000
Financial assets		
Investments in listed investments (note 16)	549,655	385,847

The Group's gains and losses in respect of financial instruments are summarised in note 11. The fair value of investments in listed investments is measured using quoted market prices in an active market.

24. Retirement benefits

Defined benefit pension schemes

Worldwide

The Group operates pension schemes in many of the countries in which the Group operates including defined benefit final salary schemes. Assets of certain schemes are held separately from those of the Group ('funded' schemes) whilst others are unfunded.

UK

The main funded scheme, the Lloyd's Register Superannuation Fund Association was closed to future accrual from 1 October 2010. The scheme continues to fund benefits accrued to that date, and valuations of the scheme are carried out on a triennial basis. The most recent completed valuation was carried out as at 31 March 2019. This showed that the funding position of the scheme had declined from the previous valuation. The funding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

shortfall was £17m for the 2019 valuation, a decrease from £81m in the previous valuation's Recovery Plan as at 31 March 2016. In the year ended 30 June 2022, special contributions of £13.5m (6 months to 30 June 2021: £5.3m) were paid. The £13.5m includes a £12.0m payment which arose when a participating employer was removed from a multi-employer scheme as part of the BAIS business disposal.

Other long-term employee benefits

The Group also contributes to other long-term schemes which provide other benefits. Significant employee benefits are as follows:

- USA: provision of medical insurance for retired employees subject to age qualification restrictions. This benefit is unfunded with an obligation at 30 June 2022 of £1.1m (2021: £1.2m).
- Korea: provision of a statutory lump sum payable to qualifying employees on leaving service. This is a funded benefit with an obligation at 30 June 2022 of £9.8m (2021: £12.7m), assets of £3.9m (2021: £4.8m) a net obligation of £5.9m (2021: £7.5m).
- UK: the UK has other benefits schemes. These benefits are unfunded with an obligation at 30 June 2022 of £7.3m (2021: £9.8m).

Other long-term employee benefits included within provisions (note 22)

Long-term unfunded employee benefits included within provisions are:

- UK: £9.1m (2021: £7.6m) in respect of the Executive Directors and Executive Leadership team participate in a Long Term Incentive Plan described in more detail in the Remuneration Committee report of Lloyd's Register Group Limited.
- Australia: £1.7m (2021: £1.6m) provision for paid sabbatical leave.

Assumptions

The disclosures have been calculated by qualified independent actuaries, based on the assumptions of the Directors and the most recent full actuarial valuations for funded schemes (completed at various dates) and updated to 30 June 2022.

The value of the defined benefit liabilities has been measured using the projected unit method.

The financial assumptions used at 30 June 2022 and 30 June 2021 for the different areas are summarised below.

	UK ⁽¹⁾		Japan ⁽²⁾		Eurozone ⁽³⁾		Rest of the World ⁽⁴⁾	
	2022	2021	2022	2021	2022	2021	2022 ⁽⁵⁾	2021 ⁽⁵⁾
Liabilities:	%	%	%	%	%	%	%	%
Rate of price inflation	3.2	3.2	1.0	1.0	2.0	1.8	2.0 to 3.3	2.0 to 5.0
Rate of increase in salaries	n/a	n/a	1.8	1.8	2.0	1.8	2.0 to 5.5	1.8 to 4.5
Rate of increase in pensions	Various	Various	0.8	0.8	Nil to 2.0	Nil to 1.8	3.3 to 5.0	2.0 to 5.0
Discount rate	3.9	1.9	0.9	0.5	2.5 to 3.1	0.5 to 1.3	4.4 to 7.9	2.5 to 6.8

(1) Main United Kingdom funded scheme.

(2) Japanese unfunded liability.

(3) The Eurozone rates have been used to assess the overall deficit within the separate funded schemes in Europe.

(4) This represents a grouped disclosure for the remaining liabilities.

(5) Represents the range of assumptions used for the countries covered in the region.

For mortality tables, the Group has used various different tables appropriate to the territory under review.

The most significant contribution to the Group pension liability is from the United Kingdom. The base mortality table for the UK and the weightings applied to it are unchanged from the last financial reporting period and in line with the best estimate assumption derived as part of the assumption setting process for the latest completed statutory funding valuation. The future mortality improvement model has been updated since the last financial reporting period to reflect the latest analysis from the Continuous Mortality Investigation (CMI). The UK mortality assumption adopted for the 30 June 2022 accounts is the self-administered pension schemes (SAPS) "S3NA" tables with a 100% (102%) weighting for males (females) and future long term improvements based on the CMI 2021 model with a long-term improvement rate of 1.25% p.a., a smoothing parameter of 7.5, an initial addition parameter of nil and no weighting placed on mortality experience data in 2020 and 2021.

