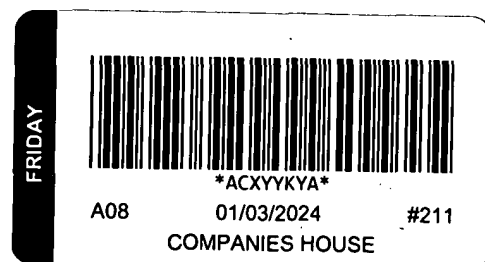


Lloyd's Register Foundation
Report and financial statements
30 June 2023

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Connecting science, safety and society

Trustees' Report incorporating the Strategic Report

Chairman's Statement

While the world around us continues to change, Lloyd's Register Foundation (The Foundation) remains a force for good, with an important mission to tackle global safety challenges.

Conflict, climate impact, natural disasters and global supply chain instability have all hit the headlines during the last 12 months. All of these can, sadly, put human lives at risk and threaten the infrastructure on which our society is built.

As an independent, financially and politically neutral charity, the Foundation exists to tackle global safety challenges that affect people and property. Through evidence and insight, funding intervention programmes and technology acceleration, its core focus is to enhance the safety of life and property around the world.

The work of the Foundation has never been more important. In an uncertain world, we must focus on delivering measurable impact to ensure we are effective in our efforts. With a commitment to convening UN agencies, leading academic institutions, commercial businesses, research organisations and innovators, the Foundation continues to ensure that funding is leveraged – and impact is maximised. As we move to open safety hubs in other parts of the world, with a particular focus on the global south, we will be able to identify through local experts where the most pressing safety risks are occurring on the ground and invest in programmes to help solve them.

Joint initiatives between the Foundation and Lloyd's Register (LR) emphasise the strength of our unique relationship. During the last year, our combined presence at COP27 in Egypt and the World Ocean Summit in Lisbon provided high profile opportunities to raise awareness of the need for a safer and more sustainable maritime system and demonstrate support for the industry's drive to net zero through our Maritime Decarbonisation Hub. These platforms also enabled us to emphasise the role we play in the wider ocean economy, such as keeping fishers safe in low to middle income countries, the standards required as the demand for blue food such as seaweed increases and the ever-pressing need for nature-positive engineering solutions.

In addition, our joint Maritime Trends 2050 report published subsequent to year end, in September 2023, highlights the foresight, insight and expertise we are together able to offer the maritime industry to enable it to see what may lie ahead and show what's needed to prepare for a safe, just and equitable energy transition.

We continue to invest in the conservation of LR's heritage assets, with the Foundation an increasingly active participant in the heritage sector globally, and this year completed the digitisation, cataloguing and re-presentation of the Ship Plan and Survey Report Archive.

All of this has been achieved during the first 12 months of Ruth Boumphrey's leadership as Chief Executive. With a strategic focus on delivering impact in areas where it is most needed, Ruth continues to build a team which is passionate about delivering the charity's mission – and an organisation trusted around the world for its commitment to reducing risk and keeping people safe from harm.

Over the next 12 months, Foundation colleagues led by Ruth will continue their drive to convene stakeholders and influential partners to deliver impact. I would like to offer my sincere thanks to everyone who works at, and with, the Foundation to make a genuine difference in this world.

Thomas Thune Andersen

Chairman, Lloyd's Register Foundation

Foundation Chief Executive's Review

The Foundation was in great shape when I took on the mantle of Chief Executive last July, thanks to Richard Clegg's vision and leadership in our first ten years. Since then, I've been fortunate to be surrounded by great colleagues, a Chairman and Board of Trustees who are all aligned to our mission and who have been incredibly supportive from day one.

When I stepped into the role, I introduced two new goals. One, for the Foundation to be more locally led to ensure we can deliver significant impact in those countries where it is most needed. While we've always been a global charity, investing in programmes around the world, this next phase of our international strategy means we can establish Foundation representation on the ground, in partnership with the United Nations Global Compact's (UNGC's) existing network of offices. This aims to build effective area networks, empower local decision-making, identify safety risks and create interventions that reduce risk for people in those countries.

Second, to build on our heritage and relationship with LR, we will facilitate greater collaboration across the maritime system with a new initiative, Maritime Connected. Stakeholder conversations at the UN Ocean Summit, COP27 and the World Ocean Summit as well as feedback from the High-Level Climate Champions team and our wider maritime connections has shown us there is a real appetite for this initiative, which will create and convene a global community, facilitate the sharing of knowledge and insights and drive impact towards a united vision dedicated to building a safe and sustainable ocean economy.

This last year has also seen the launch of the World Risk Poll 2021 – the second iteration of this ground-breaking Poll. We have launched a series of thematic reports looking at how the world perceives and experiences risk, resilience, AI and data, and violence and harassment in the workplace. The Poll continues to give a voice to those often unheard, with findings shared with audiences around the world through a comprehensive media relations programme, an International Labor Organization press conference, and through Reuters webinars, resulting in 860 articles globally during the last year. Key findings from the poll, including The Resilience Index, were presented at New York Climate Week, COP27 and the UN Data Forum in China. Presentations have also been delivered to the World Bank, several UN agencies and the OECD. We received 54 grant applications from around the world for funding to tackle the issues raised in the Poll with eight projects at a value of £2m now selected for progression.

With the news full of stories questioning the future of AI, and in particular, whether it can be trusted, the World Risk Poll provides evidence on whether and where these technological developments are welcomed or feared.

It's been a busy year for our Heritage and Education Centre (HEC), which has completed its five-year digitisation project with one million maritime archival records, documenting nearly 100,000 ships, now available online. The launch of 'Rewriting women back in maritime history' has gained much interest from across the heritage and maritime community with 25 organisations including Lloyd's List, Nautilus International, National Maritime Museum, Seafarers Hospital, WISTA UK and the World Maritime University on board. This group is gathering stories, both recent and historical, on the valuable role women have played in maritime throughout the ages. A milestone for this initiative was the launch of an exhibition at the International Maritime Organization (IMO) in September 2023 during London International Shipping Week. HEC continues to build networks around the world, including with the International Maritime Museums Network to raise awareness of the importance of learning from the past.

Of course, we must not forget the incredible work being delivered by our long-standing partners. The Alan Turing Institute continues to break new ground in data science while The Assuring Autonomy International Programme, Resilience Rising and Engineering X go from strength to strength.

I'm incredibly excited to see what the next 12 months bring. While the world around us continues to face some very difficult challenges, I have the utmost faith that the Foundation, our colleagues in LR, grant holders, secondees, partners and network members in the communities in which we operate are dedicated to our mission. Together, we can help make the world a safer place.

Ruth Bournemouth

Chief Executive, Lloyd's Register Foundation

Our Strategy

Our strategy starts with evidence – we strive to understand the complex factors that most affect safety and we openly share safety evidence and insight for others to use. During the year we continued to focus on a number of significant safety challenges including making the sea safer, making infrastructure safer and improving society's understanding of risk. To deliver most impact, we have built new coalitions, tirelessly raising awareness of these challenges and identifying like-minded collaborators and partners who share our values and strong social purpose. We remain committed to capacity building especially in those geographies where the next generation of skilled scientists and engineers will be needed. Our extensive heritage collection helps people understand the relevance of our maritime technological and engineering past, and how it can help inform the future. By bringing together our unique strengths – our global reach, the trust in our brand, the technical expertise in our grants community, and the extraordinary breadth and depth of the Lloyd's Register Group – we can truly engineer a safer world.

Our Vision: Engineering a safer world

Our charitable 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 safety skills for engineering.

Goal 1: Establish the best evidence and insight

We 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 with an aim to build the world's best source of safety evidence, making it open to all.

Goal 2: Focus on the most pressing challenges

We focus on the biggest safety challenges, where there's clear evidence and a compelling need for change to make a real difference. We work in areas where we can harness our unique strengths and assets. We have identified seven challenges to 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 cannot be tackled effectively by working alone. Therefore, we will be at the forefront of building new coalitions, tirelessly promoting safety issues through our strategic communications activity and building partnerships with willing and likeminded collaborators worldwide to generate the most impact.

GOAL 1: Establish the best evidence and insight

Impact highlight

The World Risk Poll into Action funding call attracted 54 proposals from around the world, amounting to a value exceeding £20 million against an available budget of just over £2 million. After a rigorous decision-making process, eight organisations have been selected to receive funding to tackle some of the significant safety challenges highlighted by the Poll data.

Evidence and Insight

Activities

In autumn 2022 LR Foundation commissioned RAND Europe to undertake a feasibility study considering the potential impact of a future evidence centre for safety for the safety of life and property. The work has now completed and concluded that achieving impact from evidence centres is feasible, and active engagement with stakeholders throughout the process is central to their success.

The team identified six strategic dimensions that characterise the composition of evidence centres, namely: area of focus; geography; target of change; function; stakeholder engagement, and funding. Existing evidence centres adopt diverse approaches to these dimensions, indicating multiple ways in which a new centre for safety could achieve its objectives.

Following internal discussions and review by external experts RAND have now been asked to prepare a proposal for a grant that if approved, during the first two years, will:

- 1) Explore the possible focus areas for the centre, build relationships and networks, understand user needs, and assess gaps and potential impact of work in these areas.
- 2) Build capacity by establishing methods, tools and standards that can be widely used to support the use of evidence in decision making in safety and establish a network of global leaders in safety evidence. The Trustees and the Board will be asked to consider the proposal in the autumn of 2023.

Impact programme

Through LR Foundation's partnership with Technopolis, a systematic programme has been established to show 'evaluations to evidence' impact, supporting continuous improvements and learning by focusing on major flagship programmes and other key strategic investments.

In late April 2023 Technopolis finalised their independent evaluation of the Resilience Shift programme and concluded that the programme has delivered against its stated objectives, achieving impact and producing results across a range of areas and sectors. These include approach to and awareness of resilience, international outreach and visibility, maritime ports, urban systems and others. Building on key insights and findings, LR Foundation is working with stakeholders to share learnings and increase the impact of the Resilience Shift further.

There are two other ongoing projects with Technopolis:

- 1) Evaluation of the Discovering Safety programme to identify lessons and good practices to maximise the impact in the final stages of the programme
- 2) A thematic evaluation to understand the extent to which the activities funded by the Foundation have contributed to the development and adoption of high technical standards. The main purpose of this study is to provide the Foundation with evidence on the specific areas where its work has been most impactful.

Work to identify key building blocks for meaningful impact monitoring and evaluation is now complete. No one-size-fits-all approach has been identified through sector wide analysis. Charitable foundations and organisations run into difficulties when trying to keep track, record, monitor and store impact-related data across the whole portfolio, in a systematic and consistent way. The Foundation will therefore need to invest further time, effort and resources to create a bespoke impact management and measurement framework that is tailored to its characteristics and circumstances, whilst remaining agile, iterative and proportionate.

Evidence and Insight Grants

Branagh PR are supporting the Foundation's Evidence & Insight team to disseminate the findings from the Foundation's grants and to further establish our reputation in evidence and insight for safety. They have already secured a feature in the British Safety Council's magazine, *Safety Management*, and have a range of other activities in development.

One grant on the evidence base for leading indicators in safety was formally terminated by mutual consent in April 2023. Lessons learned have been shared with the board and the work has been recommissioned.

World Risk Poll

The Foundation has continued its momentum around the dissemination of the 2021 World Risk Poll data and findings with the launch of three reports in the 'focus-on' series.

These reports delve into the data in a particular area to generate impactful findings and create conversation.

The first report, which covered descriptive statistics split by the gender of the respondent was launched on International Women's Day. The second focused on the high risk of violence and harassment in the workplace to those who are struggling financially and are not working in their country of birth. The report identified actionable findings encouraging businesses to know their community and ensure reporting procedures are clear. This was launched alongside a webinar with Skillsoft who provide training on addressing violence and harassment at work.

The third report in the series launched at the Society for Risk Analysis conference in Sweden at the end of June 2023.

The 'Turning the World Risk Poll into Action 2021' funding call aimed to provide financial support and assistance to projects that transform the findings of the World Risk Poll into actionable solutions. The call sought proposals that leveraged the knowledge and data from the World Risk Poll to develop and implement analytical or practical interventions.

The response to the funding call was overwhelming, with a total of 54 proposals submitted, amounting to a value exceeding £20 million against an available budget of just over £2 million. After a rigorous decision-making process, eight organisations were selected to receive funding.

The grant holders involved in these projects come from diverse backgrounds and work in various fields associated with risk and resilience. They include academic institutions, non-governmental organisations (NGOs), and other non-profit organisations who are either conducting additional research, building interventions or a combination of both to improve global risk reduction efforts related to resilience, climate change, and disasters preparedness.

The World Risk Poll grant-holders play a vital role in advancing the understanding of risk perception and shaping policies and interventions aimed at mitigating the impacts of climate related hazards on vulnerable communities. Their work contributes to building more resilient societies and promoting sustainable development in the face of global safety challenges. At the time of writing this the Foundation is in the process of recruiting a Strategic Learning and Collaboration Partner who will add capacity to this cohort, foster a community of practice to accelerate impact, and assist in extracting valuable lessons from this funding call.

Future plans for the next 12 months to June 2024

- Evidence Centre for safety: as above, the Evidence & Insight team will continue to work with RAND Europe to support the application through the internal governance process with the hope of commencing work on the centre in the new calendar year. The establishment phase will build on the feasibility study to focus and define activities further and engage with stakeholders.
- In the Autumn two Evidence & Insight commissions will be published. The National Safety Council (NSC) will publish their report on how organisations should value safety in a changing world, within existing frameworks, ESG as an example. They will also complete their work examining the links between safety and diversity, equality and inclusion, which will inform the development of a Foundation insight report with recommendations for next steps. This is likely to be the first in-depth investigation of this topic and we hope will generate interest across sectors. The Evidence & Insight team will explore how best to magnify these reports and work with stakeholders to disseminate the findings from these commissions. The recommissioned work on the evidence base for leading indicators has recently restarted and will report in early Spring 2024.
- Plans have been approved by the Foundation Leadership Team for a framework of meaningful and pragmatic impact monitoring and evaluation. The impact manager will work across the Foundation and support colleagues to strengthen and improve the Foundation's capacity to measure and evaluate impact across the whole portfolio. Focus will be on the following:
 - Articulating the Foundation-level Theory of Change.
 - Identifying key impact goals and indicators for success for each signature area.
 - Strengthening the ways progress and impact are monitored and reported.
 - Building a more detailed picture of the total footprint of the Foundation's impact through thematic evaluations and targeted impact reviews.
- Dissemination of the 2021 World Risk Poll (WRP) reports and data will continue, including via:
 - Two further Focus On reports, with one on resilience timed to coincide with the United Nations Office for Disaster Risk Reduction's (UNDRR's) International Day for Disaster Risk Reduction in October.
 - A series of partnership events with Climate Group, including at COP and Climate Week NYC, to disseminate the resilience data to the Under2 Coalition of sub-national governments.
 - Commissioning of a number of creatives (photographers/videographers) to bring safety issues identified by the 2021 data to life by telling the human stories of those affected.
 - At least seven further external speaking engagements, primarily related to the resilience and AI reports.
- The ongoing WRP into Action funding call will remain open in this period, with the intention to solicit more applications using the AI, violence and harassment, and/or core risk and safety data.
- The 2023 World Risk Poll is now in the field, with emerging data starting to be delivered by Gallup from September onwards. Planning will start shortly for the launch of the four 2023 reports, with the first one likely to take place in June 2024.
- Conversation with stakeholders to develop modules and questions for the 2025 Poll have already begun and will continue in the latter half of 2023. It is likely that the core risk perception and resilience modules will be repeated, with other possibilities including a module on human security and agency in collaboration with the United Nations Development Programme (UNDP), and a transport safety module or revamped AI module.

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

Phase One of the Maritime Just Transition Task Force £250,000 grant attracted £610,000 cash and £48,000 in-kind leverage. It's 10 point action plan to achieve a just transition for seafarers, is now a key reference document and has been an important contribution to defining how a just transition is referred to in the revised IMO GHG strategy.

UNGC Just Transition Taskforce

The task force for a Just Transition for Seafarers, an IMO-ICS-ITF partnership run by UNGC, published its report at COP 27 following financial and expert support from LR Foundation.

The findings of the research have been condensed into a 10-point action plan for marine industry to action. The Foundation is working with UNGC to take these actions forwards to industry. As an early example, in February 2023 the task force ran an interactive session on green jobs and skill needs for African seafarers with an audience that included the then IMO Secretary General, Kitack Lim, 17 Director Generals and Ministers from across the African region, the African Development Bank, World Bank, and stakeholders from industry and academia. Among topics discussed were a potential centre of excellence for the region, which could be spearheaded by the African Union; ongoing tripartite efforts towards a national skills council in Cameroon; and some early work in Namibia to map skills for green hydrogen production.

Container Fire and Loss (CF&L) initiative at scale

Fires when transporting containers are regularly risking the safety of life and property at sea. Safetytech Accelerator is conducting an innovation challenge to reduce the risks of container fires. The partners of the Container Fire and Loss initiative carry 53% (equivalent to 12.11 million twenty-foot-long containers) of global container volume that is transported by sea annually.

This reinforces Safetytech Accelerator's position as the go-to strategic partner to deliver open innovation in safety and risk.

Maritime Trends 2050

The future of the global blue economy is uncertain yet policymakers, industry and beyond need to prepare for what is coming. As part of LR Foundation's ambition to provide thought-leadership, The Economist Impact Unit were commissioned to identify the key global trends that will influence the blue economy of the future, forecasting how these futures may come about, and some what-if scenarios to bring this to life.

The trends derive from geopolitical and macroeconomic, environmental, natural resources, technological and social drivers for change and, from these, four paths have been defined as to how the future may unfold: a gradual just transition; a rapid technology-driven transition; a delayed transition, and a regionalised and fragmented transition. As described later, this report will be built on in the coming years to bring more clarity to this evolving picture.

Challenge: Safety of digital systems

Impact highlight

The work of the Discovering Safety grant is directly influencing how UK Health & Safety Executive operates, influencing its digital strategy and uptake of digital technologies in support of the organisation's regulatory activities. With the grant, tools and methodologies have been created that are driving change in industry.

From capability building to scaling societal impact

Over the last six years LR Foundation's grant funding has established two world leading capabilities: the Alan Turing Institute and its Data-Centric Engineering Programme, and the University of York's Assuring Autonomy International Programme. During the last year the Foundation has awarded follow-on funding to both programmes with a focus on accelerating application of programme knowledge, tools and methodologies into industry, skills development and international capability building.

Safetytech Accelerator's scale of potential impact

Safetytech Accelerator is a not-for-profit company that was established jointly by Lloyd's Register Group and Lloyd's Register Foundation three years ago to initially demonstrate the potential of digital technologies in the service of risk reduction resulting in enhanced safety (Safetytech). Safetytech Accelerator has now become the go-to accelerator for organisations seeking solutions to manage their safety risks. Clients and participants in current projects, which the accelerator hopes to influence through engagement, have a combined 3.3 million employees and \$1.8 trillion dollars of revenue globally.

Assuring Autonomy International Programme Review of Emerging Impact

LR Foundation's grant holder at the University of York commissioned and published a review of the emerging impact of the Assuring Autonomy International Programme. In its first six years the centre has spent £41.6m on creating the Institute for Safe Autonomy. Its world leading guidance has been downloaded more than 1,200 times, contributions to BS 30440 and other standards are in development, and engagements with industry, academia, and regulators are shaping how autonomy is assured in practice. The institute has also increased upskilling and education, bringing latest thinking and research to those that require it most.

Discovering Safety Impact on the Health and Safety Executive (HSE)

Discovering Safety is a programme within the HSE that has resulted from a grant from Lloyd's Register Foundation. The programme was initially intended to unlock insight from HSE's own archive of data but has now evolved to create tools and methodologies that are driving change in industry. The programme has also had a significant impact on the HSE, influencing its digital strategy and uptake of digital technologies in support of the organisation's regulatory activities.

Challenge: Safety for a sustainable future

Impact highlight

Engineering X programme Safe End of Engineered Life wins £1.3m from United Nations Environment Programme (UNEP) towards eliminating open burning of waste initiative through regional roadmaps and city pilots.