The assumptions shown above are arrived at following discussion with, and in accordance with advice received from the scheme actuaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Amounts recognised in the consolidated balance sheet:

	United Kingdom		Japan		Eurozone		Rest of the World		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	36.1	56.3	—	—	—	0.3	1.1	0.4	37.2	57.0
Equity instruments	—	—	—	—	2.3	3.1	19.3	27.9	21.6	31.0
Debt instruments	877.3	1,055.5	—	—	2.8	3.6	38.1	34.7	918.2	1,093.8
Other	—	5.8	—	—	11.7	15.1	8.1	8.6	19.8	29.5
Market value of assets	913.4	1,117.6	—	—	16.8	22.1	66.6	71.6	996.8	1,211.3
Present value of scheme liabilities	(740.7)	(980.8)	—	—	(17.0)	(22.2)	(59.5)	(70.0)	(817.2)	(1,073.0)
	172.7	136.8	—	—	(0.2)	(0.1)	7.1	1.6	179.6	138.3
Present value of unfunded liabilities	(7.3)	(9.8)	(34.3)	(48.0)	(36.8)	(69.8)	(78.6)	(99.6)	(157.0)	(227.2)
Net pension asset / (liability)	165.4	127.0	(34.3)	(48.0)	(37.0)	(69.9)	(71.5)	(98.0)	22.6	(88.9)

The net pension asset / (liability) is reported on the balance sheet as:

	30 June 2022	30 June 2021
	£m	£m
Pension surplus	187.0	148.4
Pension liability	(164.4)	(237.3)
Net pension asset / (liability)	22.6	(88.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Amounts recognised within income and expenditure (statement of financial activities):

	12 months to 30 June 2022 £m	6 months to 30 June 2021 £m
Current service cost	4.8	3.3
Curtailment losses	0.3	0.2
Administrative expenses	1.4	0.6
	<u>6.5</u>	<u>4.1</u>
Interest cost on schemes' liabilities	22.8	9.3
Interest income on schemes' assets	(22.8)	(9.1)
Total amount included under Other finance costs	<u>—</u>	<u>0.2</u>

In addition, there is a charge in respect of contributions to defined contribution plans for the year of £23.3m (6 months to 30 June 2021: £15.2m).

The actual return on scheme assets for the year to 30 June 2022 was a loss of £191.3m (6 months to 30 June 2021: loss of £39.3m).

Amounts recognised in the Consolidated Statement of Comprehensive Income (statement of financial activities):

	12 months to 30 June 2022 £m	6 months to 30 June 2021 £m
Loss on pension scheme assets	(214.2)	(48.4)
Experience gains	(39.8)	2.3
Change in assumptions	307.9	(61.0)
Actuarial gain	<u>53.9</u>	<u>14.9</u>

Changes in the present value of the defined benefit obligations are as follows:

	12 months to 30 June 2022 £m	6 months to 30 June 2021 £m
Opening defined benefit obligation	(1,300.2)	(1,390.8)
Current service cost	(4.8)	(3.3)
Curtailment losses	(0.3)	(0.2)
Member contributions	—	—
Interest cost	(22.8)	(9.3)
Actuarial gain	268.1	63.3
Exchange (loss) / gain	(2.4)	10.4
Benefits paid	50.1	29.7
Disposal of business	38.1	—
Closing defined benefit obligation	<u>(974.2)</u>	<u>(1,300.2)</u>

Changes in the market value of plan assets are as follows:

	12 months to 30 June 2022 £m	6 months to 30 June 2021 £m
Opening market value of plan assets	1,211.3	1,270.0
Expected return on plan assets	22.8	9.1
Benefits and expenses paid	(51.5)	(30.3)
Employer contributions	24.0	12.7
Actuarial loss on assets	(214.2)	(48.4)
Exchange gain / (loss)	6.5	(1.8)
Disposal of business	(2.1)	—
Closing market value of plan assets	<u>996.8</u>	<u>1,211.3</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

25. Contingent liabilities

	2022 £000	2021 £000
In respect of bank guarantees	3,585	7,212
Escrow account for pension schemes	51,819	68,653
	55,404	75,865

The Group has issued guarantees to its customers and other stakeholders in relation to its contractual operations in compliance with local legislation and industry practice. The Directors do not assess the likelihood of transferring economic benefits in respect of these guarantees to be probable. No associated liability has been recognised on the Group's Consolidated Balance Sheet.