Global Progress of Open Burning of Waste

With funding and support from the Foundation, The Royal Academy of Engineering established a platform called *Engineering X* with one of its programmes being the 'Safe End of Engineered Life'. As part of this programme, an open waste burning initiative, which started in September 2021, developed to deliver a significant level of awareness on the challenges and opportunities associated with open waste burning, as well as securing an African ministerial resolution on eliminating open waste burning. It has also launched a strategic partnership that could help deliver the resolution.

This programme has also been successful in its proposal for a £1.3m project submitted to UNEP's Climate and Clean Air Coalition. 'Creating the enabling conditions for eliminating open burning of waste through regional roadmaps and city pilots' will be led by *Engineering X* in partnership with ISWA (International Solid Waste Association), UN Habitat, Practical Action, and IGES (Institute for Global Environmental Strategies). This innovative programme will help the work's sustainability, expand its partnerships, and further progress tackling the problem of open burning of waste to reduce risks to human health and safety.

Maritime Decarbonisation Hub

With 90% of global trade transported by sea, the safe and accelerated decarbonisation of shipping is a global priority and the reason for LR Foundation establishing the Maritime Decarbonisation Hub in collaboration with Lloyd's Register Group. The Hub is one of three global centres which are increasingly cooperating to provide maritime supply chains with de-risked pathways to meet the Paris agreement targets. Other highlights from the hubs in the last year have included:

- The 'Ammonia environmental impact assessment' report released in partnership with the Environmental Defense Fund and Riccardo is the first in the industry highlighting the adverse effects of ammonia spills. The result has been to open dialogue with ports regarding safeguards that may be required.
- The 'UK domestic shipping - mobilising investment in net zero' report was released in partnership with Marine Capital and UMAS. The report is driving acknowledgement for the need for public-private partnerships to kick-start the transition to net zero for domestic shipping across the UK.
- The 'Tracing the carbon intensity of sustainable marine fuels' report released in December 2022 was followed up with a webinar on 31 January 2023 with over 950 attendees. This informed key decision-makers that technology is available today that should influence policy to adopt a lifecycle approach on fuels, thereby ensuring no unintended consequences of adopting zero carbon fuels from a Greenhouse Gas (GHG) emissions perspective.
- Collaboration with the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping on quantitative risk assessments for ammonia on ships was launched in July 2023. This milestone study will provide the first methodology for assessing the risk associated with using ammonia as a fuel on ships and will inform how ships are designed and assessed.

Silk Alliance Green Corridor

In response to the Clydebank initiative to create green corridors to demonstrate and accelerate the update of zero-carbon fuels in shipping, the Maritime Decarbonisation Hub previously established a green corridor focused on trade between Hong Kong and Singapore named the Silk Alliance. This was initially done in collaboration with key stakeholders including ship owners, finance, and shipyards.

In the last year the work of the Silk Alliance has been recognised by the Global Maritime Forum as one of the most progressive green corridors and has recently been awarded the NextGEN award during Singapore Maritime Week.

The award is significant as it draws attention to the Silk Alliance (Green Corridor Cluster) and the progress made. More importantly it aligns the Silk Alliance's work with the public sector through the IMO, utilising connections through the Singapore Maritime & Port Authority to work across the region. The NextGen award is also focused on safety, enabling the safety work done to date on ammonia use through its quantitative risk assessment project to influence IMO through this program. This has already led to a workshop with the public sectors of France, Norway, Singapore, and the EU on 27 May 2023.

The Silk Alliance is also seeking to influence more organisations to get involved. In the last year fuel producers have joined the Silk Alliance and its finance representatives, Asia Development bank and ING, have met with the finance sector to drive greater clarity amongst industry stakeholders about the financial mechanisms available, and how they can be accessed to allow the transition to take place.

Challenge: Safety of food

Impact highlight

Start-up to Scale-up; the successful transition of the Safe Seaweed Coalition to the UNGC improving the coalition's access to industry, finance and governments.

Our work on 'Safety of Food' has achieved considerable success and we are now in a position where other organisations are better placed for taking forward this challenge area. Examples of this success are:

Leading the Global Seaweed Revolution

The Foundation transferred the leadership of the Safe Seaweed Coalition from the Centre national de la recherche scientifique (CNRS) to the UN Global Compact (UNGC). As a convenor of industry, finance and expertise in human rights, labour rights, anti-corruption and more, the UNGC is ideally placed to both understand local needs and context of the increasingly global seaweed industry, and to attract mainstream funding and capital. To mark this shift from "start-up" to "scale-up" the Safe Seaweed Coalition has become the Global Seaweed Coalition (GSC). The GSC will be reflective of an upscaled, responsible, and restorative seaweed sector, with global safety standards that are grounded in science that improve the safety of workers, consumers, and the environment. This will be achieved by increasing engagement with governments, local producers, the private sector and other UN entities and processes. New alliances in the last twelve months include a collaboration with the Aquatic Blue Food Coalition, a follow-up to the UN Food Systems Summit.

A Leadership Committee composed of representatives of the founding organizations (UNGC, the Foundation, and CNRS) oversees the coalition, advised by a Scientific Council and a Strategic Advisory Council and supported by a strengthened Secretariat.

Since its launch, the Coalition has invested in 24 projects advancing safety in the seaweed sector across five continents, attracting approximately 2:1 leveraged funding. As an example of the GSC's transformative power and reach a recent grant has enabled the Zanzibar Seaweed Cluster Initiative to join forces with SeaPoWer to build capacity of women seaweed farmers to work in deep waters. In addition, GSC members have led or been involved in several large projects and initiatives around the world, totalling €25million of public investment in the global seaweed sector for the next three to four years. This bodes extremely well for the continued success and influence of the GSC.

The GSC also continues to influence policy and gain high-level influencers. Following Lloyd's Register's Vice President for Food, Beverage and Sustainability, Vincent Doumeizel, meeting with President Macron of France earlier this year, the President commissioned a report in which the Foundation's work on aquaculture and seaweed is noted. The report aims to provide a basis for establishing a roadmap for the development of seaweed farming within France's future aquaculture plans. Similarly, Peter Thomson, the UN Secretary-General's Special Envoy for the Ocean, agreed to be a GSC ambassador. In this capacity he attended the International Seaweed Symposium in Hobart and open the Seaweed Innovation for Impact session on 21st February 2023

Curriculum for Food Safety

LR Foundation's work with the UN's Food and Agriculture Organization (FAO) is supporting the development of a food safety curriculum specific to the needs of East Africa and the Caribbean, and has developed a set of benchmarks for an undergraduate degree in food safety. This piece of work was led by the Inter-University Council for East Africa (IUCEA), a strategic institution of the East African Community (EAC) responsible for the development and coordination of higher education and research in the region. The benchmarks have been reviewed and the work on this grant completed with a final report received in May 2023.

Global Food Platform

At the UN General Assembly (September 2022), the UNGC launched the work the Foundation has funded to scope the action platform for safe and sustainable food systems. The platform aims to become the international, neutral vehicle for change across the food system, and is supported by the UN's Food and Agriculture Organization (FAO), World Food Programme (WFP) and UN Environment Programme (UNEP).

Challenge: Skills for safety

Impact highlight

Strengthening the Skills for Safety Community through additional support for our Safety Champions in Engineering Education in Kenya, Nigeria, Uganda, Malaysia and the Philippines.

Gathering data

The Engineering X Skills programme collated guidance and advice from its community during the year and issued a call for interested organisations to lead an updated version of the Global Engineering Capability Review (GECR). A grant contract was awarded by Engineering X to S&P Global Market Intelligence, with access to 13 million data points in more than 200 countries and more than 800 sources. The GECR will be an important piece of evidence and insight that will help establish where the skills for safety are most needed in the world. Concurrently, the Royal Society of Arts (RSA) and the University of York are helping LR Foundation to identify the skills that are needed for the safe adoption of new technologies. The result of this work is due to be published in 2023/24.

Strengthening community

The Engineering X Skills programme concluded the first Safety Champions in Engineering Education (SCEE) scheme during the last 12 months, which aims to create an international community that drives safety culture as a primary component of engineering education and skills development.

The programme has also launched a series of webinars, led by LR Foundation's grants community, including one on the advancement of occupational safety, health and environment (OSHE) knowledge and skills in Uganda's Higher Educational Institutions and Industrial Sectors, and one on strengthening safety skills capacity in the Kenyan engineering construction sector for sustainability in socio-economic development.

The programme has also started a new quarterly 'Engineering Skills for Safety' webinar series which aims to inform and engage its global audience about the importance of engineering skills for safety, as well as promoting safer and innovative engineering, and forming the nucleus of a new safety skills community of practice. The first of these seminars was facilitated by Tim Slingsby, Director of Skills and Education at Lloyd's Register Foundation, and led by Zsuzsanna Gyenes, a senior process safety expert with extensive experience in training CEOs of high hazard industrial sites on process safety leadership and culture.

Promoting Safety Knowledge and Application

The Engineering X Skills programme received 72 applications following its most recent call for proposals, resulting in £1.27m of funding to 19 new grant projects in 10 countries (including Jordan, Mexico, India, Tanzania and Zimbabwe, the latter for the first time). The Foundation is continuing its commitment to safety skills through these new grants which include four separate awards to SCEE partners:

- In Kenya, the Foundation's SCEE partners will be strengthening Safety Skills Capacity in the Kenyan Engineering Construction Sector.
- SCEE partners in Malaysia and the Philippines are using VR learning platforms to enhance learning in process safety (PS) among chemical engineering students.
- In Nigeria the project will deliver a new Engineering Program for Safety and Industry (EPSI), which intends to design and integrate safety topics in the Nigerian engineering undergraduate curriculum.
- In Uganda the Foundation's SCEE partners will facilitate the knowledge and skills transfer process through Occupational Safety, Health and Environment (OSHE) centres of excellence to be established within the project.

Other, recent international successes of the Engineering X Skills programme include:

- A project in Jordan that aims to enhance engineering safety practices has extended its partnership with local community influencers and youth including women-led Community Based Organisations (CBOs).
- Insights from 220 engineering professionals resulted in a white paper that provides clear guidance on how to bridge the engineering skills gap in Nigeria.
- In Malaysia and Indonesia, the programme has helped with the development of lecturers in delivering quality engineering education leading to five engineering programs (mechanical, chemical, civil, industrial and electrical) receiving full accreditation from the Indonesian Accreditation Board for Engineering Education (IABEE), which is now a signatory of the Washington Accord.

Working Safely

TWI, the grant-holder for the Foundation's South-East Asia Skills Enhancement Programme (SEASEP), has created an Institute of Occupational Safety & Health (IOSH) Working Safely course to sit alongside its existing IOSH Managing Safely course. This course will be a baseline for health and safety in the workplace. It will underpin and provide a foundation for other courses delivered under the SEASEP portfolio.

Early evaluations from SEASEP phase 2, which extends the project from India and Indonesia to additionally include Thailand, and the Philippines, have revealed worrying safety trends that SEASEP can help to address, for example, 40% of workers are being asked to perform tasks they are not familiar with. There are also positive indicators of progress as new scholars have been recruited in all five countries in which the programme is active, and new strategic relationships are being forged e.g. with the Philippines Welding Institute.

Challenge: Safety of physical infrastructure

Impact highlight

Collaboration between Discovering Safety and Safetytech Accelerator establishes World's first Regulatory Sandbox.

Industrial Regulatory Sandbox

In December 2022, a collaboration between LR Foundation's grant holder, the UK Health and Safety Executive (Discovering Safety Programme) and the company LRF established (Safetytech Accelerator) won funding from the UK Regulator's Pioneer Fund to establish the world's first Regulatory Sandbox. This has attracted attention across the globe (including over 1.6m views in across media and websites) as a route to bringing industry, technology start-ups and

regulators together to explore the creation of clear new pathways towards regulatory acceptance. Requests for more information are being received from UK regulators and international governments and industry.

Energy Institute Toolbox

An important route to prevention of accidents is to learn from past experiences. LRF's former grant to Energy Institute supported the creation of a free-to-access website, the 'Energy Institute Toolbox', providing simple examples of previous accidents and triggers to help thinking about work to be done.

LRF's funding helped establish the Energy Institute Toolbox in 12 languages and create new content with industry and associations continuing to add to it to date. Toolbox, as it is known, is now accessed by over 7,000 users per month from across the globe. A snapshot for the month of April shows the top five languages accessed being English, Chinese, Spanish, French and Japanese.

Inaugural Lecture of Professor Arnab Majumdar from Lloyd's Register Foundation Transport Risk Management Centre (LRFTRMC) at Imperial College

Much of the Foundation's work is built on long term relationships that have shaped careers. Lloyd's Register Foundation (and its predecessor LRET) have been supporting the LRFTRMC for almost 20 years which has continuously been led by Professor Arnab Majumdar. Arnab's elevation to Professor was celebrated with his Inaugural Professorship lecture titled Engineering a Safer World. The lecture brought together much of Arnab's work which has been strongly influenced by his relationship with the Foundation. He focused on the socio-technical aspects of his work (and that of his students) and how such perspectives have resulted in real world impact. Separately it should also be noted that the PhD students that Arnab has supervised have all had careers that have advanced safety across multiple sectors and are increasingly in positions of authority that impact the safety of critical infrastructures.

Challenge: Public understanding of risk

Impact highlight

Risk Know How is improving risk literacy and is now being incorporated into international best practice for risk communication.

Understanding Risk in Asia

Following Richard Clegg's retirement, Tim Slingsby is the new Foundation representative on the Lloyd's Register Foundation Institute for Public Understanding of Risk (IPUR) governance board.

Risk partnerships

IPUR partnered with the National University of Singapore (NUS) Office of Risk Management and Compliance (ORMC) to understand how students perceive risks in Singapore, Malaysia, Thailand, Vietnam and Indonesia. This has led to an update of the NUS Risk Register to align its key risks with the top five risks in the published report.

IPUR was awarded a research grant, funded by UNESCAP and Google, to conduct a landscape review for Bangladesh on the potential use of AI for maternal healthcare. Both KAIST (Korea) and the Bangladesh government's innovation arm is directly involved in the project. This ongoing work is already providing strong indications that AI would be trusted in this context, and has suggested policy recommendations for standards, training and funding towards just and equitable use of the technology.

IPUR and WRP

Lloyd's Register Foundation Institute for Public Understanding of Risk (IPUR) is an important contributor to further develop the World Risk Poll (WRP). This year, IPUR used the WRP resilience data to publish two new research briefs. The briefs analyse and discuss different facets of natural hazards that affect different populations in Asia and call for greater investment in climate change adaptation and resilience.

Based on the LRF World Risk Poll, Mongolia was identified as a country which faced the biggest gap between experienced and perceived risks. After the successful implementation of the Data Innovation Lab with the Mongolian National Academy of Governance, IPUR has signed a second Memorandum of Understanding with the Mongolian Ministry of Justice and Home Affairs to facilitate public service transformation using data, evidence and innovation.

Work funded by IPUR overlaid WRP data with flood risk information. It showed that the biggest polluters in the world, such as the US, had high climate change concerns, which contradicted the higher-level and more general findings from the 2019 WRP.

Following the analysis of the 2021 World Risk Poll, IPUR published a report on the experience of disasters from the perspective of the public. A key finding reported was the large variance across Asia on the percentage of the population that received natural hazard warnings. The report was presented to ASEAN Disaster Risk Management agencies who expressed surprise that segments of the population did not receive their hazard warnings despite their communication efforts. This is a useful point of reference for the 'Risk Know How' framework that the Foundation, Sense About Science and IPUR are pursuing (see below). Separately, this is also recognised as an opportunity to integrate the World Risk Poll data into the World Meteorological Organisation's reporting standards.

Risk Know How

Last year, the Foundation funded 'Sense about Science' to develop the 'Risk Know How' (RKH) framework – the world's first, practical, user-tested and experience-derived set of concepts and pathways to understanding risk. It has been adopted by a growing community of over 100 practitioners making use of the framework as they help others navigate risk and live safer lives. RKH has gained buy-in, support and engagement from noted risk communication experts, renowned statisticians and major risk information providers. The Foundation has renewed funding in this area, which will build on success to date and ensure that this important work is sustained in the long-term, incorporating RKH into international best practice. This includes the development of an associated ISO with the American Statistical Association, embedding knowledge of RKH into relevant networks, attending major conferences such as the UNESCO World Higher Education conference, and transitioning RKH to the Lloyd's Register Institute for the Public Understanding of Risk (IPUR), where it is already part of the education and research offer.

Skills and education

LR Foundation's strategy states that, in addition to its three goals, the charity will continue to invest in longer-term capability and activities in support of its mission of safety and education.

Impact highlight

Making Spaces directly engaged over 400 young people with STEM. Training provided by project partners to other organisations reached an estimated further 1,500 young people.

Support for the next generation of Greek Mariners

The Foundation's grant to SYN-ENOSIS, supporting their work with Greek Merchant Marine Academies concluded in July 2022. The latest report notes that students of all Marine Academies must complete two six-month sea-going voyages and the feedback received is very positive. Undergraduates are trained to the highest level and have up to date knowledge in both their field of expertise as well as all health and safety matters concerning the ships that they are assigned to. Their exceptional communication skills and eagerness to expand their knowledge once onboard are also noted.

STEM and space

National Space Academy (NSA) programmes increase engagement and contribute to increased STEM attainment and uptakes. The Foundation's current grant aims to build delivery of National Space Academy programmes and to foster international collaboration between the UK, Brazil, South Africa and China. Good progress in South Africa is being made through a strategic partnership with the South Africa National Space Agency (SANSA). The NSA team also won first prize in the 'best workshop' category at SciFest Africa - South Africa's national science festival.

Making Success of Making Spaces

The Making Spaces project, which is the Foundation's work with the UCL Institute of Education to increase the diversity of those using makerspaces (collaborative working spaces) and move into engineering related pathways, moved into Phase 2 in September. It will build on notable success to date, captured in a new report 'Developing equitable practice with youth in makerspaces.' Encouraging young people to get into engineering and safety-based careers, this report focuses on helping practitioners support the engagement of STEM-based subjects while ensuring that everyone has an opportunity to become future safety experts. In addition:

1. Practitioners from the partner makerspaces significantly increased their understanding of how to support inclusive STEM participation among young people from unsupported communities
2. Over 400 young people were directly engaged with STEM through the project. Training provided by project partners to other organisations reached an estimated further 1,500 young people.
3. There were ten main areas of benefit to young people as a result of participation, including: 88% of young people said they gained new STEM skills and knowledge as a result of taking part; 94% of young people felt the programmes supported capacity to exercise choice, voice, ownership, and direction over their learning, making and lives; 62% of young people said they benefitted (and felt more included) by being immersed in programmes that valued diverse STEM identities.
4. In total, across phase 1 and phase 2 of the project, project partners have leveraged additional funding of over £1m (so far).

The report has already been translated into Arabic, Slovenian and Nepali for new international partners, with a view to develop more makerspaces networks in the US, Middle East, Asia and Europe.

Making Spaces in Turkey

Prior to the Turkey/Syria earthquake and its tragic aftermath, LR Foundation's "Steaming ahead with makerspaces" grant to The Educational Volunteers Foundation of Turkey (TEGV) had driven change in some of Turkey's most disadvantaged regions. LRF's funding supported the development of three maker spaces plus training and teaching of volunteers, teachers, and students, with the aim of kickstarting national change that would address Turkey's STEM education challenges. The number of maker spaces that are part of this programme has now reached 28.

LR Foundation's response to the Turkey/Syria earthquake

LR Foundation has increased current funding to TEGV by £200,000. This money will be used to support their delivery of continued quality education and psychological support to children in the earthquake disaster zone. Specifically, the Foundation is supporting a new learning unit in the city of Gaziantep, one of the 11 cities hit by the earthquake where approximately 400,000 people have migrated from other regions of the disaster zone. The new learning unit will reach 2,000 children each year. LR Foundation's funding has leveraged an additional US\$170k from Turkish Philanthropy Funds.

Small grants; a little goes a long way

An internal review of the small grants programme led to some changes in the application and reporting forms. These changes have led to an increase in the number and proportion of high-quality applications that are aligned with the Foundation's mission and have a plausible pathway to impact.

Examples of success in the last year include:

A small grant to the Worldwide Ferry Safety Association (WFSA) for research improving the detection and communication of sudden hazardous maritime weather concluded that connecting Automated Weather Systems (AWS) to Automated Identification Systems (AIS) on ships was an affordable, effective and feasible way of saving lives. WFSA activism has now secured the IMO's director of the maritime safety division, Heike Deggim's, informal support in principle. An official proposal to the IMO is also being developed by Indonesia, as is one from the Philippines, Bangladesh, Thailand, and Pakistan.

The Royal National Lifeboat Institution (RNLI) received some small grant funding that enabled them to hold the first Tanzanian Drowning Prevention Symposium, with 60 participants from Kenya, Uganda, and Tanzania plus representatives from the World Health Organization (WHO) and RNLI. Key outcomes included:

1. Recognised need for a coordinated national response to drowning. Discussions have started with the World Health Organization (WHO) on a possible role for them in convening national policy makers and stakeholders to support a coordinated response to drowning prevention.
2. The National Drowning Prevention Network (NDPN) was welcomed and several attendees at the Symposium expressed an interest in joining the NDPN. It was agreed that the aims and activity of the Network will be reviewed and revised in 2023, with the expected outcome of a Network roadmap for 2023-2024.
3. RNLI will convene researchers from East Africa and beyond during 2023, to share methodologies and consider next steps on designing sustainable drowning surveillance in a low-resource environment, with a focus on fishing safety.

A small grant to the University of Southampton to conduct a review of structural standards for small fishing vessels examined international standards (ISO, DNV, LR) alongside the current UK standard (MGN 628), which is maintained by the UK Maritime & Coastguard Agency (MCA). The MCA has shown considerable interest in the findings and have now agreed to match fund. This will allow the test fleet to be expanded and should present more robust evidence that may result in policy changes.

An education-focused small grant is supporting the creation of the first maritime academy for elementary students in Greece, at the American College of Greece. The aim is to inspire the next generation of maritime professionals from an early age through experiential learning.

Fisheries Innovation & Sustainability were awarded funding to identify training needs for Net Zero fishing vessels. The funding convened Clyde fishers and their families, boat builders, ports and harbour staff, and safety training providers with academics and regulators in the field of alternative fuels. This was the first opportunity for members of the Clyde fishing community to present their concerns regarding a safety transition to net zero in terms of operating, maintaining and refuelling fishing vessels. There is now a list of agreed 'needs' to support fishers in participating in the future safely.

More Pathways to Impact

The first full round of 'Pathways to Impact' small grants, which is an opportunity for LR colleagues to apply for up to £5,000 in support of an organisation that can further the Foundation's mission, received 30 applications from around the world. Feedback from LR colleagues has been very positive:

"It has been great to participate in the Eyesea initiative, and to put my professional knowledge into a project that not only aims to solve some of the ocean's problem but also help to empower communities in need around the world. Working together, the maritime industry can achieve incredible things."

“This project reminds me that everything we do serves a noble cause which is, in essence, the grand product of a simple thought: making the world a better and safer place for everyone. Thanks to the Foundation I feel great joy to have had the opportunity to collaborate with such a great charity organization as “The Smile of the Child” and actively support young people on their journey to knowledge.”

The very first Pathways to Impact grant was awarded via a colleague in China. Their work with the SINO-OCEAN FOUNDATION - a “Zero Carbon, Green Future” young citizen project aimed to embed a deeper understanding of carbon neutrality and sustainability. Since its launch in June 2022, the event has received an overwhelming response, with nearly 600 entries received, covering 19 cities and 102 primary and secondary schools across China.

NEST

Through the ‘Network to Engineer a Safer Tomorrow’ (NEST), which the Foundation established to extend its influence and values and support the career pathways of those funded by the Foundation, there is now a bespoke package of online training courses, in partnership with EdX.

While the Foundation will continue providing small amounts of funding to members of its Network to Engineer a Safer Tomorrow (NEST), most other activities are on hold while the most effective way of building the programme via the Foundation’s Digital Transformation Project is identified.

Future grant/programme plans for the next 12 months to June 2024

Maritime Trends Deep dives

As described earlier in this report, the work conducted by The Economist provided an insight into the global trends that will influence the future evolution of the blue economy. Over the next 12 months, the Foundation will start commissioning and publishing deep dives that explore the impact of these trends. What will these trends mean for global trade, and how will this impact safety and skills development needs?

Maritime Connected

We believe that only through hearing diverse voices from across the maritime system can it make meaningful progress in creating a safe maritime future. The Foundation will establish Maritime Connected, a platform that will uncover parts of the maritime system that are hidden and bring together global voices to understand the maritime system and its future in ways that has not happened before. With these diverse voices the work will expose ways to unblock collective challenges and take steps to achieve them.

Ocean Stewardship Centres

The Foundation is a global charity and our funding already reaches 96 countries. Much of this funding is directed via UK-based grant-holders with excellent international networks. The Foundation recognizes that it can have more impact internationally if our international funding is driven by understanding of local, in-country needs and networks. In this space, the Foundation has been developing a partnership with the UN Global Compact. The early focus of this partnership is to enable communities in a small number of countries to develop relevant capacity, capability and infrastructures for a safe and sustainable ocean industry.

During the next 12 months, the Foundation will begin implementation of ‘Ocean Stewardship Centres’, based on the work of local consultants in Bangladesh, India, Indonesia, the Philippines, Brazil, Ghana and Kenya to map key stakeholders, build a network overview, analyse political and industry ambitions, and identify gaps in local solutions. Potential focus areas for the implementation phase will obviously build on this work and can access LR knowledge, resources and understanding – from maritime decarbonisation to small grants mechanisms.

Developing skilled people/capacity in safety

By learning lessons from our SEASEP and EngineeringX programmes, and our focus on internationalisation, we will build a new Skills for Safety intervention targeting the safe building, operation and maintenance of critical infrastructure in a region of Africa.

GOAL 3 – BUILDING COALITIONS

Impact highlight

The launch of the World Risk Poll 2021 dataset resulted in 819 pieces of media coverage in 46 countries with estimated views of 12.08 million. There are now seven strategic partners with formal agreements/MOUs to help develop/disseminate the Poll, and 73 impact partners (either utilising the Poll data or engaged in its promotion).

Activities and impact

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 the Foundation funds.

Flagship campaigns: A safer ocean

Embedding safety into the maritime and wider ocean economy has been an important focus for the strategic communications team over the last year.

To highlight these challenges in a creative and engaging way, the Foundation commissioned and launched three ocean safety films 'Two Kinds of Water', 'Searchlight', and 'Salt Lines' which continued to be widely disseminated during the last 12 months. Collectively, the three films and the accompanying trailers have been entered into 136 international film festivals, winning 41 laurels to date and have been viewed over 300,000 times on the Foundation's social media platforms.

Additionally:

- Searchlight, which was produced with the Royal National Lifeboats Institution (RNLI) to highlight safety challenges during search and rescue missions is now being used as part of the RNLI's campaign to encourage new volunteers into the organisation and will be part of the organisation's bi-centenary celebrations later in 2023.
- Salt Lines, which highlights gender-related challenges in lobster fishing in Canada, won best documentary category at the Toronto Film Festival 2022 and was showcased at the US Women in Shipping and Trade Maritime (WISTA) recent annual meeting with Lloyd's Register in the Americas. It also featured at the 2023 Intrafish Future of Seafood Forum in New York – an event attended by 70 senior leaders in the seafood industry from across the world.
- Two Kinds of Water, which exposes the extreme challenges faced by fishermen in Senegal, Africa as they fight to bring food to peoples' plates in a time of climate change, over-fishing and contested waters, won best social impact film at the 2022 Discover Film awards in London. It was featured on the social purpose film platform, Waterbear as well as at the United Nations Ocean Conference in summer 2022 followed by a panel conversation with Friends of Ocean Action, the Environmental Defence Fund, WorldFish and the FAO over what is needed to keep fishers safer.

Filming for the final film in the series, 'I love you, over' which will focus on seafarer mental health and wellbeing continues and will launch in the next quarter.

COP27

COP27 took place in Sharm el Sheikh, Egypt from 6-18 November 2022 and was attended by over 45,000 people from around the world. Deemed an 'implementation' COP, the focus was on actions and initiatives being progressed since COP26. In marked contrast to previous COPs, several African countries were represented, with youth voices from around the world being heard. Official COP27 themes/topics of interest to LR and the Foundation included decarbonisation, transport (green shipping), blue finance, oceans, resilience, and capacity building for a just transition.

Our activities at COP27 ensured we had a significant presence at the event. These included our own hosted events on strategic areas of importance for the Foundation:

- *Blue & green skills needed for safe and sustainable ocean economy* delivered with WorldFish, the Just Transition Maritime Task Force and the Sustainable Ocean Alliance.
- *Building a consolidated safer maritime system centre*, hosted in partnership with the Marrakesh Partnership and the High-Level Climate Champions team as a 'Futures Lab' brainstorm.
- *Open-source data tools to build a safer ocean economy* delivered with Accenture and Hub Ocean to showcase the safer ocean prototype developed by LRF and drive private sector engagement.
- *Nature-positive engineering* with speakers from Orsted, Arup, NOC and RSBP to discuss the importance of nature-positive engineering and the need for an evidence base for future programmes.

Additionally, the World Risk Poll's Resilience Index also featured in the Resilience Hub's Interactive Zone across three days, inviting visitors to find out more about the Poll's resilience findings and explore the data.

Ten additional speaking opportunities, including panels, moderation activity and hosting events also enabled the Foundation to disseminate key messages, and more than 15 bilateral meetings were secured during COP across the LR team.

World Ocean Summit 2023

As a strategic partner as the 2023 Economist World Ocean Summit in Lisbon which took place 27 February – 1 March 2023, the Foundation and our oceans priorities were prominent across the entire event. The conference was attended by 1,362 attendees from 87 countries, with a focus on the ocean economy, maritime and shipping.

Four panel speaking slots for the Foundation's experts were delivered on '*how business is being done in the ocean*', '*engineering for a safe and sustainable ocean economy*', '*blue finance*' and '*seaweed applications*'. We also hosted an Economist-moderated private round table for ocean stakeholders on the need for a systems approach to the maritime economy as a precursor to the launch of our maritime systems initiative which will launch later in 2023 and ran a youth focused session with the Sustainable Ocean Alliance - a 6,000-strong global network – during which attendees were invited to share their thoughts on what is needed for a safer future ocean.

A dedicated Foundation stand ensured a central and visible meeting space for more than 20 bilateral meetings with other high profile ocean stakeholders to raise awareness of ocean related safety issues and discuss potential opportunities for collaboration.

Flagship campaign: World Risk Poll

Based on the 2021 World Risk Poll data, the Foundation has released four key reports over the course of the year:

- 'A Changed World? Perceptions and experiences of risk in a COVID age'
- 'A Resilient World? Understanding vulnerability in a changing climate'
- 'A Digital World? Perceptions of risk from AI and misuse of personal data'
- 'Safe at Work? Global experiences of violence and harassment'.

The changed world report was launched with a Reuters panel debate with speakers from the World Health Organisation and the University of Southern California joining Sarah Cumbers. The debate was attended by more than 100 people from around the world including policy makers, businesses and academics.

The resilience report launched at the 2022 Climate Week in New York with Sarah Cumbers presenting to a large audience of climate science and risk professionals, an in-person event at Gallup's headquarters in Washington DC and accompanying thought leadership piece and video interviews with Sarah on Climate Week's website and social channels. The article gained almost 16,000 impressions, while the videos have been viewed over 27,000 times in total.

The data and AI report was launched in partnership with the World Bank's Understanding Risk 2022 conference, for which the Foundation hosted a London Satellite Hub. The Hub consisted of a one-day conference attended by over 100 risk professionals, with a plenary session livestreamed into the Understanding Risk conference in Florianopolis in Brazil.

The safety at work report was launched with a webinar with approximately 100 attendees and the recording sent to more than 400 registrants. Strong engagement was seen during the event itself, including questions from major global corporates such as Samsung and Swiss Re, as well as from the Chair of the ISO Technical Committee on Occupational Health.

Media relations activity for the four reports has resulted in 819 pieces of media coverage in 46 countries with estimated views of 12.08 million. This compares to the WRP 2019 launch media activity which resulted in 320 articles.

With its own dedicated website, the World Risk Poll has received 77,865 website page views (209% increase over previous 12 months) from 188 countries (a 17% increase over previous 12 months), 8,800 file downloads (128% increase over previous 12 months) and 828 external references to the Poll in articles from other sources (compared with only 33 in previous 12 months). Furthermore, the World Risk Poll mailing list grew by 1,462 (to February 2023).

Between July 2022 and July 2023, speaking engagements highlighting the Poll have been delivered at the UN World Data Forum 2023 in China, the IMF Annual Meeting 2023 in New York, the Society for Risk Analysis conference in Sweden, the European Climate Change Adaptation Conference in Ireland, the Hay Literary Festival in the UK and an internal presentation has been delivered to World Bank staff.

In addition, the Foundation has delivered a webinar on violence and harassment at work to Skillsoft; has led to USAID embedding resilience data in an internal survey repository and the violence and harassment report being referenced in an EU Parliament resolution.

Communications activities has helped secure 54 applications solicited to the World Risk Poll into Action funding call.

There are now seven strategic partners with formal agreements/MOUs to help develop/disseminate the Poll, and 73 impact partners (either utilising the Poll data or engaged in its promotion)

The team has also launched two follow-up 'Focus On' reports, on migrant experiences of violence and harassment at work, and the relationship between perceptions of climate change threat and national fossil fuel dependency.

Communications and Content Campaigns

Foundation Newsletter

Engagement with the Foundation's monthly direct mail communications remains impressive with the newsletter highlighting our key stories, milestones and achievements being read by 34,893 people and achieving a higher than industry HTML open rate average of 30.66%. The Foundation now has a subscriber list of 6,022 people which represents a 19.7% increase year on year.

Website and social media

There has been continued increased engagement with the Foundation's website and social media channels through high quality, engaging content. In the last year, the website received 200,323 total views across 184 countries. Over a third of these views (39%) were a result of our press office activity and news articles published.

We have increased our Twitter and LinkedIn following to 13,838 which represents a 23% uplift on the previous year, with 790,297 total impressions secured between July 2022 and July 2023 – a significant 32.9% increase on the year before.

Our Vimeo account on which we showcase our video content has also increased engagement rates compared between July 2022 and July 2023 with 237,698 total views – a 28.6% increase and 525,459 total impressions which is a 30% increase from July 2021 and July 2022.

Media Relations

Between July 2022 and July 2023 more than 3,000 media articles have mentioned the Foundation and our work across our challenge areas. The most covered Foundation programmes and projects in the press are the World Risk Poll at 53%, followed by our funding of the Just Transition Maritime Task Force, Tim Slingsby's appointment as the Maritime Charities Group Chair and our 'Rewriting women back into maritime history' project.

Strategic events and publications

United Nations General Assembly: Ruth Boumphrey attended a CEO roundtable in September 2022 led by the Secretary General of the UN to discuss the opportunities for business leadership to rescue the Sustainable Development Goals. Foundation key messages included our strategy to raise awareness of safety issues around the world, building collaborations for action in alignment with the SDGs as well as the need to build, at pace, safe and sustainable infrastructure that supports a growing ocean economy, in a nature positive way, as part of a just transition which doesn't leave anyone behind.

'SAFE: A Collection of Works Exploring a Safer World' was open to the public in Somerset House. It was a state-of-the-art audio-visual experience produced in collaboration with award winning design and art practice Superflux. The collection imagined how shared futures will look as a result of Lloyd's Register Foundation's charitable activities. More than 1,000 members of the public attended the exhibition and gave overwhelmingly positive feedback. The exhibition has been transformed into a virtual gallery that is now being hosted on the Foundation website and through LR's internal channels. Digital content from the exhibition has been shown to LR colleagues in Singapore as part of a workshop.

Hinton Lecture - Thomas Thune Anderson delivered the annual Hinton lecture at the Royal Academy of Engineering, attended by 230 people in the room and online. With the topic 'The winds of change: engineering a greener future', the lecture focused on how engineering plays a critical role in tackling society's global challenges, including the urgent drive to net zero.

Impact Review 2022

'Together', the Foundation's Impact Review 2022, launched in early June 2023 - profiling the inspiring teams and communities who advance LRF's charitable mission of engineering a safer world and featuring ten initiatives across the organisation's global grants portfolio. Supported by the Digital Transformation Project, it is anticipated that a significantly larger audience will be reached than previous editions.

Internal Engagement

The last quarter has focused on F.I.T. to Grow, a programme integrating LR Foundation and the shared social purpose of LR. Activity has included a Leadership Summit, where CEO Ruth Boumphrey spoke directly to 100 LR colleagues and gathered feedback via polls live in the session, and a virtual conference featuring a video from Ruth that was viewed by 2,210 people across the events. The Foundation's breakout session had the highest rating of all sessions (4.1/5) with 227 attendees. The F.I.T. to Grow programme has also been supported with bespoke information packs that outline the Foundation's work and LR's social purpose, and how it is relevant to roles across LR.

Internal communication channels

- **Yammer:** Foundation posts relating to Connect articles increased in views by 77%. Significant work is going into creating dashboards for Yammer after it transitions to Viva Engage on 1 June, as this will allow us to accurately track and tag all Foundation Yammer posts, and engagement, from all colleagues, much better.
- **Connect:** We increased engagement with Connect articles by 14% between July 2022 and July 2023.
- **Communication packs:** 'Lloyd's Register Foundation and you' documents have been prepared and delivered to help colleagues understand more about the Foundation, LR's social purpose and how it is relevant to them in their role, with 100 views to date.

- ***Presentations to LR Group colleagues:*** There have now been 17 formal presentations given to LR colleagues over the last year in multiple locations around the world, including China, Copenhagen and South Korea, that either focused on, or heavily included Foundation content.

Future plans for the next 12 months to June 2024

- Identification and progression of profile raising and partnership opportunities for London International Shipping Week and COP28.
- The launch of the latest ocean safety documentary, 'I love you, over', which tells the powerful and moving story of a seafarer at sea and his family on land.
- The continuation and build of 'Maritime Connected', a maritime systems initiative exploring how to both identify and bring together the maritime industry in its broadest sense to drive forward discussion and agreement on decarbonisation.
- A refreshed brand narrative and Foundation 'story' is being prepared following internal and external stakeholder interviews and research into other charitable foundations and similar organisations. This will launch by the end of October 2023.
- A new media relations and event strategy will ensure thought leaders from the Foundation and its network will maximise opportunities to highlight and discuss safety challenges.
- Two major communications partnerships, with Visual Capitalist to create and disseminate data visualisations (the first of four on the topic of AI is already published), and with Climate Group to run resilience roundtables with their Under 2 Coalition of sub-national governments later in the year (at COP and Climate Week NYC).

HERITAGE AND EDUCATION CENTRE (HEC)

Impact highlight:

The Rewriting Women into Maritime History project launched during the last 12 months and has now attracted more than 30 partners. Its inaugural exhibition showcasing current and historical stories featured as part of the London International Shipping Week at the IMO in September 2023.

HEC's activities are designed to promote its vision: *Maritime Safety: increasing the understanding of its importance to the past, present and future ocean economy* and progress its mission:

Mission

Maritime safety has always been critical to the ocean economy. Today, as 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 policy makers, researchers and business leaders as they meet these challenges. Leveraging our connections, cashflow, heritage assets and creativity we will increase understanding across the world of the importance of maritime safety to a sustainable and efficient ocean economy.

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

Activities and impact

Rewriting Women into Maritime

A fantastic first year of our flagship diversity & inclusion project, 'Rewriting women into maritime history' attracted widespread interest with over 30 partners working to collate stories from their archives across the UK & Ireland. Organisations like Nautilus UK, Lloyd's List and eminent historians shared forgotten accounts of women in the maritime industry, placing them in the public domain for the first time.

The joint International Women in Maritime Day's press release and subsequent article in *TradeWinds* reached an estimated 168,000 online views and a combined total of 712,000 online readership in the first week. The team also spoke at events and webinars including with The Commonwealth Blue Charter to mark World Oceans Day.

She Sees, an exhibition by portrait photographer Emilie Sandy, showcasing women in maritime, past, present and future, was hosted at the IMO during London International Shipping Week to launch the international phase.

Opening of the Archive & Visitor Centre in Fenchurch Street

Detailed planning for the reopening of the visitor centre in late 2024 continues. This includes visitor experience and user needs mapping as well as operational, space planning and inventory work to ensure the collections are accessible and welcoming to all. Workflows for the reoccupation programme include the following five projects; the archive move, the library move, the move and storage of the heritage assets, the office refit, and the wider interpretation of the building and office spaces. The historic Colclutt building has now been refurbished for the 21st century and is in the process of being separated from the Richard Roger's building to allow them to operate independently.