Listed investments and cash held at investment managers includes £51.8 million (2021: £68.7 million) which is held in a ring fenced portfolio relating to the funding of pension liabilities outside of the UK.

26. Operating lease commitments

At 30 June 2022, the Group had total future lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year	8,233	15,973	3,744	7,322
Between two to five years	22,103	36,673	5,154	11,403
After five years	15,122	48,434	—	—
	45,458	101,080	8,898	18,725

27. Funds

Trading funds are the retained reserves of the Trading Group, and include the Trading Group's pension deficit.

	Brought forward £000	Incoming resources £000	Resources expended £000	Other movements £000	Total £000
30 June 2022					
Trading funds	485,367	988,217	(580,458)	3,857	896,983
Unrestricted funds - general funds	(19,153)	8,297	(18,541)	3,739	(25,658)
Endowment funds:					
Expendable endowment	318,205	—	(865)	(24,869)	292,471
	784,419	996,514	(599,864)	(17,273)	1,163,796
30 June 2021					
Trading funds	472,165	380,634	(353,488)	(13,944)	485,367
Unrestricted funds - general funds	(19,076)	3,824	(6,570)	2,669	(19,153)
Endowment funds:					
Expendable endowment	308,279	—	(437)	10,363	318,205
	761,368	384,458	(360,495)	(912)	784,419

Other movements include realised and unrealised gains and losses on investment assets, taxation change and also include transfers between funds, foreign exchange differences on the translation of net assets in overseas operations, share of loss of joint venture transferred to goodwill following step acquisition and actuarial movements relating to defined benefit pension schemes.

Transfers between funds relates to a gift from the Trading Group to the Foundation and grants from the Foundation to the Trading Group.

In September 2012, the Trading Group transferred a portfolio of investments to the Foundation, with a market value of £206.4m. The transfer was made as a gift of an expendable endowment. The gift also contained a condition that the Foundation must agree to keep £100.0m of that sum as a contingent asset of the Trading Group's UK pension scheme. The terms of the gift were subsequently amended to increase the contingent asset to £125.0m and extend the period at least until the 31 March 2022 valuation has been approved, with possible further extensions to 2034. During that period the monies can only be transferred to the Pension Scheme in the event of the insolvency of the Trading Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

28. Revaluation reserve

	Brought forward £000	Unrealised gains arising in year £000	Released from revaluation reserve in period and other movements £000	Total £000
30 June 2022				
Trading funds – listed investments	(5,966)	(26,099)	(2)	(32,067)
Trading funds – investment property	76,216	(19,099)	—	57,117
Unrestricted – general funds	7,078	(1,135)	(434)	5,509
Endowment funds:				
Expendable endowment	93,054	(17,991)	(6,878)	68,185
	<u>170,382</u>	<u>(64,324)</u>	<u>(7,314)</u>	<u>98,744</u>
30 June 2021				
Trading funds – listed investments	9,175	(15,141)	—	(5,966)
Trading funds – investment property	74,643	1,573	—	76,216
Unrestricted – general funds	6,430	(1,547)	2,195	7,078
Endowment funds:				
Expendable endowment	82,691	(24,749)	35,112	93,054
	<u>172,939</u>	<u>(39,864)</u>	<u>37,307</u>	<u>170,382</u>

29. Fund distribution

	Trading funds £000	General funds £000	Endowment funds £000	Total at 30 June 2022 £000
Non-current assets	691,983	1,862	292,471	986,316
Current assets	657,373	7,834	—	665,207
Creditors: amounts falling due within one year	(203,869)	(20,820)	—	(224,689)
Creditors: amounts falling due after one year	—	(11,947)	—	(11,947)
Provisions	(86,735)	—	—	(86,735)
Pension deficit	(164,356)	—	—	(164,356)
Inter-fund balance	2,587	(2,587)	—	—
	<u>896,983</u>	<u>(25,658)</u>	<u>292,471</u>	<u>1,163,796</u>
	Trading funds £000	General funds £000	Endowment funds £000	Total at 30 June 2021 £000
Non-current assets	509,166	2,027	318,205	829,398
Current assets	523,585	18,008	—	541,593
Creditors: amounts falling due within one year	(226,762)	(21,267)	—	(248,029)
Creditors: amounts falling due after one year	—	(16,771)	—	(16,771)
Provisions	(84,496)	—	—	(84,496)
Pension deficit	(237,276)	—	—	(237,276)
Inter-fund balance	1,150	(1,150)	—	—
	<u>485,367</u>	<u>(19,153)</u>	<u>318,205</u>	<u>784,419</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