Digitisation

Our historic rules and regulations from 1849-1976 are now freely and fully available through the HEC website, archive.org, and google books. Rules from 1834 to 1849 were originally bound within the *Register of Ships* and can be found there within the digitised online versions. This now fully complements the *Register of Ships* digitisation, as well as the Ship Plan and Survey Report Collection itself, representing a pivotal resource on the history of technical standards of safe maritime construction and maintenance.

Equally, the HEC site also houses the digitised *Missing Vessel Books* collection. As an external resource of missing ships reported to Lloyd's of London from 1874 to 1954, it constitutes a unique accompaniment to our own holdings. Our latest milestone in the digitisation work is exceeding 2 million page views on Google Books by June 2023.

Website and social media

From 1 July 2022 to 30 June 2023, the HEC website received 634,364 page views from 79,748 users across 207 countries - a 29% increase in page views and a 16% increase in users from last year. Of these, 88% of all page views for the website were for archive resources. Externally, 613 different websites referenced content listed on the HEC website.

More than 3,000 organisations across 52 countries visited the HEC website, collectively spending 386 hours on it.

- 255 Higher Education institutions visited the HEC website 3,266 times and viewed 7,862 pages. *Top five visitors include the Azusa Pacific University, University of Houston, University of Southampton, University of Reading and Newcastle University.*
- 39 Maritime organisations visited the website a total of 505 times and viewed 2,892 pages. *Top five visitors included the Maritime Archaeology Trust, Kongsberg Maritime, Northern Lighthouse Board and some of the world's largest container lines including CMA CGM and Orient Overseas Container Line Ltd (OOCL).*
- 32 Museums and Institutions visited the website 1,010 times and viewed 2,369 pages. *Top five visitors included Royal Museums Greenwich, Museums at FIT, The British Museum, Swedish National Maritime and Transport Museums, and National Maritime Museum Cornwall.*
- 15 Libraries visited the website 141 times and viewed 322 pages. *Top five visitors include the National Library of Scotland, National Library of Australia, Vancouver Public Library, State Library of Queensland and Massachusetts Historical Society.*

HEC's digital and social media efforts have shown remarkable success in reaching and engaging with new audiences. HEC's social media content received 799,729 views, an increase of more than 225,000 compared to last year. The social media platforms now have a community of over 4,500 people - an increase of 2,000 people compared to the previous year.

HEC's YouTube content accumulated a total watch time of 2,800 hours, received over 65,000 views, showing a 1,500% increase compared to the previous year's figures. This included Maritime In Miniature videos by Dr Sam Willis, a new series of interpretations opening access to ship collections around the world.

The launch of HEC's TikTok platform in March 2023 has been a viral success. The 30 videos featuring behind-the-scenes views, history of collection items, and maritime history collectively achieved 366,000 views in less than three months and the platform has attracted 1,400 users, making it HEC's second most followed social media platform.

Three HEC campaigns on Google Ads acquired 90,000 views in this period. The Mariner's Mirror Podcast run in partnership with the Society for Nautical Research generated over 350,000 downloads and was nominated for the prestigious Babcock International First Sea Lord's Award for Best Use of Digital Media.

Research & Grants

Threats to Our Ocean Heritage

A £413,000 grant has been made to The Ocean Foundation (TOF), a US not-for-profit 501(c)(3) community foundation for the ocean and one of the few ocean NGOs which focuses on both ocean stewardship and maritime cultural heritage together. The grant will support TOF in convening an expert community to bring together and publish three volumes that synthesise evidence of the threats to underwater cultural heritage from: trawl fishing; potentially polluting historic wrecks; and deep-sea mining. The aim is to engage international stakeholders that can affect urgent change to safeguard underwater tangible and intangible heritage. TOF will also convene a series of four expert workshops to address the issue of management of potentially polluting legacy wrecks – an increasingly urgent issue in terms of ocean safety and sustainability. Key partners will include International Committee on Monuments and Sites and The International Committee on the Underwater Cultural Heritage (ICOMOS-ICUCH), the UN Ocean Decade Heritage Network and the Waves Group.

Global Maritime Histories: Case Studies for Change for a Safe Sustainable Ocean Economy

A grant of £289,000 to the International Congress of Maritime Museums (ICMM) will see them begin a six-year research and public engagement project with member and non-member partners in its global network. This project will deliver new, authoritative perspectives into the urgent debate about how to address global safety challenges facing the maritime economy. The outputs will be accessible through the combined outreach programmes of over 120 member museums. The research will support three public engagement strands: to develop the global maritime museum network so that the local voice can be heard in a global context; to encourage ocean literacy in maritime museum visitors worldwide so that they are equipped to understand “our individual and collective impact on the Ocean and its impact on our lives and wellbeing; and to equip policy stakeholders with new insights and case studies of past successes and lessons learned.

Imperial War Museum (IWM) Curator of Safety Innovation

This five-year £500,000 grant, awarded in the prior year, to appoint the IWM Curator of Safety Innovation will enable them to extract insight from IWM's vast, global collections into the process of knowledge exchange and technology transfer between military and civilian uses, with specific reference to safety innovation. The ambition is to then engage the public and stakeholders in learnings, with a view to improving safety today and in the future. The new Curator, Rob Rumble was formerly Curator of the HMS *Belfast* and he brings a great range of experience to the new position.

Curator of Contemporary Maritime Impacts and Creating Ocean Citizens for a safer world

A new five-year grant of £1m has been awarded to continue support of the role of Curator of Contemporary Maritime Impacts at the National Maritime Museum (NMM). Senior Curator, Laura Boon, along with her Assistant Curator Aimee Mook, have been working to enhance public awareness and understanding of the connections between maritime history and contemporary maritime issues. Progress has been made through speaking engagements, the collection and digitisation of oral histories, and leading events such as the Ice Worlds Festival. The curator's work aims to engage diverse audiences, challenge perceptions of maritime heritage, and promote a greater understanding of the interconnectivity of contemporary maritime issues. Through this renewed grant activity, they will create active ocean citizens; using collections to learn from the past, understand the present and inspire the future.

Lloyd's Register surveyors in China, 1869-1918

A grant of £90,000 which was awarded in April 2021 to Corey Watson for a doctoral-level research project at the University of Portsmouth, focuses on Lloyd's Register's (LR) operations in China between 1869 and 1918. The project aims to assess the influence of LR and its surveyors on international perceptions of health, safety, and risk management, as well as their impact on local infrastructures and cultural knowledge. Visiting scholarships for Cory will be hosted by Hong Kong Baptist University (HKBU) and Dalian Maritime University (DMU). The research progress so far has uncovered insights into survey offices, surveyors' roles, cultural exchange, and the impact of family life on British migrants in China. Additionally, the project has organized a postgraduate workshop, a conference in Hong Kong and won awards for related research on maritime history and heritage.

UN Ocean Decade Cultural Heritage Framework Programme

The Cultural Heritage Framework Programme (CHFP), led by the Ocean Decade Heritage Network (ODHN), has previously been awarded a grant of £374,000 for the period of 2022 to 2026. The CHFP is a global platform that brings together maritime heritage, ocean science, and policy stakeholders. CHFP's focus on maritime heritage aligns with our vision to support a safe and sustainable ocean economy. By fostering communication between heritage stakeholders and marine science professionals, policymakers, and traditional communities, the CHFP contributes to the overall coherence of cultural heritage-related actions throughout the UN Decade of Ocean Science for Sustainable Development. Progress includes the recruitment of a Secretariat, development of digital platforms, provision of technical advice, organization of webinars and workshops, and addressing imbalances in gender, generational, and geographic diversity. The CHFP's efforts are expected to contribute to a significant improvement in ocean safety and sustainability by 2030.

Rescued Lives PhD

In March 2023, Lloyd's Register Foundation approved a £20,000 grant to the University of Plymouth. The funding provided support for a three-year PhD project to understand the use of creative writing and theatre dramatics to interpret the oral testimonies of shipwreck survivors. The student, Dan Jamieson, began the PhD at the beginning of April and met with the HEC team in May 2023.

Women in Shipbuilding

In March 2023, we awarded £50,000 to Historic England (HE) as part of the Rewriting Women into Maritime History initiative. By November 2023, HE will bring together IWM collection photographs from the First World War of women in shipbuilding and marine engineering in northeast England to create a public exhibition on Tyneside, supported by a media release, social media and online content. The exhibition will be accompanied by request for people to get in touch with family/community photographs, documents, memorabilia, and stories of women in shipbuilding; this material will be recorded and curated. The project aims to boost awareness of the role that women played in shipbuilding and marine engineering in Northeast England during the First World War, which will encourage women's careers in marine engineering in future.

CITiZAN: Widening Access to HEC resources through citizen science and Coasts in Mind

In the second half of 2022, efforts were focused on wrapping up the project, including organizing the archive and finalizing commitments with partners. A proposal for a Coasts in Mind project was developed to address the legacy of CITiZAN, drawing inspiration from the work conducted over the past four years. The CITiZAN data from July 2015 to July 2022, including 3,878 features and 5,761 images, was deposited with the Archaeological Data Service (ADS) at the University of York.

Data collection is ongoing with future plans to submit new data to the ADS for archiving and distribution to Historic Environment Records (HERs) in 2023. The Museum of London Archaeology proposed to commit the underspend of £15,485 to the CITiZAN Coasts in Mind project (development phase) as match funding, used to directly support the 16–25-year-old Community Citizen Scientists to engage with LRF HEC archive to find images and documentation which demonstrate changes in and around their community coastline.

Thomas Chapman Scholarships

Our grant of £166,000 awarded in 2018 to the Lloyd's Register Foundation Thomas Chapman Scholarship, includes two PhD projects. The first focuses on LR's 19th Century management of quality and risk, considering the broader theme of improvements in international merchant shipping safety. The other covers Lloyd's Register's character at the port of Hull over a century, filling in gaps in literature on the Society's presence at provincial ports, its involvement in the trawling industry, and the surveyor's role in ensuring seagoing quality and providing a framework for the construction of safer vessels. The projects, managed by the University of Hull in collaboration with LRF HEC, aim to enhance public understanding of risks at sea and explore how those risks can be managed through behavioural and policy changes. The findings of both projects have shed light on LR's historical role in maritime safety and provide valuable insights for improving safety in fishing globally. The scholars have engaged with the public through outreach events, presentations at conferences, and collaborations with the local community in Hull.

Hindsight Perspectives for a Safer World

In June 2023, History & Policy's grant (awarded in 2021, £122,000) was completed. This project delivered three hindsight reports authored by academic historians, with two promoted through webinars and social media. The reports looked at reducing the dangers of dock work in the UK, a history of Lloyd's Register surveyors and an examination of the development of maritime governance across centuries, exploring how this has shaped the approach of the international community to the management of modern risks and the global commons in the maritime sector today.

Future plans for the next 12 months to 30 June 2024

The main objectives are:

Partnership activities:

- As an official partner, LRF HEC is supporting Unpath'd Waters with its digitised resources, with the aim to develop shared metadata standards between organisations in the UK and beyond. Unpath'd is working to make maritime collections of different organisations findable, accessible, interoperable and reusable. The project is also developing cross-institutional data standards and cataloguing practices to achieve interoperability and mapping the metadata from different institutions to allow for different research approaches. Archival data obtained from LRF HEC's collections, including the newly digitised Missing Vessels Books, will support underwater archaeology research and improve on current knowledge of shipwrecks, their identification, long-term integrity and potential risks of pollution.

Collections

- **Catalogue and Digitisation Microform Project:** HEC has accepted a proposal for a long-term cataloguing and digitisation project of LR marine technical surveying records held in microform to develop and future-proof the Lloyd's Register Foundation's archive. These materials will follow on from the completion of Project Undaunted last year, providing us with data from the 1960s/70s onwards. It is believed to comprise an estimated upper limit total of 52,500,000 images, equating to approximately 26,274,517 individual archive items. Housed within HEC's new Archive Management System, Digital Asset Management System and Digital Preservation System, secure public access is provided to unrestricted items in line with LR's Public Access Policy. This project is not only a commitment to the preservation and celebration of LR's history and heritage but will open access to an unprecedented dataset on safety, incident and risk at sea.

- **Inventory and Archive Site mapping:** The archive team have now completed a project to list and describe the contents of LR boxes stored at the Stockroom London, Woolwich Arsenal. Over 3,500 boxes have been listed on the inventory, including library material comprising over 60,000 volumes. This work represents a key milestone in the establishment of full intellectual control over archive, library and heritage material. It lays the essential foundation for a process of appraisal, prioritised conservation, cataloguing, targeted archive acquisition and wider resource planning for the future. Already, this inventory progress has actively informed efforts at creating a holistic hierarchically arranged archive sitemap structure for the Lloyd's Register archive as a whole. This organises all holdings into core series, sub-series, files and items, offering the maximum control for their continual management. Furthermore, this unique structure enables direct access to archive holdings for users, in line with leading industry standards. This process future proofs the archival collection for ingestion into the Archive Management System currently being procured.

- **Procurement of Archive, Library and Collection Management System:** As a part of the wider Digital Transformation Project aimed at improving and modernising the Foundation's digital estate, HEC is in the processing of procuring an integrated Archive, Library, and Collection Management System. This procurement, along with digital asset management and a digital preservation system will ensure that the Foundation's collections are supported by workflow driven procedures and activities and to the highest industry standards. Not only will this enable greater structured management of archive, library and heritage assets, it will provide the platform for structured internal and external access, as well as a permanent deposit for ongoing accruals. With a budget of £150,000, excluding ongoing maintenance and storage costs, the timeline for development and implementation is currently estimated at September/October 2024.

- **Future digitisation of collections:** Our first digitisation priority will be the scanning, image enhancement and Optical Character Recognition (OCR) processing of the Lloyd's Register Staff Association and Technical Association papers. These items began in 1920 and have continued until the present day. They consist of valuable articles discussing key maritime and engineering developments within the industry. Subsequently, we will digitise the Lloyd's Register of Yachts series spanning the years 1878 to 1980. These books will complement our already digitised Register of Shipping books, thus enriching our resources for researching our maritime heritage.

- **Digital Transformation:** The Digital Transformation Discovery Phase, supported by our agency partner Numiko, was completed to time and budget in April 2023. The seven-month Discovery project saw a new digital vision outlined for the Foundation as well as extensive research into our current and future audiences, digital Key Performance Indicators (KPIs), technology and integration, and the digital maturity of the organisation. During Discovery, the Foundation's digital team also optimised the existing estate using minimal budget or support. This included:

- Full search engine optimisation (SEO) audits of all current Foundation websites to improve accessibility and search engine rankings of these sites. In total, over 930,000 SEO tweaks have been made which has seen domain authority scores (the quality ranking Google and other search engines provide) improve across all existing microsites. Regular SEO audits of the estate are now in place to ensure we are compliant with basic SEO principles. We have also adopted an SEO readability assessment for all external communications.
- Successful migration of all sites to GA4, the new suite for Google Analytics. This allows us to place better customised events and website traffic metrics on our websites; whilst also retaining historic website data of all sites from Universal Analytics
- Full migration of all Foundation publications from gated Pardot areas to Episerver, resulting in better accessibility and searchability through search engines
- Audited the existing estate for its digital carbon footprint, revealing various poor content management practices adopted by the existing estate
- Organised training for Foundation colleagues on subjects including SEO principles, GA4, Episerver, Pardot, Copywriting for SEO, SEMRush and Google Ads
- Developed and improved the Board of Trustees dashboard, utilising Looker Studio to produce more automated, interactive and interrogative data visualisations

A multi-year roadmap for an Implementation Phase received Board approval in June 2023 and began in July 2023. It is anticipated that this will deliver 20 times the current number of people visiting the Foundation website, a potential digital audience of approximately 9.3m people and a doubling of the engagement metrics of our digital estate within the first six months of implementation.

LONGER-TERM PLANS BEYOND JUNE 2024

The Foundation's current five-year strategy ends in June 2024. Led by Chief Executive Ruth Bounphrey, an evolved strategy for the next five years from July 2024 to June 2029 will be devised and shaped to built on the successes achieved to date and to ensure we are in a prime position to further our impact in the coming half decade in an ever-changing world.

During this time, 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 in the areas where it is most needed.

Population growth, climate change, the energy transition, and technological innovation continue to bring us new challenges and opportunities as we continue to drive forward our mission to engineer a safer world for the benefit of society.

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 4 to 29.

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 55.	<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 in respect of the Maritime Decarbonisation Hub, a project in conjunction with Lloyd's Register Group Limited and updates by Lloyd's Register secondees to the UN and other partners. This enabled Trustees to have direct access to the beneficiaries of one 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 Korea. During the visit, Trustees met with Professor Yong-Hwan Kim from Seoul National University and Professor Jeom-Kee Park from Pusan National University and attended presentations regarding their projects with Lloyd's Register funding.</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 (i) the opening of a showcase celebrating the Foundation's ten-years of working to make the world a safer place, where the Foundation had commissioned, in collaboration with Superflux, an audio-visual experience called SAFE, which comprised a collection of works imagining how the future will look as a result of the Foundation's work. The ten projects featured in SAFE were supported by Foundation funding, and harnessed science and engineering to provide innovative solutions to the world's greatest safety challenges - from food scarcity and water infrastructure, to big data and the future of automation; and (ii) the official UK book launch of 'The Seaweed Revolution', written by the Foundation's Vincent Doumeizel, which provides a vision for a safe, sustainable and scaled-up seaweed industry, to help provide answers to the world's agricultural crisis, address climate change, tackle poverty and contribute to a growing ocean economy. The Foundation is a founding partner of the Safe Seaweed Coalition. This enabled the Trustees to see the funding in action and to understand the benefits and challenges of projects more fully.</p>	
<p>Workforce The Foundation defines its workforce as its employees and subcontractors.</p>	
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 (41) when compared to Lloyd's Register Group Limited (circa 3,700 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>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 it does to create a sense of belonging for staff and also the 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>
<p>How the Board has taken account of these interests / Outcome</p> <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> <p>In July 2022, the Chairman joined an all staff meeting to meet staff and to provide insights on his career, the creation of the Foundation and the journey it had been on over the past ten years.</p>	
<p>Customers The Foundation does not have customers, as such, but for this purpose regards the beneficiaries of its grants as customers</p>	
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>
<p>How the Board has taken account of these interests / Outcome</p> <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> <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.</p>	
<p>Suppliers Lloyd's Register's suppliers are those stakeholders from whom LR receives goods and services</p>	
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.	At each Board meeting, there is a report on the activities of the Foundation's Grants and Direct Charitable Activities Committee. At each Board meeting there is a presentation by a beneficiary of one of the Foundation's large grants on their activities. During the annual joint boards' site visit, Trustees meet with beneficiaries of the Foundation's grants wherever possible. Trustees are invited to events connected with the activities of the Foundation.
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 pages 30 to 31.	
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
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. What society expects of us: - Corporate responsibility - Trusted advisor to our industries promoting safety and efficiency.	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.
How the Board has taken account of these interests / Outcome	
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. 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 pages 47 to 54). During 2021 Lloyd's Register signed up to the UN's Business Ambition for 1.5C and joined the Race to Zero in the lead up to COP26.	

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.

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.

The actions taken by the Lloyd's Register Group on ESG factors are reported in a separate publication on www.unglobalcompact.org.

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. Customers care about: <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 2023 of £32.5m (2022: £15.3m) consisting of income from its listed investments and gift aid donations from LRG.

Income of £32.5m (2022: £15.3m) comprised £22.0m (2022: £7.0m) of donations from the Trading Group and £10.5m (2022: £8.3m) of income from the return on the investment portfolio.

The Foundation had total expenditure of £27.1m during the year to 30 June 2023 (2022: £21.3m). The increase in expenditure reflects increased grant awards.

Lloyd's Register Foundation	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Gift aid donations from Trading Group	22.0	7.0
Income from listed investments and other resources	10.5	8.3
Total income	32.5	15.3
Investment management costs	(0.9)	(0.8)
Charitable activity costs	(26.2)	(20.5)
Total expenditure	(27.1)	(21.3)
Net losses on listed investments	(2.6)	(26.5)
Net income / (loss) and net movement in funds	2.8	(32.5)

Charitable expenditure of £26.2m for the year (2022: £20.5m) includes grants of £20.2m (2022: £14.7m) which are discussed further in this Trustees' Report.

The Group Financial Review can be found on pages 79 to 80 and forms part of this Strategic Report.

Subsidiaries: Social Investment

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

LR is 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 Organization (IMO) to devise international safety standards such as the Ballast Water Management Convention and helped the International Labour Organization (ILO) devise the Maritime Labor 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 that 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.

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. While acknowledging the social benefits of the Trading group, they are also expected to provide a financial return to help fund the 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 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 the COP conferences.

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 Maritime Risk Management Limited.

LR employees supporting the organisation's charitable ethos in their local communities – the key initiative in this area is the LR Pathways to Impact project. Other examples include Mercy Ships (Rotterdam) and Hellenic Marine Environment Protection Association (Greece).

During the year the Trustees commissioned an independent organisation to strengthen and support this ongoing process. In July 2022, a Technopolis report, 'Evaluating and Measuring Lloyd's Register Group's contribution to the charitable purpose of the Lloyd's Register Foundation' was shared with our stakeholders. This looked at Lloyd's Register Group Limited and Lloyd's Register Foundation's joint work through the lens of 'profit with purpose', and proposed six pathways for social impact, covering 72 indicators of success. A 'social value sheet' has now been created to measure and articulate the social value of Lloyd Register's commercial work through 1) products and services, 2) advisors or observers, 3) leading by example and 4) pathways to impact. We are now working to prepare a more detailed way forward with stories identified which showcase our social value and the pride colleagues feel in the difference their work makes.

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. £100.0m of the endowment can only be converted to income from late 2025 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 £308.6m of which £289.1m is held in an expendable endowment as at 30 June 2023.

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 adjusted until at least the full actuarial valuation as at 31 March 2025 has been approved, with possible further extensions to 2034. During that period, there is a contractual obligation to transfer an amount not exceeding £100.0m 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 2023, the Foundation had unrestricted funds of £19.5m (2022: £13.3m). Of the £308.6m total funds (2022: £305.8m), £40.1m is invested in the Trading Group (2022: £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 of Trustees 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 2.7% (2022: (5.7%)). This comprised an income yield of 3.6% (2022: 2.6%) and a capital yield of (0.9%) (2022: (8.3%)). 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 continues to execute its strategy, evaluating areas for collaboration as well as relevant acquisitions, recognising the importance of working with others as the industry addresses issues such as the maritime energy transition.

Digital transformation runs through the Trading Group's operations, delivering a better service for clients by providing better tools for existing services, creating new opportunities, and allowing greater visibility and insights for The Trading Group and its clients to optimise operations. Tools such as these facilitate deeper engagement with clients and allow a greater understanding of their opportunities and challenges, and how the Trading Group can work with them to address these.

The accelerated investments in people, process and technology to optimise the client experience and ensure global consistency in service delivery which has enabled the Trading Group to support more clients via its new digital tools such as Digital Workbench, a platform providing greater visibility and connectivity to its services. The Trading Group is also working with partners to develop the frameworks needed to leverage data on ships to enhance survey work.

The Trading Group's Marine & Offshore business delivered a positive performance during the year, increasing its fleet size and global position in new construction thanks to its expertise across vessel types as well as investments in capabilities in new fuels, and leading position in the LNG tanker segment.

The Trading Group's Professional Services practice has also grown to meet demand for business and technical advisory as clients seek actionable energy transition strategies for their fleets.

The Trading Group's Digital Solutions business has been transformed with the acquisition of OneOcean, marking a significant step in the Trading Group's ambition to be the maritime industry's trusted adviser of choice for compliance, safety and sustainability solutions.

Financial results

Summarised consolidated financial information as disclosed in the Trading Group's consolidated financial statements for the year ended 30 June 2023 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 and Lloyd's Register Foundation Remuneration Committees. 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, the Senior Independent Director of IMI plc and a Non-Executive Director of BW Group Limited. 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 and Member of the Almshouse and Charities Committee of the Company of Watermen and Lightermen of the River Thames, and an Honorary Visiting Professor at the Bayes Business School, City University. Lambros was appointed Senior Independent Trustee of Lloyd's Register Foundation in September 2015 and was Chair of the Grants and Direct Charitable Activities Committee until 22 June 2023.

Andreas Sohmen-Pao (appointed 26 June 2018)

Andreas Sohmen-Pao is Chairman of BW Group and its listed affiliates, BW Offshore, BW Energy, BW LPG, Hafnia, BW Epic Kosan, BW Energy and Cadeler. He is also Chairman of the Global Centre for Maritime Decarbonisation in Singapore. Andreas was previously Chairman of the Singapore Maritime Foundation and has served as a non-executive director of The Hong Kong and Shanghai Banking Corporation Limited, Navigator Holdings, the London P&I Club, National Parks Board Singapore, Sport Singapore and the Maritime and Port Authority of Singapore, amongst others.

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 the Civil Service, Una has served as a trustee on charitable and higher education boards; she recently completed a term of office as a trustee of Macmillan Cancer and as a Council member of the London School of Hygiene and Tropical Medicine. Currently Una is a member of the Board of Visitors at the Ashmolean Museum, University of Oxford. . Una was appointed as a member of the Audit, Risk and Investment Committee on 29 September 2022. On 30 September 2023, Una was appointed Chair of the Nominations Committee and a member of the Lloyd's Register Group Limited and Lloyd's Register Foundation Remuneration Committees.

Sir Peter Gregson FEng (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. Peter was appointed Chair of the Lloyd's Register Foundation Grants and Direct Charitable Activities Committee on 22 June 2023.

Marina Wyatt (appointed 1 January 2023)

Marina was appointed as a Non-Executive Director of Lloyd's Register Group Limited and a Trustee of Lloyd's Register Foundation on 1 January 2023, and Chair of each of the Lloyd's Register Group Audit and Risk Committee and the Lloyd's Register Foundation Audit, Risk and Investment Committee from that date.

Marina has more than 25 years of experience in senior finance leadership roles as Chief Financial Officer of UBM Plc, TomTom NV, Colt Telecom Plc and Psion Plc. Marina is currently the Chief Financial Officer and an Executive Director of the Board of Associated British Ports. Marina is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a geography degree from Cambridge University.

Rani Koya (appointed 1 April 2023)

Rani was appointed as a Trustee of Lloyd's Register Foundation and a member of its Audit, Risk and Investment Committee with effect from 1 April 2023. Rani has more than 25 years' experience internationally in a variety of technical, project management and executive management roles for companies including Shell International, Hess and Tullow. She has led multi-billion dollar projects across the globe from unconventional shales in the US to oil developments in East Africa. Between 2017 and 2020 Rani was Chief Petroleum Engineer at Tullow.

Rani is currently the Chief Executive Officer of OGL Geothermal Limited, a Non-Executive Director of EnQuest plc, Chair of its Safety, Sustainability and Risk Committee and a member of its Technical and Reserves Committee. She is a Fellow of the Institution of Mechanical Engineers and a Fellow of the Energy Institute. She has a degree in Engineering Science from Durham University and an MSc in Public Policy and Management from the University of London School of Oriental and African Studies.

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 for the purposes of succession planning, which has enabled them to oversee recent changes in the composition of the Board of Trustees and its Committees and to provide continuity and support following the recent change in Foundation Chief Executive.

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 and was carried out by Leadership Advisor Group.

During the year under review, the Board evaluation was carried out internally by way of a questionnaire and individual confidential conversations with the Chairman. The questionnaire covered key governance matters, including the effectiveness of the Board and Committee meetings, oversight of risks, the execution of strategy, working with executive management, working with the Board of Lloyd's Register Group Limited, the effectiveness of the Chairman, and the Board composition and skills. The meetings with the Chairman discussed Board effectiveness and the future development of the Board and its operations.

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 to consider ways in which opportunities can be created within the existing schedule of meeting commitments for the Trustees to engage in more strategic discussions.

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 ¹²	Audit, Risk and Investment	Nominations	Remuneration ¹
Thomas Thune Andersen ⁶	Trustee	Chair	—	—	Member	Member
Rosemary Martin ²	Trustee	Member	Member	—	Chair	Member
Carol Sergeant ³	Trustee	Member	Member	Member	—	—
Lambros Varnavides ⁶	Trustee	Member	Member	—	—	—
Andreas Sohmén-Pao	Trustee	Member	—	—	—	—
Una O'Brien ⁷	Trustee	Member	—	Member	Chair	Member
Peter Gregson ¹³	Trustee	Member	Chair	—	—	—
Marina Wyatt ⁸	Trustee	Member	—	Chair	—	—
Rani Koya ⁹	Trustee	Member	—	Member	—	—
Paula Haynes ¹⁰	Independent	—	—	Member	—	—
Allan Whalley ¹¹	Independent	—	—	Member	—	—
Michelle Davies	Company Secretary	—	—	—	—	—
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 Mark Kelsey, a Non-Executive Director of Lloyd's Register Group Limited with effect from 30 September 2023 as successor to Chris Finlayson, who resigned on 30 September 2023.

² Resigned 30 September 2023.

³ Resigned 31 December 2022.

⁴ Appointed 1 July 2022 as Foundation Chief Executive.

⁵ Resigned 1 January 2023 as Chair of the Audit, Risk and Investment 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 Appointed as a member of the Audit, Risk and Investment Committee on 29 September 2022; appointed as Chair of the Nominations Committee and a member of the Remuneration Committees on 30 September 2023 as successor to Rosemary Martin who resigned on 30 September 2023.

⁸ Appointed 1 January 2023 as a Trustee and as Chair of the Audit, Risk and Investment Committee.

⁹ Appointed 1 April 2023 as a Trustee and as a member of the Audit, Risk and Investment Committee.

¹⁰ Appointed 1 April 2023 as a member of the Audit, Risk and Investment Committee.

¹¹ Resigned 1 April 2023 as a member of the Audit, Risk and Investment Committee.

¹² The Committee Chair invites two additional Trustees to be members of the Committee. One is invited to sit on the Committee for a three-year term of office (renewable); the other for 6 months. During the year, Sir Peter Gregson held the three-year appointment and Carol Sergeant (one meeting) Rosemary Martin (3 meetings) held the 6-month appointment.

¹³ Appointed 22 June 2023 as Chair of the Grants and Direct Charitable Activities Committee as successor to Lambros Varnavides, who remains a member 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

Lloyd's Register Foundation is 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 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.

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 has a risk sponsor and owner;
- 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; and
- a risk evaluation scale is used to ensure a common approach and consistency when assessing the impact and likelihood.

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

- Board risk deep dives at every meeting;
- Inclusion of the LRF Risk Register in Board papers for every meeting; and
- LRF's Risk Register undergoes regular updates, which are presented in a Risk Update paper at each ARIC meeting.

Key Risks

As of 30 June 2023, the Risk Register contains a total of 15 risks categorised into four strategic, seven operational, and four compliance risks. Eight key risks are identified below, each accompanied by a description of the current mitigating controls. These controls effectively reduce the gross risk score to the net risk score. A continuous focus is maintained on enhancing the control environment, which serves to align the net risk score with the target scores.

Risk	Mitigation
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	<ul style="list-style-type: none">• Review by Audit, Risk and Investment Committee with active management and frequent reporting by third party investment managers.

<p>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"> • 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</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.

<p>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"> • 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. • New HR and People Development Manager provides senior-level support for HR, learning, and people development initiatives.
<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.

Overview of climate-related financial disclosure

The principle climate change related risks and opportunities arise in the operations of the Trading Group. The below summarises the disclosures applicable to the Trading Group and the Foundation.

We are mindful that our planet provides precious resources for us to operate our business, and we are committed to reducing our impact on the environment.

During the year, LR has appointed a new Head of Sustainability as a critical driver of climate risk analysis. Their appointment has facilitated a comprehensive review of the Group's operation and processes relating to climate risks and opportunities. This prudent approach aimed to enable accurate and insightful climate risk assessments that align with our commitment to thoroughness and quality. New climate standards require documented approval by the board of their consideration. These will be documented in the following financial year.

We are aware of substantial risks and significant opportunities posed by climate change for the sector and LR, and we are continuing the journey to assess and analyse LR's climate-related governance; existing strategy; risks, opportunities; and metrics and targets to address climate change. This reporting year (FY22/23), we have developed our first climate-related financial disclosure to document our understanding of the impact of climate change on our operations. This will help to identify any gaps in our resilience to climate change impacts, enhance our climate-related governance and, where necessary, will be formally incorporated within our business strategy.

We have an ambition to deepen and expand our approach and reporting in the following financial years to include a detailed climate scenario analysis to assess the risks and opportunities to our business.

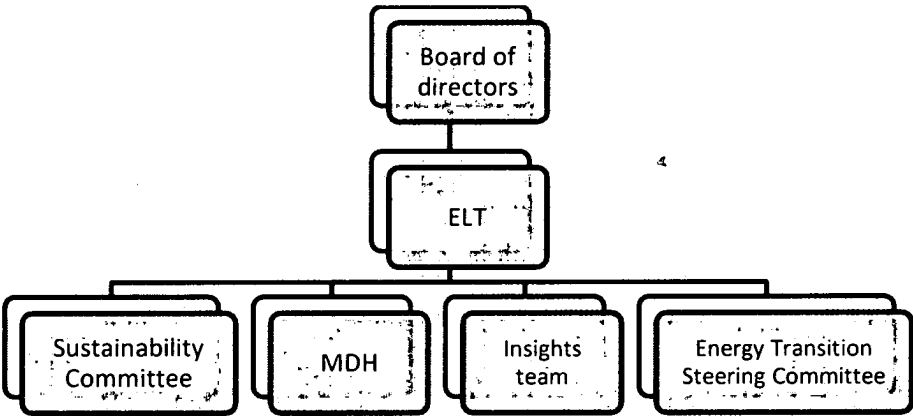
1. Governance

Details of the Board of Trustees can be found on pages 40 to 41. The Chairman and one of the non-executive directors of the Trading Group were members of the Board of Trustees during the year. At each Foundation Board meeting these Trustees update the Board of Trustees on the climate related risks and opportunities facing the trading group and the discussions held by the directors of the Trading Group on climate related issues. The Board of Trustees sit above the Board of directors illustrated in Figure 1 below.

LR has considered climate-related risks and opportunities at length in relation to the industry, clients and services. We are aiming to expand our assessment of climate-related risks and opportunities by conducting a climate scenario analysis of our operations. To do so, LR will formally embed climate-related governance into the existing governance processes in FY23/24.

The Group and the Foundation are contributing to the shipping industry's energy transition including through the Maritime Decarbonisation Hub (MDH), which enables a safe and sustainable roadmap to a net-zero maritime sector.

Outlined below is our climate-related governance structure.



1.1. Board-Level Oversight

The LRG Board of Directors and the ELT work collectively, to govern and guide the actions of LR. The Chairman and one of the non-executive directors who were also Trustees during the year would update the other Trustees on climate-related discussions held by the Board of Directors of the Trading Group at the Foundation Board meetings.

Board members receive updates on the work of the MDH, which has regular discussions about climate-related matters. The board's oversight of the activities of the MDH has increased their understanding and knowledge of climate-change issues posed to the industry.

The LR Board of Directors receives regular updates from ELT members on key operational matters and key risks, and Quality, Health, Safety and Environment is a standing agenda item for each Board meeting. During the year under review, the Board received an update from the Chief Marketing Officer on the LR Group's Sustainability Programme, which has climate-related topics incorporated within.

1.2. Executive Leadership Team

The Executive Leadership Team considers climate-related issues in relation to our business, more specifically in the relevance to the impacts of climate change on the shipping industry overall and consequential risks and opportunities for LR. Information for thorough and informed climate-related decision-making is provided by the Sustainability Committee, the Energy Transition Steering Committee, the Insights Team and the activities of the Energy Transition Program, the MDH, The Silk Alliance and the Zero carbon fuel monitor.

Next reporting year we aim to further incorporate, where possible, climate-related issues when reviewing our business strategy, targets and major plans of actions.

1.3. Sustainability Committee

We ensure compliance with internal governance of sustainability and climate-related matters through our Sustainability Committee, in collaboration with third-party ESG specialists.

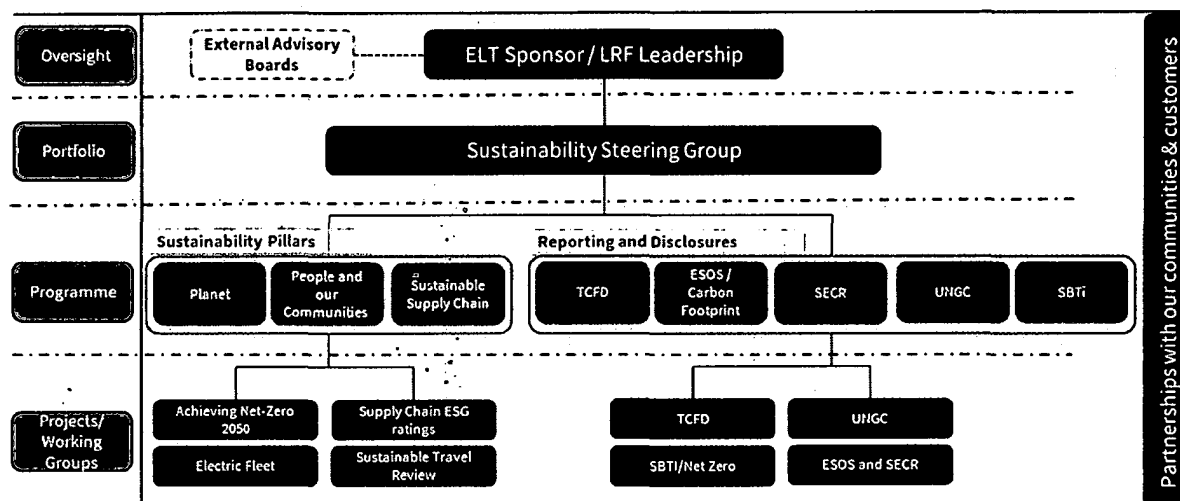
The Chief Marketing Officer is the Chair of the Sustainability Committee which meets quarterly, identifies and oversees all sustainability-related matters, including climate change and is actively involved with MDH.

The Sustainability Committee guides LR's sustainability program, including climate change issues. The committee promotes transformational change throughout the company and its partnerships (see section 3.2).

- The committee assesses its KPIs against five indicators:
- Sharing net-zero priority areas.
- Travel data.
- Understand the UN Sustainable Development Goals (SDGs) that are material to business and the associated KPIs.
- Alignment to climate-related financial disclosures.
- Updates around Electric Vehicle transition plans.

We communicate our progress internally and externally on a quarterly basis in the form of Sustainability Committee meetings. In the next financial year, the climate-related disclosure will be developed in collaboration with the Sustainability Committee, and external consultants, to conduct a formally documented climate scenario analysis and climate risk assessment of LR's operations across multiple timelines. These timeframes are based on their potential impacts on our business, strategy and financial planning; short-term (2023-2027), medium-term (2027-2037), and long-term (2037-2052).

Figure 2: Governance of the Sustainability committee



Key: TCFD - The Taskforce on Climate- Related Financial Disclosures / CF - Climate- Related Financial Disclosures
 ESOS - Energy Savings and Opportunities Scheme
 SECR - Streamlined Energy and Carbon Reporting
 UNGC - United Nations Global Compact
 SBTi - Science Based Target Initiative

2. Risk Management

We ensure the resilience of LR by operating an effective Governance framework. Potential climate-related risks are considered at a group level and have been incorporated into our operations and contextually included in the LR's Risk register. LR considers both internal and external risks, evaluating each risk in accordance with a defined scale, to assure consistency in the evaluation methodology followed across the entity.

The main elements of LR's risk management framework for evaluating, categorising and presenting risks are described in the Risk Management section of the strategic report (see page 44).

Climate change is not currently considered as a principal risk. Scenario analysis will be used as part of the risk assessment for FY23/24 and will be reviewed following this assessment.

2.1. Identifying and assessing climate-related risks

The Board is responsible for the oversight of the risk management framework for the identification and assessment of risks. New risks are identified and feedback passed to the ELT through the matrix system of internal discussions with essential personnel in the different business areas, key account manager's network, segment directors and other stakeholders. These are then incorporated into the risk register, as appropriate.

For climate-related risks, we have procured an external consultant, to help us formally document our understanding of the risks and opportunities this financial year. During the next financial year, they will continue to assist with detailed climate scenario analysis, which will document a comprehensive, long-term picture of the potential impacts. The findings will be discussed during the next financial year at the ELT-level workshop and integrated into the general risk management process.