30. Reconciliation of operating surplus to net cash outflow from operating activities

	2022 £000	2021 £000
Net income resources before taxation and other recognised gains and losses	396,650	23,963
Profit on disposal of discontinued operations	(409,261)	—
Net interest in the results for the period in joint ventures	480	336
Pension interest cost	—	186
Loss on disposal of fixed assets	600	128
Exchange adjustment	17,018	(5,851)
Depreciation	6,788	3,988
Amortisation and impairment charges relating to intangibles	13,858	9,214
(Increase) / decrease in debtors	(95,014)	12,011
Increase in creditors	7,494	5,653
Decrease in provisions	(3,635)	3,266
Foreign tax paid	(13,010)	(10,127)
Foreign tax received	3,025	10,851
Defined benefit contributions in excess of funds charges	(17,829)	(8,758)
Curtailment loss	303	157
Net investment income	(17,963)	(8,681)
Cash (used) / generated in operations	<u>(110,496)</u>	<u>36,336</u>

Cash at bank and in hand includes cash held in local bank accounts in countries where exchange controls or other legal restrictions mean the balances are not available for general use by the Company or other Group subsidiaries. In total, £12.2m (2021: £12.4m) of cash was held by overseas entities which cannot be remitted to other Group entities. In addition to these balances, the immediate movement of cash assets held by other Group entities is subject to compliance with local regulation and legal restrictions; however the Group does not consider this cash unavailable for use by the Group. Countries where such restrictions exist and significant cash balances are held are China £33.3m (2021: £13.5m) due to exchange controls and Korea £23.5m (2021: £17.4m) where remittance is permitted following external audit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

31. Related party transactions

The Foundation has taken advantage of the exemption in Financial Reporting Standard 102, whereby transactions with fellow subsidiary companies ultimately 100% owned by the same parent are not required to be disclosed.

The Foundation defines its key management personnel as the Board of Directors and the Executive Leadership Team. The total remuneration for key management personnel for the 12 month period to 30 June 2022 totalled £9,273,000 (6 months to 30 June 2021: £4,554,000).

The following transactions took place between Lloyd's Register Group Limited undertakings in which the Group holds less than 100%:

	Turnover arising from trading with other LR Group companies	Operating costs charged by LR Group companies	Amounts owed (to) / from Group companies at 30 June 2022
	£000	£000	£000
Subsidiaries			
i4Insight, Inc	3	—	(5,389)
Lloyd's Register International (Thailand) Ltd*	136	(54)	—
Lloyd's Register Middle East LLC Abu Dhabi	2,069	(2,489)	(4,563)
Lloyd's Register Oman LLC	182	(524)	1,730
Lloyd's Register Qatar LLC	601	(687)	1,065
Lloyd's Register Services (Malaysia) Sdn. Bhd	94	(48)	(219)
Joint ventures			
Lloyd's Register Apave Limited*	—	(870)	—

*Lloyd's Register Apave Limited and Lloyd's Register International (Thailand) Ltd were disposed of as part of the disposal of the BAIS business to Goldman Sachs Asset Management on 2 December 2021.

The following transactions took place between Lloyd's Register Group Limited undertakings in which the Group holds less than 100% for the 6 months to 30 June 2021:

	Turnover arising from trading with other LR Group companies	Operating costs charged by LR Group companies	Amounts owed (to) / from Group companies at 30 June 2021
	£000	£000	£000
Subsidiaries			
i4Insight, Inc	—	—	(1,712)
Lloyd's Register International (Thailand) Ltd	184	(209)	1,703
Lloyd's Register Middle East LLC Abu Dhabi	1,142	(1,894)	(3,169)
Lloyd's Register Oman LLC	137	(303)	1,688
Lloyd's Register Qatar LLC	300	(382)	588
Joint ventures			
Lloyd's Register Apave Limited	—	(1,116)	(622)

During the period the Group has increased its investments in Common Structural Rules Software LLC from \$21,075,000 to \$21,975,000. The Group's investment in i4Insight has remained at \$5,200,000.