The completed climate risk register will be presented to the Board in 2024 for approval.

2.2. Taking action to mitigate our climate-related risks

We are aware of potential climate-related risks and have incorporated these into our operations and contextually included in the Risk register. During the next financial year, we will develop a standalone climate-related financial disclosure, which will document a structured and comprehensive approach to understanding, assessing, formalising and planning mitigation actions for the risks identified from the proposed climate scenario analysis.

The range of our initiatives outlined in section 3.1, outlines the various approaches that we have adopted, to ensure business resilience towards potential impacts of climate change.

3. Strategy

3.1. Our Approach

Climate change is a strategic issue that drives the transition to a low-carbon economy and provides a variety of opportunities for LR to strengthen and expand its business operations. It is the core of our business and presents risks and opportunities for our operations. The maritime sector's goal is to align with a 1.5°C path in accordance with the Paris Agreement. Achieving this objective will depend on rapid technology development, available financing, proactive policy and legislation, overall industry demand for scalable zero-emission fuels and an equitable attitude that guarantees a genuinely global and just transition.

The climate-related disclosure requirements offer LR a comprehensive tool to evaluate climate-related risks and opportunities in relation to our operations.

In June 2023 we commenced the development of a new sustainability roadmap, at its heart is our ambition to be net-zero by 2050 at the latest. We are planning our strategy and targets for reaching net-zero by 2050 and have officially submitted our commitments to the Science-based Targets Initiative (SBTi).

During FY22/23, we expanded our knowledge and understanding of our carbon footprint, by improving the scope and quality of data for the calculation of our emissions. As a part of our developing net-zero strategy, we will continue to assess our carbon emissions, conduct energy audits, and obtain feedback from our customers. Company emissions will be reduced year on year until they are as close to zero as possible.

3.2. Types of Climate-related Risks

The TCFD-aligned framework describes two main types of climate-related risks: physical (changing climate impacts) and transitional (responding to the challenges posed by climate change and the need to transition to the low carbon economy).

Physical risks are categorised into acute (for example, single flood events) and chronic (rising mean temperatures). Next financial year, LR will conduct detailed climate risk modelling of the potential impacts of climate change, for example, flooding, precipitation, mean temperatures and sea level rise. This will help to document our understanding of the risks and mitigation strategy which safeguards the future of our business.

Transition risks are assembled into the sub-categories of market, reputation, technology, policy and legal risks. Market risks cover changing customer behaviour, ambiguity of market changes and growing costs of raw materials. Reputational risks will occur as customer preferences change and stakeholder concerns about climate-related issues are associated with a potential stigmatisation of a business's sector. Technology risks cover the move to low-carbon technology and include the risks associated with the replacement of existing products and services, the potential of failed investment in new technologies and the overall costs of adjusting to low-carbon operations. Policy and legal risks develop from regulations to mitigate climate change and facilitate the transition to net-zero. For example, regulations associated with a carbon tax for greenhouse gas (GHG) emissions, growing reporting requirements (CFD reporting) and mandates on current products and services, to align them with a low carbon economy.

3.3. Climate Scenario Analysis

In the next reporting year, LR plans to utilise climate scenario analysis to formally facilitate climate-related decision-making in an organised, systematic, and analytical manner. Next year's climate scenario analysis will use three climate scenario warming pathways, to assess the effects of each identified risk on the Company's operations and value chain.

- Below 2°C that aligns with the Paris Agreement, where the world is working collaboratively towards achieving net-zero emissions and limiting global warming to below 2°C by 2100.
- 2-3°C that reflects the current pace of global policies and accords with the projected impacts.
- Above 3°C, a business-as-usual approach continues in the coming decades with inadequate actions to address climate change.

Climate change uncertainty has many possible impacts on businesses, strategies, and financial performance. Therefore, LR needs a tool to assess the risk of business continuity and resilience under various assumptions, as to how the climate will evolve, and to obtain insights as to how governments and stakeholders will counter the climate change challenges.

3.4. Our Climate-related Risks and Opportunities

Based on the findings of climate-scenario analysis, we will produce a deeper and more detailed risks and opportunities assessment. Provided below is the high-level overview of climate-related risks and opportunities we consider relevant to our business with control measures in place or planned.

3.4.1. Climate-Related Transition Risks

Transition risks are associated with the indirect impacts of climate change. For example, changes in governmental policies, technological progress, and fluctuations in market conditions. Climate-related transition risks specifically indicate the risks linked to the transition to a low-carbon economy. These risks can have a sizeable influence on businesses and stakeholders, with the severity of transition risks estimated to expand in the future.

Area	Climate-related Risk	Impact Description	Control Measures
Policy & Legal	Failure to comply with increasing regulations	Increasing costs to guarantee compliance with new reporting requirements.	Dedicated team in place to ensure compliance with all legal and regulatory requirements.
	Rising spend for carbon pricing	Expected impact is minimal, however a carbon tax on any of our suppliers may increase supply chain costs.	We expect our total CO2 emissions to reduce over time, as we work towards our Net Zero ambitions, we will be undertaking financial modelling of this risk within the next two years.
Market	Rising cost of raw materials	As our business model has no manufacturing operations, the risks of the costs of raw materials are considered negligible. However, most of our customers and suppliers are at high risk of being significantly affected by both energy costs and increase in raw material prices.	We will conduct a scenario analysis of this risk in the next reporting period. Since the beginning of the pandemic, we have been meticulously moving towards flexible hybrid working for our employees, where possible, to decrease energy consumption and the costs of operating offices.
	Changing consumer preferences	With the increasing importance of ESG, stakeholder concern for the environment is likely to increase. Failing to transparently communicate our efforts to minimise our environmental impact could result in customers using a different provider and could impact our position in the market.	We have a Head of Environmental Sustainability that facilitates our carbon reduction strategy and other sustainability projects to ensure all our targets, actions and initiatives are communicated internally and externally to our customers and stakeholders. We believe that our engagement in MDH and other decarbonisation activities combined with open communication on our sustainability agenda, can minimise these posed risks. As enablers of industry decarbonisation, we are on a journey to reduce our carbon footprint and are maximising our efforts to match the sustainability expectations of our clients and stakeholders.
Reputation	Increased stakeholder concern for ESG	As the significance of sustainability grows, the attention of stakeholders towards LR's environmental sustainability effects is poised to escalate. Neglecting to effectively convey LR's strategies for minimising its environmental footprint might jeopardise our strong market standing. With increased transparency comes increased scrutiny. Therefore, there is a reputational and credibility risk of not meeting the targets we have publicly and officially committed to.	By communicating our progress against the climate-related financial disclosure through our Annual Report this financial year and producing a standalone climate disclosure report in the next financial year, we believe we can minimise the impact of this risk. To provide significant value to the shipping industry and secure our sustainability credibility we facilitate and support decarbonisation within the maritime sector. Our MDH research and publications are free to access. Our Energy Transition

			Programme and The Silk Alliance aim to aid the maritime industry transformation.
Technology Risks		Advancements in technology are expected to increase costs to ensure that as leaders of the maritime decarbonisation sector, we are in a position to maintain the pace and keep providing the best-in-class services to our clients.	<p>Our business operations require continuous enhancements in IT tools, which are crucial to the services we offer. Keeping pace necessitates vigilant attention to technological advancements and financial commitments to ensure our digital tools remain up-to-date and cyber-secure.</p> <p>AI and automation are constantly changing our work environment and they are a part of our LRDS Platform, allowing us a more resilient outlook.</p>

3.4.2. Climate-Related Physical Risks

We operate over 80 sites across the globe. However, most are leased properties, with a small percentage owned by LR. In the next reporting year, we will conduct climate scenario analysis, to understand our short-, medium- and long-term physical risks. We will engage with key personnel responsible for our facilities and other business areas to select key sites and identify potential physical risks.

3.4.3. Climate-Related opportunities

LR's nature of business makes the scale of climate-related risks/opportunities close to 50/50. We are enablers of maritime sector decarbonisation services, we provide modern digital solutions, we have highly professional engineering capabilities and are deeply involved in regulatory services to provide guidance and advice to our customers. We expect the spectrum of opportunities posed by climate change to continuously grow and expand, and if we as a business can keep up the pace, we will be able to profit and expand our operations.

LR has a significant role and influence on the changing maritime regulatory landscape. Our involvement in Environmental Research and Regulation spans the full spectrum of the maritime value chain, to enable the safe and sustainable decarbonisation of shipping. Moreover, LR takes a lead role in technical assurance and digital innovation.

The possible impacts of climate change have been considered contextually as part of the group's risk management process and having considered the resilience of the group's business model and strategy the Trustees are satisfied there are no impacts on the group's Going concern assessment.

4. Metrics and Targets

LR has validated Science-based near-term targets of reducing absolute Scope 1 and 2 GHG emissions by 63% by FY35, compared to an FY20 base year. This is a 15-year GHG mitigation target in line with the 1.5°C pathway, to galvanise the action required to make significant emissions reductions. Also, it commits to reducing absolute Scope 3 GHG emissions from purchased goods and services and business travel by 37.5% within the same timeframe. This scope 3 target is compliant with the SBTi methodology since these categories comprise more than 67% of our scope 3 emissions.

4.1. Our sustainability performance

Our credibility is highlighted by taking climate action on our Greenhouse Gas footprint. We are committed to an ambitious science-based target that ensures our own decarbonisation journey is aligned to a 1.5°C future. We will be net-zero by no later than 2050 and if possible will aim to bring this forward to 2040.

4.2. Energy and Carbon Reporting

The table below shows the sources of Greenhouse Gas (GHG) emissions and energy usage in the Group's operations.

The emissions have been prepared in accordance with ISO14064.

Year on year emissions provided above are not directly comparable due to multiple factors including:

- Change of company boundary (disposals of BAIS and Industrial Digital Products businesses, acquisition of OneOcean and substantial property portfolio changes).
- Increased accuracy of leased vehicle fuel type included within scope 1 emissions.
- Increase in level of travel following Covid-19 restrictions.

Streamlined Energy and Carbon Reporting (SECR), covering scope 1, 2 and 3 (grey fleet).

GHG scope	Category	Global	
		Total Emissions (tCO ₂ e)	
		Year to 30th June 2023	Year to 30th June 2022
Scope 1	Scope 1- Gas, lease car miles	1,081	2,413
Scope 2	Scope 2 - location based electricity consumption	689	3,836
Scope 3	Scope 3 (grey fleet)	1,168	n/a ¹
Total scope 1 and 2		1,770	6,249
Total scope 1 and 2 tCO₂e / £m turnover		3.4	11.0

Quantity of Energy consumed for which the company is responsible	Global	
	Kilowatt Hours kWh	
	Year to 30th June 2023	Year to 30th June 2022
Gas	4,735,069	4,463,341
Purchased electricity	8,271,973	13,596,901

Notes:

¹ Due to material acquisitions and divestments it was not possible to identify those emissions solely related to grey fleet for the Year to 30 June 2022.

Year on year emissions provided above are not directly comparable due to multiple factors including:

- Change of company boundary (disposals of BAIS and Industrial Digital Products businesses, acquisition of OneOcean and substantial property portfolio changes).
- Increased accuracy of leased vehicle fuel type included within scope 1 emissions.
- Increase in level of travel following Covid-19 restrictions.

Over the last years LR has undergone significant material organisational changes since establishing the FY20 base-year data. These transformations have prompted us to undertake a comprehensive re-baseline activity using FY23 data, a crucial step before progressing with LR's Net Zero roadmap. This re-baselining initiative represents a substantial advancement in the quality and collection of future data, ensuring a more accurate representation of our sustainability efforts.

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 £7.2m (2022: £12.5m) has been charged to the consolidated statement of financial activities.

Organisational structure

The Foundation has a total of 41 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 68 to 69 and 85 to 88 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 84).

This Trustees' Report on pages 1 to 55 and 79 to 80 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 (Dec 1, 2023 10:36 GMT)

Michelle Davies
Company Secretary

1 December 2023

Legal and administrative details

Company number

07905861 (England and Wales)

Charity number

1145988 (England and Wales)

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Registered and principal office

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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.

Remuneration Committee Report

This report describes the constitution and activities of the Remuneration Committee during the 12 month period ended 30 June 2023.

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 until 30 September 2023)

Mr M Kelsey (Chair from 30 September 2023)

Mr T T Andersen

Mrs R Martin (until 30 September 2023)

Mrs U O'Brien (from 30 September 2023)

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 their 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 their 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 year received aggregate emoluments, including performance based remuneration, of £219,000 (2022: £353,000) which includes £25,000 of employer defined contribution pension costs (2022: £nil).

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 of Lloyd's Register Group Limited 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 2023.

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

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

Mrs M Wyatt (Chair) (appointed 1 January 2023)
Mrs Paula Haynes (appointed 1 April 2023)
Mrs Rani Koya (appointed 1 April 2023)
Dame U O'Brien (appointed 29 September 2022)
Mrs C F Sergeant (resigned 31 December 2022)
Mr A Whalley (resigned 1 April 2023)

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 outsourced 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 year.

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 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 2022 and 30 June 2023 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; and
- the annual review of the risk appetite statement.

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:

Dame Una O'Brien – Committee Chair and a Trustee of Lloyd's Register Foundation (appointed 30 September 2023)

Mrs R Martin – Committee Chair and a Trustee of Lloyd's Register Foundation (resigned 30 September 2023)

Mr T T Andersen

Mr M Lykiardopulo

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 year under review, the Committee recommended and approved the appointment of a new Non-Executive Director and Trustee who was also appointed as Chair of the Foundation Audit, Risk and Investment Committee and the Lloyd's Register Group Limited Audit and Risk Committee, the appointment of a new Trustee of the Foundation, the appointment of a new member of the Foundation Audit, Risk and Investment Committee and made recommendations with regard to 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 of the appointment of a replacement Chair for each of the Remuneration Committee, the Nominations Committee and the Foundation Grants and Direct Charitable Activities Committee, and the appointment of an additional member of each of the Remuneration Committees.

In addition, during the year, the Committee recommended the appointment of a new Non-Executive Director of Lloyd's Register Group Limited.

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 groups and the parent charitable company's affairs as of 30 June 2023 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 sheets.
- the consolidated statement of cash flow; and
- the related notes to the consolidated financial statements 1 to 32.

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 groups 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.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent

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

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:

- 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
- cut-off of digital subscription revenue. We have performed test of details inspecting source documentation in order to independently recalculate the portion of the revenue recognised during the year and the portion to be deferred in future years.

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:

- 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.

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

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 1, 2023 11:00 GMT)

Jeremy Black, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
1 December 2023

FOUNDATION STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 JUNE 2023

	Note	General funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000	General funds 2022 £000	Endowment funds 2022 £000	Total funds 2022 £000
Income							
Income from investments:							
Gift aid donation from Trading Group		22,023	—	22,023	7,000	—	7,000
From listed investments and other investments		10,499	—	10,499	8,297	—	8,297
Total income	3	32,522	—	32,522	15,297	—	15,297
Expenditure on raising funds							
Investment management costs	4	—	(863)	(863)	—	(865)	(865)
Charitable activities							
Total grant activities	5	(20,238)	—	(20,238)	(14,652)	—	(14,652)
Total direct activities	5	(5,969)	—	(5,969)	(5,809)	—	(5,809)
Total expenditure		(26,207)	(863)	(27,070)	(20,461)	(865)	(21,326)
Net income / (expenditure) before gains on investments		6,315	(863)	5,452	(5,164)	(865)	(6,029)
Realised losses on disposal of listed investments		(304)	(6,667)	(6,971)	(434)	(6,878)	(7,312)
Unrealised gains / (losses) on listed investments		190	4,161	4,351	(1,135)	(17,991)	(19,126)
Net income / (expenditure) and net movement in funds		6,201	(3,369)	2,832	(6,733)	(25,734)	(32,467)
Reconciliation of funds							
Funds brought forward		13,338	292,471	305,809	20,071	318,205	338,276
Funds carried forward		19,539	289,102	308,641	13,338	292,471	305,809

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

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

FOUNDATION BALANCE SHEET

AT 30 JUNE 2023

	Note	30 June 2023 £000	30 June 2022 £000
Fixed assets			
Investments	10	<u>332,788</u>	<u>334,383</u>
		332,788	334,383
Current assets			
Cash at bank and in hand		5,976	7,140
Debtors	11	<u>274</u>	<u>694</u>
		6,250	7,834
Creditors: amounts falling due within one year	13	<u>(19,911)</u>	<u>(24,461)</u>
Net current liabilities		(13,661)	(16,627)
Total assets less current liabilities		319,127	317,756
Creditors: amounts falling due after one year	14	<u>(10,486)</u>	<u>(11,947)</u>
Net assets		<u>308,641</u>	<u>305,809</u>
The funds of the charity			
Unrestricted – general fund		14,144	7,829
Revaluation reserve	17	<u>5,395</u>	<u>5,509</u>
Total unrestricted funds		19,539	13,338
Endowment funds		223,423	224,286
Revaluation reserve	17	<u>65,679</u>	<u>68,185</u>
Total endowment funds		<u>289,102</u>	<u>292,471</u>
Total charity funds	16	<u>308,641</u>	<u>305,809</u>

The financial statements on pages 65 to 78 were approved by the Trustees on 1 December 2023 and signed on their behalf by:

marina wyatt
marina wyatt (Dec 1, 2023 10:13 GMT)

Marina Wyatt, Trustee

Lloyd's Register Foundation
Company registration number 07905861

FOUNDATION CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities:			
Net cash used in operating activities	A	(32,661)	(25,381)
Cash flows from investing activities:			
Dividends and income from investments		32,522	26,438
Purchase of investments		(229,480)	(158,006)
Proceeds from sale of listed investments		228,455	157,467
Net cash provided by investing activities		31,497	14,758
Change in cash and cash equivalents in the year		(1,164)	(10,623)
Cash and cash equivalents at the beginning of the year	B	7,140	17,763
Cash and cash equivalents at the end of the year	B	5,976	7,140

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

	2023 £000	2022 £000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	2,832	(32,467)
Adjustments for:		
Losses on investments	2,620	26,438
Dividends and income from investments	(32,522)	(15,297)
Decrease / (increase) in debtors	420	(449)
Decrease in creditors	(6,011)	(3,606)
Net cash used in operating activities	(32,661)	(25,381)

B. Analysis of cash and cash equivalents

	30 June 2022 £000	Cash flow £000	30 June 2023 £000
Cash at bank and in hand	7,140	(1,164)	5,976
Total cash and cash equivalents	7,140	(1,164)	5,976

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 37.

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 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 year 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 4.4% (30 June 2022: 2.1%) has been applied based on the opportunity cost of income from investments foregone and considering the investment return objective. 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 2023 £000	Total 2022 £000
Gift aid from Trading Group	22,023	—	22,023	7,000
Listed and other investments:				
Fixed Interest – UK	1,215	—	1,215	652
Fixed Interest – Overseas	20	—	20	56
Equities – UK	1,438	—	1,438	1,824
Equities – Overseas	3,816	—	3,816	2,223
Pooled Funds	3,575	—	3,575	3,478
Cash Instruments	164	—	164	38
Bank interest	271	—	271	26
	10,499	—	10,499	8,297
Total	32,522	—	32,522	15,297

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

	Grants (note 6)	Direct costs	Support costs	2023
	£000	£000	£000	£000
Grant making activities:				
Goal 1: Evidence and Insight	1,940	134	407	2,481
Goal 2: Challenge area: Safety at Sea	300	19	58	377
Goal 2: Challenge area: Safety of Food	1,570	98	303	1,971
Goal 2: Challenge area: Safety for a Sustainable Future	3,600	225	695	4,520
Goal 2: Challenge area: Safety of Digital Systems	(112)	—	—	(112)
Goal 2: Challenge area: Skills for Safety	355	24	69	448
Goal 2: Challenge area: Safety of Physical Infrastructure	(340)	—	—	(340)
Goal 2: Challenge area: Public Understanding of Risk	858	57	166	1,081
Heritage and education centre	1,650	110	320	2,080
Safetytech Accelerator	700	44	135	879
Foundational *	4,952	439	1,259	6,650
	<u>15,473</u>	<u>1,150</u>	<u>3,412</u>	<u>20,035</u>
Discounting of grant liabilities**	203	—	—	203
Total grant activities	<u>15,676</u>	<u>1,150</u>	<u>3,412</u>	<u>20,238</u>
Activities undertaken directly:				
Goal 1: Evidence and Insight	—	2,295	417	2,712
Goal 2: Challenge area: Safety for a Sustainable Future	—	136	25	161
Goal 2: Challenge area: Safety of Food	—	127	23	150
Heritage and education centre	—	2,295	417	2,712
Foundational *	—	198	36	234
Total direct activities	<u>—</u>	<u>5,051</u>	<u>918</u>	<u>5,969</u>
	<u>15,676</u>	<u>6,201</u>	<u>4,330</u>	<u>26,207</u>

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

* 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.

**Impact of unwinding of discount of grant liabilities and change in discount rate. The impact of unwinding the discount of the grant liabilities is £343,000. The impact of changing the discount rate is a reduction in the expenditure of £140,000.

Where costs relate predominantly to grant making activity they have been allocated to grants in proportion to the level of expenditure. Support costs of £4,330,000 (2022: £4,674,000) 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 £1,478,000 (2022: £1,795,000) and governance costs of £65,000 (2022: £62,000).

Governance costs includes fees payable to the Foundation's auditor for the audit of the Foundation's annual accounts of £65,000 (2022: £62,000).

Analysis of expenditure by charitable activities in 2022 is shown below.

	Grants	Direct costs	Support costs	2022
	£000	£000	£000	£000
Grant making activities:				
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
	<u>10,014</u>	<u>989</u>	<u>3,325</u>	<u>14,328</u>
Unwinding of discounting of grant liabilities	324	—	—	324
Total grant activities	<u>10,338</u>	<u>989</u>	<u>3,325</u>	<u>14,652</u>
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	<u>—</u>	<u>4,460</u>	<u>1,349</u>	<u>5,809</u>
	<u>10,338</u>	<u>5,449</u>	<u>4,674</u>	<u>20,461</u>

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 year ended 30 June 2023 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	Safety Tech including Accelerator £000	Heritage And Education Centre £000	Evidence and Insight £000	Understanding Risk £'000	Foundational £'000	2023 £000
The American College of Greece	1	—	—	—	—	—	—	—	—	—	—	10	10
The Alan Turing Institute	2	—	—	—	—	—	—	—	—	—	—	3,021	3,021
Bartlett Judge Associates Ltd	1	—	—	—	—	—	—	—	—	—	—	10	10
World Maritime University	1	—	—	—	—	—	385	—	—	—	—	—	385
Safetyknot Ltd	1	—	—	—	—	—	—	—	—	—	—	10	10
Royal National Lifeboat Institution	1	—	—	—	—	—	—	—	—	—	—	10	10
IMRF - #FutureSAR	1	—	—	—	—	—	—	—	—	—	—	10	10
Fisheries Innovation Scotland	1	—	—	—	—	—	—	—	—	—	—	10	10
Flex Marine Power	1	—	—	—	—	—	—	—	—	—	—	10	10
Sustainable Sailing	1	—	—	—	—	—	—	—	—	—	—	10	10
Universiti Teknologi MARA - Assessing the Designer's Design for Safety	1	—	—	—	—	—	—	—	—	—	—	10	10
Ethos Environmental Ltd for AI4RCS	1	—	—	—	—	—	—	—	—	—	—	10	10
Northumbria University for Building partnerships in coastal Bangladesh	1	—	—	—	—	—	—	—	—	—	—	10	10
Safe use of sustainable energy sources in Tanzanian School	1	—	—	—	—	—	—	—	—	—	—	5	5
RAND Europe Community Interest Company	1	—	—	—	—	—	—	—	—	250	—	—	250
HiLo Maritime Risk Management Limited	1	—	—	—	—	—	—	—	—	—	—	10	10
UN global compact	1	300	—	—	—	—	—	—	—	—	—	—	300
Educating local community in Busan	1	—	—	—	—	—	—	—	—	—	—	5	5
Level Water	1	—	—	—	—	—	—	—	—	—	—	5	5
James Michael Foundation - Revisiting the Ocean: Living the Blue Economy	1	—	—	—	—	—	—	—	—	—	—	28	28
The Marine Institute - Model Boat Race	1	—	—	—	—	—	—	—	—	—	—	5	5
ESRA - UK Independent lifeboat Crew and Medical Student training package	1	—	—	—	—	—	—	—	—	—	—	5	5
Vianair Inc. - Advanced airport operations visualization for increased public understanding of risk	1	—	—	—	—	—	—	—	—	—	—	10	10
Eyesea.org - Social pollution mapping	1	—	—	—	—	—	—	—	—	—	—	5	5
Hellenic Marine Environment Protection Association (HELMPEPA)	1	—	—	—	—	—	—	—	—	—	—	5	5
Islington Boat Club	1	—	—	—	—	—	—	—	—	—	—	5	5
Plastic Waste Cleanup from Waterway	1	—	—	—	—	—	—	—	—	—	—	5	5
Shoobox Wellness Kits	1	—	—	—	—	—	—	—	—	—	—	5	5
Winchester Action on Climate Crisis (WinACC)	1	—	—	—	—	—	—	—	—	—	—	5	5
Hamogelo	1	—	—	—	—	—	—	—	—	—	—	3	3
Joao Ventura	1	—	—	—	—	—	—	—	—	—	—	2	2
Adriana Castro Vargas	1	—	—	—	—	—	—	—	—	—	—	2	2
MoHammed Bojair	1	—	—	—	—	—	—	—	—	—	—	2	2
Sanley Abila	1	—	—	—	—	—	—	—	—	—	—	2	2
Augustine Makokha	1	—	—	—	—	—	—	—	—	—	—	2	2
Historic England	1	—	—	—	—	—	—	—	50	—	—	—	50
Educational Volunteers	1	—	—	—	—	—	—	—	—	—	—	200	200
Foundation of Turkey (TEGV)	1	—	—	—	—	—	—	—	—	—	—	—	—
Food and Agriculture Organisation of the United Nations (FAO)	1	—	165	—	—	—	—	—	—	—	—	—	165
Plymouth University - Rescued Lives: An Oral History of the Stories of Shipwreck Survivors	1	—	—	—	—	—	—	—	20	—	—	—	20
Health & Safety Executive	1	—	—	—	—	—	—	—	—	—	—	250	250
Maritime Decarbonisation Hub Phase 2	1	—	—	—	2,508	—	—	—	—	—	—	—	2,508
Sense about Science	1	—	—	—	—	—	—	—	—	—	918	—	918
The Ocean Foundation	1	—	—	—	—	—	—	—	413	—	—	—	413

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

United Nations Global Contact	1	—	1,405	—	—	—	—	—	—	—	—	—	1,405
Lloyds Register group	1	—	—	—	1,100	—	—	—	—	—	—	—	1,100
Worldwide Ferry Safety Association	1	—	—	—	—	—	—	—	—	—	—	10	10
SafetyTech Accelerator Limited	1	—	—	—	—	—	—	700	—	—	—	—	700
Cardiff University	1	—	—	—	—	—	—	—	—	266	—	—	266
ICL&I Africa Secretariat	1	—	—	—	—	—	—	—	—	249	—	—	249
University of Exeter Business School	1	—	—	—	—	—	—	—	—	85	—	—	85
University of Southern California	1	—	—	—	—	—	—	—	—	258	—	—	258
York Health Economics Consortium	1	—	—	—	—	—	—	—	—	102	—	—	102
National Marine Museum	1	—	—	—	—	—	—	—	1,000	—	—	—	1,000
International Congress of Maritime Museums	1	—	—	—	—	—	—	—	289	—	—	—	289
Resurgence	1	—	—	—	—	—	—	—	—	247	—	—	247
Resilience First	1	—	—	—	—	—	—	—	—	250	—	—	250
University of Leeds	1	—	—	—	—	—	—	—	—	435	—	—	435
The University of Central Lancashire	1	—	—	—	—	—	—	—	—	—	—	10	10
ISWAN	1	—	—	—	—	—	—	—	—	—	—	10	10
Raybel Charters	1	—	—	—	—	—	—	—	—	—	—	9	9
Ocean Generation	1	—	—	—	—	—	—	—	—	—	—	10	10
University of York	1	—	—	—	—	—	—	—	—	—	—	2,794	2,794
United Nations Global Compact	1	—	—	—	—	—	—	—	—	—	—	500	500
Italian Institute of Technology	1	—	—	—	—	—	—	—	—	—	—	2	2
Grant Adjustments		—	—	(112)	(8)	(340)	—	—	—	(171)	—	(1,548)	(2,179)
	65	300	1,570	(112)	3,600	(340)	385	700	1,772	1,971	918	5,494	16,258
Impact of discounting grants awarded		—	—	—	—	—	(30)	—	(122)	(31)	(60)	(542)	(785)
		300	1,570	(112)	3,600	(340)	355	700	1,650	1,940	858	4,952	15,473

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Grants awarded in 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	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
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

7. Grants awarded but not paid

	2023	2022
	£000	£000
At start of period	32,248	37,710
Awarded in the period	17,652	10,996
Unwinding of discounting (note 5)	203	324
Grant adjustments (note 6)	(2,179)	(982)
Paid in the period	(20,071)	(15,800)
At end of period	27,853	32,248

The aging of grants payable is shown in note 14.

8. Employees

	General funds	Endowment funds	2023	2022
	£000	£000	£000	£000
Wages and salaries	2,580	—	2,580	2,440
Social security costs	285	—	285	239
Pension costs	331	—	331	301
	3,196	—	3,196	2,980

All employees are engaged in charitable activities. The average number of employees during the year was 41 (2022: 34).

Included within employee costs above is £219,000 (2022: £353,000) remuneration received by key management personnel which includes £25,000 of employer defined contribution pension costs (2022: £nil). 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.

	2023	2022
	Number	Number
£60,001 - £70,000	3	4
£70,001 - £80,000	3	2
£90,001 - £100,000	—	1
£100,001 - £110,000	—	2
£110,001 - £120,000	1	—
£120,001 - £130,000	2	1
£130,001 - £140,000	1	1
£140,001 - £150,000	1	—
£150,001 - £160,000	—	2
£160,001 - £170,000	1	—
£190,001 - £200,000	1	—
£350,001 - £360,000	—	1

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 £14,000 for reimbursement for out of pocket expenses (2022: £4,000) 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	30 June
	2023	2022
	£000	£000
Listed investments at market value comprise:		
Fixed Interest – UK	34,040	17,404
Fixed Interest – Overseas	667	268
Equities – UK	15,379	44,472
Equities – Overseas	147,029	101,745
Pooled Funds	91,879	109,983
Derivatives	388	105
Cash instruments	428	17,740
Cash at investment managers and accrued interest	2,928	2,616
	292,738	294,333
Unlisted investments		
Investment in subsidiaries – social investment at cost less impairment	40,050	40,050
	332,788	334,383

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Listed investments and cash held by investment managers

	30 June 2023 £000	30 June 2022 £000
At start of period	291,717	317,911
Additions at cost	229,480	158,006
Disposal proceeds	(228,767)	(157,762)
Realised losses on disposals	(6,971)	(7,312)
Unrealised gains / (losses)	4,351	(19,126)
At end of period	289,810	291,717
Cash at investment managers and accrued interest	2,928	2,616
	292,738	294,333

Subsidiaries (note 12)

The Foundation has invested £40,050,000 (2022: £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 2023 £000	30 June 2022 £000
Prepayments and accrued income	274	694
	274	694

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 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 year ended 30 June 2023 (2022: year ended 30 June 2022).

	2023 £000	2022 £000
Turnover	516,793	569,096
Cost of sales	(324,414)	(362,211)
Gross profit	192,379	206,885
Administrative expenses	(200,065)	(215,881)
Administrative expenses before exceptional costs	(191,165)	(189,619)
Operating profit before exceptional costs	1,214	17,266
Exceptional costs	(8,900)	(26,262)
Operating loss	(7,686)	(8,996)
Profit on disposal	15,842	409,261
Share of net operating loss of joint ventures	(744)	(480)
Net investment income	(22,992)	(38,158)
Other finance costs	2,163	—
(Loss) / profit before taxation	(13,417)	361,627
Taxation on profit	(3,411)	(3,067)
(Loss) / profit for the financial period	(16,828)	358,560
	30 June 2023 £000	30 June 2022 £000
Assets	1,226,434	1,351,943
Liabilities	(405,021)	(454,960)
Net Assets	821,413	896,983
Shareholder's funds	821,413	896,983

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Creditors: amounts falling due within one year

	30 June 2023 £000	30 June 2022 £000
Trade creditors	512	458
Amounts due to related companies	1,002	2,587
Grants payable	17,367	20,301
Accruals and deferred income	1,030	1,115
	19,911	24,461

14. Creditors: amounts falling due after one year

	30 June 2023 £000	30 June 2022 £000
Grants payable	10,486	11,947
	10,486	11,947

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

	30 June 2023 £000	30 June 2022 £000
Due within one year	17,367	20,301
Due within 1-2 years	6,270	7,095
Due within 2-5 years	5,175	5,333
Due after 5 years	104	—
Impact of discounting	(1,063)	(481)
	10,486	11,947
Net grants payable	27,853	32,248

15. Contingent liabilities

The Foundation has a contractual obligation to transfer up to £100m (2022: £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 2022 £000	Income £000	Expenditure £000	Other movements £000	30 June 2023 £000
Total unrestricted funds	13,338	32,522	(26,207)	(114)	19,539
Endowment funds:					
Expendable endowment	292,471	—	(863)	(2,506)	289,102
	305,809	32,522	(27,070)	(2,620)	308,641

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

	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.

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 part of that sum as a contingent asset of the Trading Group's UK pension scheme. The terms of the gift have been amended in the year to adjust the contingent asset to £100m (2022: £125m) and extend the period at least until the full actuarial valuation as at 31 March 2025, 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 2022 £000	Unrealised gains £000	Realised revaluation reserve £000	30 June 2023 £000
Unrestricted – general funds	5,509	190	(304)	5,395
Endowment funds:				
Expendable endowment	68,185	4,161	(6,667)	65,679
	<u>73,694</u>	<u>4,351</u>	<u>(6,971)</u>	<u>71,074</u>

	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>

18. Analysis of net assets between funds

	General funds £000	Endowment funds £000	Total 30 June 2023 £000	Total 30 June 2022 £000
Fixed assets	43,686	289,102	332,788	334,383
Current assets	6,250	—	6,250	7,834
Creditors: amounts falling due within one year	(19,911)	—	(19,911)	(24,461)
Creditors: amounts falling due after one year	(10,486)	—	(10,486)	(11,947)
	<u>19,539</u>	<u>289,102</u>	<u>308,641</u>	<u>305,809</u>

	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>

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 year ended 30 June 2023:

- Two grants totalling £3,608,000 to support decarbonisation in the marine sector. £2,508,000 remains outstanding as at 30 June 2023.
- A £700,000 grant to support the SafetyTech Accelerator Programme. £50,000 remains outstanding as at 30 June 2023.

Two grants were awarded to the Trading Group during the year ended 30 June 2022:

- A £1,120,000 grant to support decarbonisation in the marine sector. £nil remains outstanding as at 30 June 2023 (2022: £nil).
- A £800,000 grant to support the SafetyTech Accelerator Programme. £nil remains outstanding as at 30 June 2023 (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

In addition to the grants provided, a further £850,000 may become payable to the Trading Group over the following eight years, with the majority payable within the following year. 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 year ended 30 June 2023, 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 (2022: £1,013,000); and
- £297,000 in respect of Trading Group employees seconded to the Foundation (2022: £450,000).

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

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 the maritime sector. The activities of the Trading Group in furthering the charitable objects of the Foundation are discussed on pages 35 and 38.

The Foundation's consolidated total income for the year ended 30 June 2023 of £560.4 million (2022: £996.5 million) comprises of income recognised by the Trading Group of £549.9 million (2022: £988.2 million) and investment income recognised by the Foundation of £10.5 million (2022: £8.3 million). Income recognised by the Trading Group includes turnover of £516.8 million (2022: £569.1 million), investment income of £14.8 million (2022: £9.8 million), finance income relating to pensions of £2.5m (2022: £nil) and profit on disposal of discontinued operations of £15.8 million (2022: £409.3 million).

The Foundation's consolidated total expenditure for the year ended 30 June 2023 of £550.1 million (2022: £599.9 million) relates principally to the Trading Group of £527.3 million (2022: £580.5 million) with the remainder relating to the activities of the charitable entity.

Consolidated net assets for the Foundation at 30 June 2023 are £1,093.8 million (2022: £1,163.8 million), a decrease of £70.0 million from the prior year.

Net consolidated funds (cash and short term deposits) for the Foundation at 30 June 2023 are £150.8 million (30 June 2022: £409.8 million), a decrease of £259.0 million from 30 June 2022.

The performance of the Charitable entity is discussed on pages 34 to 39, 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 2023.

Turnover for the year ended 30 June 2023 was £516.8 million (2022: £569.1 million).

Total Group operating profit before exceptional costs for the year ended 30 June 2023 was £1.2 million, (2022: £17.3 million). Group operating profit from continuing operations before exceptional costs for the year ended 30 June 2023 was £1.2 million, (2022: £17.5m). Discontinued operations comprise the BAIS business line which was disposed of on 2 December 2021.

Exceptional costs for the year of £8.9 million (2022: £26.3 million) relate the recovery of a loan made to a third party which was previously impaired as well as redundancy and restructuring costs relating to the restructure of the Group's operating model. This includes the global outsourcing of payroll and statutory and compliance functions, the globalisation of the operational structure and the investment in the research of enhanced digital service delivery.

Statutory operating loss for the 12 month period, after exceptional costs, was £7.7 million (2022: £9.0 million).