The Group provides administrative services to the Group's pension schemes. The following transactions took place between the Group and Lloyd's Register Superannuation Fund Association.

	2022 £000	2021 £000
Administrative services provided	240	120
Administrative services payable	240	20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

32. Group companies

The following are the subsidiaries and joint ventures of the Group at 30 June 2022. All subsidiaries are consolidated. Details are given of the principal country of operation. The equity share capital of these entities is wholly owned by the Group except where its percentage interest is shown otherwise. All companies are incorporated in their principal country of operation except where stated.

There are five entities included in the below list where the Group owns less than 50% of the subsidiary. All of these entities are incorporated in countries where local legislation requires local nationals to hold at least 50% of the issued share capital of each company. For each of these entities, arrangements exist which afford the Group control of the company's financial and operating policies so as to obtain benefit from its activities.

Company	Country of Origin	Registered Address	% of Ownership
Classification and Quality Services Ltd	UK	71 Fenchurch Street, London, England, EC3M 4BS	100
Classification Holdings Ltd	UK		100
Lloyd's Maritime Information Services Ltd	UK		50
Lloyd's Register Asia ¹	UK		100
Lloyd's Register Asia Trustees Limited ¹	UK		100
Lloyd's Register Central and South America Ltd ¹	UK		100
Lloyd's Register EMEA ¹	UK		100
Lloyd's Register EMEA Trustees Ltd ¹	UK		100
Lloyd's Register GMT Ltd	UK		100
Lloyd's Register Group Services Limited ¹	UK		100
Lloyd's Register International ¹	UK		100
Lloyd's Register Limited	UK		100
Lloyd's Register Nominee 1 Ltd	UK		100
Lloyd's Register Nominee 2 Ltd	UK		100
Lloyd's Register of Shipping Trust Corporation Limited	UK		100
Lloyd's Register Trust Corporation Limited	UK		100
Lloyd's Register Superannuation Trustees Ltd	UK		100
Seasafe Marine Software & Computation (UK) Ltd	UK		100
Lloyd's Register Marine Limited ¹	UK		100
Safetytech Accelerator Limited ¹	UK		100
Green Steam Holdings Limited	UK		100
Greensteam Vessel Optimisation (UK) Limited	UK		100
Lloyd's Register Finance Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, Scotland, AB15 8PU	100
Senergy Holdings Ltd ¹	UK		100
Interactive Petrophysics Limited	UK		100
Senergy Resources Limited	UK		100
Lloyd's Register Digital Products Limited	UK		100
Lloyd's Register Aligned Services Limited	UK	Polygon Hall, Le Marchant Street, St Peter Port, GY1 4HY, Guernsey	100
71FS Insurance Company Limited ¹	GUERNSEY		100
Lloyd's Register Algeria SARL	ALGERIA	Business Center Tower - Algeria Business Center – 11e Etage, Pins maritimes, Mohammadia, Algiers, Algeria	49
Lloyd's Register Bangladesh Pvt Ltd	BANGLADESH	11 th Floor, 9 Mohakhali C/A, Dkaka – 1212, Dhaka, Bangladesh	100
Lloyd's Register Drilling Integrity Services Australia Pty Ltd	AUSTRALIA	Level 1, 503 Murray Street, Perth WA 6000, Australia	100
Lloyd's Register Belgie vzw ¹	BELGIUM	Lloyd's Register Belgie VZWD, Rijnkaai 37, 20000 Antwerp, Belgium	100
Lloyd's Register Maritiem België BV	BELGIUM	Jan van Gentstraat 7 bus 202, 2000 Antwerpen, Belgium	100
Lloyd's Register Do Brasil Ltda	BRAZIL	Rua da Gloria, 311-11, Andar, Rio de Janeiro, RJ, 20.241.180, Brazil	100
Lloyd's Register Canada Limited	CANADA	5121 Sackville Street, Suite 700, Sovereign Place, Halifax, B3J 1K1, NS, Canada	100
MARTEC Limited	CANADA	237 Brownlow Avenue, Suite 200, Dartmouth, B3B 2C7, NS, Canada	100
Lloyd's Register Classification Society (China) Co Ltd	CHINA	19 th Floor, 550 Yan An dong Road, Huangpu District, Shanghai, China	100
Lloyd's Register Advisory Services China(Shanghai) Co Ltd	CHINA	Room 1906,	100
Lloyd's Register Central and South America (Curaçao) NV	CURAÇAO	No.550 Yan'an East Road, Huangpu District, Shanghai, China Alablancaweg No. 30 Wilhelminalaan 13, Curaçao	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company	Country of Origin	Registered Address	% of Ownership
Green Steam Vessel Optimisation Denmark ApS	DENMARK	c/o Lloyds Register, Strandvejen 104, 1 Hellerup, 2900, Denmark	100
Hanseaticsoft ApS	DENMARK	c/o Sonderjyllands Revision – Torvegade 6, 6330 Padborg Denmark	100
Lloyd's Register Egypt LLC	EGYPT	Apartment no 303-3 rd Floor, 13 Ramo Gardens Street – EL Nasr Road, Nasr City, Cairo, Egypt	100
Hanseaticsoft GmbH	GERMANY	Frankenstraße 29, 20097 Hamburg, Germany	100
Lloyd's Register Marine Deutschland GmbH	GERMANY	Überseeallee 10, Hamburg, 20457, Germany	100
Hellenic Lloyd's SA	GREECE	348 Syggrou Avenue, Kallithea, Athens, 17674, Greece	100
Lloyd's Register Guyana Inc	GUYANA	Unit 1, Upper Level, 127 Quamina Street, South Cummingsburg, Georgetown, Guyana	100
Lloyd's Register Advisory (Hong Kong) Co., Ltd	HONG KONG	RMS 5304-5305, 53/F Hopewell CTR 183 Queen's road East Wan Chai, Hong Kong	100
Lloyd's Register Italia S.R.L. ¹	ITALY	Via Sottoripa 1A/112, 16124 Genova GE, Italy	100
Lloyd's Register Industrial Services (India) Pvt Ltd ¹	INDIA	63-64 Kalpataru Square, 6 th Floor, Kondivita Lane, Off Andheri-Kurla Road, Andheri (E), Mumbai, 400 059, India	51
Lloyd's Register Marine and Offshore Services (India) LLP	INDIA	63-64 Kalpataru Square, 6 th Floor, Kondivita Lane, Off Andheri-Kurla Road, Andheri (E), Mumbai, 400 059, India	100
Lloyd's Register Kazakhstan LLP	KAZAKHSTAN	29/6 Satpayev Street, Floor, Rakhat Palace Hotel, Almaty, Kazakhstan	100
Lloyd's Register Advisory Services (Korea) Ltd	KOREA	(CJ Logistics Bldg., Joongang-dong 6-ga) 10F, 119, Daegyo-ro, Jung-gu, Busan	100
Lloyd's Register of Shipping (Malaysia) Bhd ¹	MALAYSIA	Level 18, 18-102 Equatorial Plaza, Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	100
Lloyd's Register Services (Malaysia) Sdn. Bhd ¹	MALAYSIA	Level 18, 18-102 Equatorial Plaza, Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	49
Lloyd's Register Mozambique Lda	MOZAMBIQUE	1 Bairro da Polana, Av. Marginal Tenente Ovaldo Tazama Torres Rani Torre 1, 2 Piso, Fraccao 5, Mozambique, Maputo	100
LR Advisory Services BV	NETHERLANDS	George Hintzenweg 77, 3068 AX Rotterdam, The Netherlands	100
Lloyd's Register Maritiem Nederland BV	NETHERLANDS	George Hintzenweg 77, 3068 AX Rotterdam, The Netherlands	100
Lloyd's Register EMEA (Nigeria) Ltd Gte	NIGERIA	6th Floor, B Wing, Shippers Plaza, 4 Park Lane, Apapa, Lagos, Nigeria	100
Lloyd's Register West Africa Ltd	NIGERIA	The Pro Space Centre, 18 Olu Holloway Road, Ikoyi, Lagos, Nigeria	100
Lloyd's Register Voyage AS	NORWAY	Elganeveien 1, 4370 Egersund, Norway	100
Lloyd's Register Oman LLC	OMAN	Bait Al Bahja, Building No 603, Room 21, Way No 2710, Ruwi CBD, Muscat, Sultanate of Oman	70
Lloyd's Register Marine Polska Sp Zoo	POLAND	Al. Zwyciestwa 13a, 80-219, Gdansk, Poland	100
Vesopt Poland Sp Zoo	POLAND	Rondo Organizacji Narodow Zjednoczonych, 1, Xxv P., Warszawa, 00-124, Warszawa, Polska	100
Lloyd's Register Qatar LLC	QATAR	Regus Building D-Ring Road, Doha, PO Box 10285, Qatar	49
Lloyd's Register (Romania) SRL	ROMANIA	Sos. Iancului 31, Etaj 3, 021716 Bucuresti, Romania	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company	Country of Origin	Registered Address	% of Ownership
Lloyd's Register Voyage RUS LLC	RUSSIA	Office 1-H, room № 57, liter H, house 8, Line 21 Vasilievsky Island, St. Petersburg, Russia, 199106	100
Lloyd's Register Saudi Arabia Ltd	SAUDI ARABIA	Office Number 7 Second Floor, West Tower Building, AL Khobar, Abdul Azeez Street, Saudi Arabia	100
Lloyd's Register D.O.O. (Beograd)	SERBIA	Vojvode Stepe 78, Beograd, Serbia	100
Lloyd's Register Signapore Pte Limited	SINGAPORE	9 North Buona Vista Drive, #02-01, The Metropolis, 138588 Singapore	100
Lloyd's Register Pte. Ltd	SINGAPORE	9 North Buona Vista Drive, #02-01, The Metropolis, 138588 Singapore	100
Lloyd's Register RiskSpectrum AB	SWEDEN	Box 1288, 172 25 Sundbyberg, Sweden	100
Lloyd's Register Marine Taiwan Ltd	TAIWAN	14F., No 137, Sec. 2, Nanjing E. Road. Zhongshan Dist. Taipei City 104475, Taiwan	100
Lloyd's Register Gozetim Ltd Sti	TURKEY	19 Mayıs Mah. Atatürk Caddesi, Sitkibey Plaza, No 82 Kat 3 No. 12, Kadıköy, Istanbul, Turkey	100
Lloyd's Register (Ukraine)	UKRAINE	63 Bolshaya Morskaya Street, Office 203, Mykolaiv, 54001, Ukraine	100
Lloyd's Register Middle East LLC	UAE	The Blue Tower Building, Khalifa Street, Abu Dhabi, UAE	49
Lloyd's Register Middle East & Africa Advisory Services LLC	UAE	The Blue Tower Building, Khalifa Street, Abu Dhabi, UAE	49
Lloyd's Register Americas, Inc. ¹	USA	1330 Enclave Parkway, Houston, Texas, 77077, USA	100
Common Structural Rules Software LLC	USA	16855 Northchase Drive, Houston, TX 77060, USA	50
Lloyd's Register North America, Inc.	USA	1330 Enclave Parkway, Houston, TX 77077, USA	100
Lloyd's Register Americas Advisory Services, Inc.	USA		100
Lloyd's Register Technical Services, Inc.	USA		100
i4Insight, Inc	USA	300 Creek View Road, Suite 209, Newark, DE 19711, USA	80
Lloyd's Register Asia (Vietnam) Company	VIETNAM	Suite 450 PetroVietnam Tower, 8 Hoang Dieu Street, Ward 1, Vung Tau City, Ba Ria, Vung-Tau Province, Vietnam	100

¹ Wholly owned directly by Lloyd's Register Group Limited

The following subsidiaries have taken advantage of the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Company	Place of registration	Registered number
Classification and Quality Services Limited	England and Wales	03973758
Classification Holdings Limited	England and Wales	03704447
Lloyd's Register Finance Limited	Scotland	SC320138
Lloyd's Register GMT Limited	England and Wales	06428883
Lloyd's Register Group Services Limited	England and Wales	06193893
Senergy Aligned Services Limited	Scotland	SC318186
Senergy Resources Limited	Scotland	SC346964
Senergy Holdings Limited	Scotland	SC252441
Safetytech Accelerator Limited	England and Wales	13099135
Lloyd's Register Marine Limited	England and Wales	13281335

33. Post balance sheet events

Subsequent to year end, the Group has disposed of its three Industrial Digital Products businesses. On 1 July 2022, the Group completed the disposal of its Subsurface and RiskSpectrum businesses to Total Specific Solutions. In September 2022, the Group completed the sale of its AllAssets business to Pinnacle.

On 22 July 2022, the Trading Group approved a £17.7m charitable donation to Lloyd's Register Foundation.

On 31 August 2022, the Group Completed the acquisition of OneOcean, a leading supplier of digital voyage solutions for the maritime industry.