Financial position of the Trading Group

Net assets for the Trading Group at 30 June 2023 are £821.4 million (2022: £897.0 million), a decrease of £75.6 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

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 £150.8 million (2022: £409.8 million). In addition, the Group holds listed investments of £535.0 million (2022: £580.4 million) of which £43.2 million (2022: £51.8 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.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES, INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2023

	Note	Trading funds 2023 £000	General funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income						
Income from investments:						
Listed investments	4	8,801	10,228	—	19,029	12,188
Property	4	3,585	—	—	3,585	5,034
Other	4	2,357	271	—	2,628	935
Other finance income - pensions		2,524	—	—	2,524	—
Income from other trading activities	5	516,793	—	—	516,793	569,096
Profit on disposal of discontinued operations	17	15,842	—	—	15,842	409,261
Total income		549,902	10,499	—	560,401	996,514
Expenditure on raising funds						
Investment management costs		—	—	(863)	(863)	(865)
Cost of other trading activities		(525,591)	—	—	(525,591)	(579,970)
Unwinding of provision discounting		(361)	—	—	(361)	—
Net interest in the results for the period in joint ventures		(744)	—	—	(744)	(480)
Other		(649)	—	—	(649)	(8)
Total costs of raising funds		(527,345)	—	(863)	(528,208)	(581,323)
Expenditure on charitable activities						
Total grants activities	7	—	(15,930)	—	(15,930)	(12,732)
Total direct activities	7	—	(5,969)	—	(5,969)	(5,809)
Total expenditure		(527,345)	(21,899)	(863)	(550,107)	(599,864)
Net income / (expenditure) before (losses) / gains on investments	11	22,557	(11,400)	(863)	10,294	396,650
Unrealised (losses) / gains on investments		(5,324)	190	4,161	(973)	(64,324)
Realised losses on disposal of investments		(32,242)	(304)	(6,667)	(39,213)	(9,938)
Net (expenditure) / income before taxation		(15,009)	(11,514)	(3,369)	(29,892)	322,388
Taxation	10	(3,411)	—	—	(3,411)	(3,067)
Net (expenditure) / income		(18,420)	(11,514)	(3,369)	(33,303)	319,321
Transfers between funds		(20,431)	20,431	—	—	—
Acquisition of non-controlling interest		(5,354)	—	—	(5,354)	—
Foreign exchange differences on translation of net assets of overseas operations		(7,020)	—	—	(7,020)	15,881
Net actuarial movements on defined benefit pension schemes	24	(36,047)	—	—	(36,047)	53,935
Tax relating to components of other comprehensive income		11,702	—	—	11,702	(9,760)
Net movement in funds		(75,570)	8,917	(3,369)	(70,022)	379,377
Funds brought forward		896,983	(25,658)	292,471	1,163,796	784,419
Funds carried forward		821,413	(16,741)	289,102	1,093,774	1,163,796

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

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2023

	Note	30 June 2023 £000	30 June 2022 £000
Non Current Assets			
Goodwill	14	318,515	24,548
Intangible fixed assets	14	26,566	29,847
Tangible assets	15	132,150	149,563
Investments	16	536,903	580,515
Pension surplus	24	137,807	186,971
Deferred tax assets	10	11,170	14,756
Interests in joint ventures: share of net assets	16	115	116
		1,163,226	986,316
Current assets			
Debtors	19	210,372	255,428
Cash at bank and in hand		150,822	409,779
		361,194	665,207
Creditors: amounts falling due within one year	20	(236,546)	(224,689)
Net current assets		124,648	440,518
Total assets less current liabilities		1,287,874	1,426,834
Creditors: amounts falling due after one year	21	(10,486)	(11,947)
Provisions for liabilities	22	(49,418)	(86,735)
Net assets excluding pension liability		1,227,970	1,328,152
Pension liability	24	(134,196)	(164,356)
Net assets including pension liability		1,093,774	1,163,796
The funds of the group	27,28		
Non charitable trading funds		930,483	1,030,780
Revaluation reserve		25,126	30,559
General fund	29	(16,741)	(25,658)
Unrestricted funds excluding pension liability		938,868	1,035,681
Pension reserve		(134,196)	(164,356)
Total unrestricted funds		804,672	871,325
Endowment funds		223,423	224,286
Revaluation reserve	28	65,679	68,185
Total endowment funds	27	289,102	292,471
Total group funds		1,093,774	1,163,796

The financial statements on pages 83 to 114 were approved by the Trustees on 1 December 2023 and signed on their behalf by:

marina wyatt
marina wyatt (Dec 1, 2023 10:13 GMT)

Marina Wyatt, Trustee

Lloyd's Register Foundation
Company registration number 07905861

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £000	2022 £000
Net cash (outflow) / inflow from operating activities	30	(1,911)	(110,496)
Cash flows used in investing activities			
Decrease / (increase) in loans		68	26
Proceeds from sale of investments		414,515	174,912
Proceeds from sale of tangible fixed assets		201	966
Purchase of investments		(384,071)	(421,603)
Purchase of intangible fixed assets		(6,750)	(2,435)
Purchase of tangible fixed assets		(16,046)	(8,527)
Interest paid		(169)	(194)
Investment income		25,217	18,157
Additional investment in existing joint ventures		(547)	(686)
Acquisition of non-controlling interest		(5,354)	—
Acquisition of subsidiaries including debt settled on acquisition (note 14)		(300,082)	—
Acquisition of trade and assets		—	(4,671)
Disposal of subsidiaries		18,852	480,704
Cash acquired		9,251	67
Cash disposed		(5,581)	(24,457)
Net cash (outflows) / inflows generated by investing activities		(250,496)	212,259
Net increase in cash and cash equivalents		(252,407)	101,763
Cash and cash equivalents at beginning of period		409,779	314,556
Net increase in cash and cash equivalents		(252,407)	101,763
Effect of foreign exchange rate changes		(6,550)	(6,540)
Cash and cash equivalents at end of period		150,822	409,779

Analysis of cash and cash equivalents

Group	At 30 June 2022 £000	Cash flow – £000	Effect of foreign exchange rate changes £000	At 30 June 2023 £000
Cash and cash equivalents	409,779	(252,407)	(6,550)	150,822
	409,779	(252,407)	(6,550)	150,822

Reconciliation of net cash flow to movements in net funds

	Cash and cash equivalents £000	2023 Net funds £000	Cash and cash equivalents £000	2022 Net funds £000
At start of period	409,779	409,779	314,556	314,556
Foreign exchange	(6,550)	(6,550)	(6,540)	(6,540)
Cash flow	(252,407)	(252,407)	101,763	101,763
At end of period	150,822	150,822	409,779	409,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 37.

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 20 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 up to 10 years. Provision is made for any impairment.

Intangible assets relating to purchased software are 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.

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 year 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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 year are translated at the appropriate rates prevailing during the year, 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 income on the net defined benefit liability is charged to the statement of financial activities and included within other finance income - 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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 2023, the Group has recognised £53,206,000 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.

Goodwill impairment

The Group assesses at each reporting date whether there is any indication that the goodwill recognised in respect of acquisitions is impaired. Where an indicator is identified an impairment review is performed which requires the estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £318,515,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Goodwill useful economic life

The Group assesses the useful economic life of goodwill for all acquisitions. The OneOcean acquisition is significant for the group providing a stable customer base with recurring revenue streams, and significant long term synergies. Synergies are expected both from cross selling and cost efficiencies. The useful economic life of the OneOcean acquisition has been estimated at 20 years and resulted in a current year amortisation charge of £12.8m.

4. Investment income

	Trading funds £000	General funds £000	Endowment funds £000	Total funds 2023 £000	Total funds 2022 £000
Fixed Interest – UK	3,910	1,215	—	5,125	3,336
Fixed Interest – Overseas	—	20	—	20	56
Equities – UK	1,049	1,438	—	2,487	2,345
Equities – Overseas	2,767	3,816	—	6,583	2,764
Pooled Funds	782	3,575	—	4,357	3,643
Cash Instruments	293	164	—	457	44
	8,801	10,228	—	19,029	12,188
Bank interest	2,357	271	—	2,628	935
Income from UK investment property	3,585	—	—	3,585	5,034
	14,743	10,499	—	25,242	18,157

5. Income from other trading activities

	2023 £000	2022 £000
Turnover by class of business of the Trading Group:		
Marine and Offshore**	396,278	364,297
Digital Solutions**	73,299	18,140
Industrial Digital Products ***	—	17,154
Business Assurance and Inspection Services *	—	127,725
Professional Services**	47,216	41,780
	516,793	569,096

* 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 Group acquired One Ocean and established a new business line, Digital Solutions. The Maritime Performance Services business line previously reported has been restated to either Digital Solutions or the separately managed Professional Services business line.

*** Disposed of during the year as described in note 17.

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 2022

	Trading funds £000 Continuing	Trading funds £000 Discontinued	Trading funds £000 Total	General funds £000	Endowment funds £000	Total funds 2022 £000
Income						
Income from investments:						
Listed investments	3,917	—	3,917	8,271	—	12,188
Property	5,034	—	5,034	—	—	5,034
Other	909	—	909	26	—	935
Income from other trading activities	441,371	127,725	569,096	—	—	569,096
Profit on disposal of discontinued operations	—	409,261	409,261	—	—	409,261
Total income	451,231	536,986	988,217	8,297	—	996,514
Expenditure on raising funds						
Investment management costs	—	—	—	—	(865)	(865)
Cost of other trading activities	(450,792)	(129,178)	(579,970)	—	—	(579,970)
Other finance costs – pensions	—	—	—	—	—	—
Net interest in the results for the period in joint ventures	(480)	—	(480)	—	—	(480)
Other	(8)	—	(8)	—	—	(8)
Total costs of raising funds	(451,280)	(129,178)	(580,458)	—	(865)	(581,323)
Expenditure on charitable activities						
Total grant activities	—	—	—	(12,732)	—	(12,732)
Total direct activities	—	—	—	(5,809)	—	(5,809)
Total expenditure	(451,280)	(129,178)	(580,458)	(18,541)	(865)	(599,864)
Net income / (expenditure) before (losses) / gains on investments	(49)	407,808	407,759	(10,244)	(865)	396,650
Unrealised (losses) / gains on investments	(45,198)	—	(45,198)	(1,135)	(17,991)	(64,324)
Realised losses on disposal of investments	(2,626)	—	(2,626)	(434)	(6,878)	(9,938)
Net income / (expenditure) before taxation	(47,873)	407,808	359,935	(11,813)	(25,734)	322,388
Taxation	(2,471)	(596)	(3,067)	—	—	(3,067)
Net income / (expenditure)	(50,344)	407,212	356,868	(11,813)	(25,734)	319,321
Transfers between funds			(5,308)	5,308	—	—
Foreign exchange differences on translation of net assets of overseas operations			15,881	—	—	15,881
Net actuarial movements on defined benefit pension schemes			53,935	—	—	53,935
Tax relating to components of other comprehensive income			(9,760)	—	—	(9,760)
Net movement in funds			411,616	(6,505)	(25,734)	379,377
Funds brought forward			485,367	(19,153)	318,205	784,419
Funds carried forward			896,983	(25,658)	292,471	1,163,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

7. Analysis of expenditure on charitable activities

	Grants (note 8)	Direct costs	Support costs	2023
	£000	£000	£000	£000
Grant making activities:				
Goal 1: Evidence and Insight	1,940	134	407	2,481
Goal 2: Challenge area: Safety at Sea	300	19	58	377
Goal 2: Challenge area: Safety of Food	1,570	98	303	1,971
Goal 2: Challenge area: Safety for a Sustainable Future	(8)	225	695	912
Goal 2: Challenge area: Safety of Digital Systems	(112)	—	—	(112)
Goal 2: Challenge area: Skills for Safety	355	24	69	448
Goal 2: Challenge area: Safety of Physical Infrastructure	(340)	—	—	(340)
Goal 2: Challenge area: Public Understanding of Risk	858	57	166	1,081
Heritage and education centre	1,650	110	320	2,080
Safetytech Accelerator	—	44	135	179
Foundational *	4,952	439	1,259	6,650
	<u>11,165</u>	<u>1,150</u>	<u>3,412</u>	<u>15,727</u>
Discounting of grant liabilities**	203	—	—	203
Total grant activities	<u>11,368</u>	<u>1,150</u>	<u>3,412</u>	<u>15,930</u>
Activities undertaken directly:				
Goal 1: Evidence and Insight	—	2,295	417	2,712
Goal 2: Challenge area: Safety for a Sustainable Future	—	136	25	161
Goal 2: Challenge area: Safety of Food	—	127	23	150
Heritage and education centre	—	2,295	417	2,712
Foundational *	—	198	36	234
Total direct activities	<u>—</u>	<u>5,051</u>	<u>918</u>	<u>5,969</u>
	<u>11,368</u>	<u>6,201</u>	<u>4,330</u>	<u>21,899</u>

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

* 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.

**Impact of unwinding of discount of grant liabilities and change in discount rate. The impact of unwinding the discount of the grant liabilities is £343,000. The impact of changing the discount rate is a reduction in the expenditure of £140,000.

Where costs relate predominantly to grant making activity they have been allocated to grants in proportion to the level of expenditure. Support costs of £4,330,000 (2022: £4,674,000) 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 £1,478,000 (2022: £1,795,000) and governance costs of £65,000 (2022: £62,000).

Governance costs includes fees payable to the Foundation's auditor for the audit of the Foundation's annual accounts of £65,000 (2022: £62,000).

Analysis of expenditure by charitable activities in 2022 is shown below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Grant making activities:	Grants (note 8) £000	Direct costs £000	Support costs £000	2022 £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
	<u>8,094</u>	<u>989</u>	<u>3,325</u>	<u>12,408</u>
Unwinding of discounting of grant liabilities	324	—	—	324
Total grant activities	<u>8,418</u>	<u>989</u>	<u>3,325</u>	<u>12,732</u>
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	<u>—</u>	<u>4,460</u>	<u>1,349</u>	<u>5,809</u>
	<u>8,418</u>	<u>5,449</u>	<u>4,674</u>	<u>18,541</u>

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 2023 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	Understanding Risk £'000	Foundational £'000	2023 £000
The American College of Greece	1	—	—	—	—	—	—	—	—	—	10	10
The Alan Turing Institute	2	—	—	—	—	—	—	—	—	—	3,021	3,021
Bartlett Judge Associates Ltd	1	—	—	—	—	—	—	—	—	—	10	10
World Maritime University	1	—	—	—	—	—	385	—	—	—	—	385
Safetyknot Ltd	1	—	—	—	—	—	—	—	—	—	10	10
Royal National Lifeboat Institution	1	—	—	—	—	—	—	—	—	—	10	10
IMRF - #FutureSAR	1	—	—	—	—	—	—	—	—	—	10	10
Fisheries Innovation Scotland	1	—	—	—	—	—	—	—	—	—	10	10
Flex Marine Power	1	—	—	—	—	—	—	—	—	—	10	10
Sustainable Sailing	1	—	—	—	—	—	—	—	—	—	10	10
Universiti Teknologi MARA - Assessing the Designer's Design for Safety	1	—	—	—	—	—	—	—	—	—	10	10
Ethos Environmental Ltd for AI4RCS	1	—	—	—	—	—	—	—	—	—	10	10
Northumbria University for Building partnerships in coastal Bangladesh	1	—	—	—	—	—	—	—	—	—	10	10
Safe use of sustainable energy sources in Tanzanian School	1	—	—	—	—	—	—	—	—	—	5	5
RAND Europe Community Interest Company	1	—	—	—	—	—	—	—	250	—	—	250
HiLo Maritime Risk Management Limited	1	—	—	—	—	—	—	—	—	—	10	10
UN global compact	1	300	—	—	—	—	—	—	—	—	—	300
Educating local community in Busan	1	—	—	—	—	—	—	—	—	—	5	5
Level Water	1	—	—	—	—	—	—	—	—	—	5	5
James Michael Foundation - Revisiting the Ocean: Living the Blue Economy	1	—	—	—	—	—	—	—	—	—	28	28
The Marine Institute - Model Boat Race	1	—	—	—	—	—	—	—	—	—	5	5
ESRA - UK Independent lifeboat Crew and Medical Student training package	1	—	—	—	—	—	—	—	—	—	5	5
Vianair Inc. - Advanced airport operations visualization for increased public understanding of risk	1	—	—	—	—	—	—	—	—	—	10	10
Eyesea.org - Social pollution mapping	1	—	—	—	—	—	—	—	—	—	5	5
Hellenic Marine Environment Protection Association (HELMPEA)	1	—	—	—	—	—	—	—	—	—	5	5
Islington Boat Club	1	—	—	—	—	—	—	—	—	—	5	5
Plastic Waste Cleanup from Waterway	1	—	—	—	—	—	—	—	—	—	5	5
Shoebox Wellness Kits	1	—	—	—	—	—	—	—	—	—	5	5
Winchester Action on Climate Crisis (WinACC)	1	—	—	—	—	—	—	—	—	—	5	5
Hamogelo	1	—	—	—	—	—	—	—	—	—	3	3
Joao Ventura	1	—	—	—	—	—	—	—	—	—	2	2
Adriana Castro Vargas	1	—	—	—	—	—	—	—	—	—	2	2
MoHammed Bojair	1	—	—	—	—	—	—	—	—	—	2	2
Sanley Abila	1	—	—	—	—	—	—	—	—	—	2	2
Augustine Makokha	1	—	—	—	—	—	—	—	—	—	2	2
Historic England	1	—	—	—	—	—	—	50	—	—	—	50
Educational Volunteers	1	—	—	—	—	—	—	—	—	—	200	200
Foundation of Turkey (TEGV)	1	—	—	—	—	—	—	—	—	—	—	—
Food and Agriculture Organisation of the United Nations (FAO)	1	—	165	—	—	—	—	—	—	—	—	165
Plymouth Univeristy - Rescued Lives: An Oral History of the Stories of Shipwreck Survivors	1	—	—	—	—	—	—	20	—	—	—	20
Health & Safety Executive	1	—	—	—	—	—	—	—	—	—	250	250
Sense about Science	1	—	—	—	—	—	—	—	—	918	—	918
The Ocean Foundation	1	—	—	—	—	—	—	413	—	—	—	413
United Nations Global Contact	1	—	1,405	—	—	—	—	—	—	—	—	1,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Worldwide Ferry Safety Association	1	—	—	—	—	—	—	—	—	—	10	10
Cardiff University	1	—	—	—	—	—	—	266	—	—	—	266
ICLEI Africa Secretariat	1	—	—	—	—	—	—	249	—	—	—	249
University of Exeter Business School	1	—	—	—	—	—	—	85	—	—	—	85
University of Southern California	1	—	—	—	—	—	—	258	—	—	—	258
York Health Economics Consortium	1	—	—	—	—	—	—	102	—	—	—	102
National Marine Museum	1	—	—	—	—	—	1,000	—	—	—	—	1,000
International Congress of Maritime Museums	1	—	—	—	—	—	289	—	—	—	—	289
Resurgence	1	—	—	—	—	—	—	247	—	—	—	247
Resilience First	1	—	—	—	—	—	—	250	—	—	—	250
University of Leeds	1	—	—	—	—	—	—	435	—	—	—	435
The University of Central Lancashire	1	—	—	—	—	—	—	—	—	10	—	10
ISWAN	1	—	—	—	—	—	—	—	—	10	—	10
Raybel Charters	1	—	—	—	—	—	—	—	—	9	—	9
Ocean Generation	1	—	—	—	—	—	—	—	—	10	—	10
University of York	1	—	—	—	—	—	—	—	—	2,794	—	2,794
United Nations Global Compact	1	—	—	—	—	—	—	—	—	500	—	500
Italian Institute of Technology	1	—	—	—	—	—	—	—	—	2	—	2
Grant Adjustments	62	—	—	(112)	(8)	(340)	—	—	(171)	—	(1,548)	(2,179)
Impact of discounting grants awarded		300	1,570	(112)	(8)	(340)	385	1,772	1,971	918	5,494	11,950
		—	—	—	—	—	(30)	(122)	(31)	(60)	(542)	(785)
		300	1,570	(112)	(8)	(340)	355	1,650	1,940	858	4,952	11,165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Grants awarded in the year 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	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

9. Grants awarded but not paid

	2023 £000	2022 £000
At start of year	32,248	37,659
Awarded in the year	13,344	9,076
Unwinding of discounting (note 7)	203	324
Grant adjustments (note 8)	(2,179)	(982)
Paid in the year	(18,321)	(13,829)
At end of year	25,295	32,248

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.

	2023 £000	2022 £000
Current tax on net (expenditure) / income		
UK corporation tax	—	54
Double tax relief	—	—
	—	54
Foreign tax	15,531	11,322
	15,531	11,376
Adjustment in respect of prior periods		
• UK corporation tax	2	5
• Foreign tax	(2,096)	(264)
Total current tax	13,437	11,117
Deferred tax		
Origination and reversal of timing differences	(12,341)	(7,746)
Adjustments in respect of previous periods	2,315	(304)
Total deferred tax	(10,026)	(8,050)
Total tax on net (expenditure) / income	3,411	3,067

The standard rate of tax applied to the reported profit is 20.5% (2022: 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.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group continues to monitor the impact of this legislation as well as other income tax developments in the territories in which it operates to understand their potential future impacts.

During the year beginning 1 July 2023, the net reversal of deferred tax assets and liabilities is expected to increase the corporate tax charge for the year by £2.1 million (2022: £5.0 million). 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:

	2023 £000	2022 £000
Net (expenditure) / income before taxation	(29,892)	322,388
Net (expenditure) / income multiplied by the average standard rate of United Kingdom corporation tax of: 20.5% (2022: 19%)	(6,127)	61,254
Effects of:		
• Tax exempt losses	552	5,446
• Overseas rate differences	(1,354)	(1,213)
• Goodwill amortisation not deductible for tax purposes	3,219	1,031
• Expenses not deductible for tax purposes	670	6,893
• Brought forward unprovided timing differences now recognised in year	(472)	(316)
• Impact of UK qualifying corporate donations	(4,187)	(2,016)
• Current year unprovided timing differences	4,951	4,159
• Fair value loss on investment property not subject to tax	5,553	3,629
• Other taxes	4,030	2,989
• Adjustments in respect of prior periods	221	(563)
• Disposal of subsidiary undertakings including tax cost	(3,645)	(78,226)
Group tax charge for year	3,411	3,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Deferred tax liabilities / (assets)

	2023 £000	2022 £000
Liabilities at 1 July	20,334	9,871
Arising in the year	(23,261)	943
Disposal of business	495	9,321
Foreign exchange differences	644	199
(Assets) / liabilities at 30 June	<u>(1,788)</u>	<u>20,334</u>
Deferred tax asset	(11,170)	(14,756)
Deferred tax liability (note 22)	<u>9,382</u>	<u>35,090</u>
	<u>(1,788)</u>	<u>20,334</u>
Deferred tax is recognised as follows:		
Accelerated capital allowances	4,044	3,022
Deferred tax arising in relation to retirement benefit obligations	25,036	37,511
Tax losses	(29,855)	(19,365)
Tax on disposal of business	1,064	4,063
Other timing differences	<u>(2,077)</u>	<u>(4,897)</u>
	<u>(1,788)</u>	<u>20,334</u>

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 £26.1 million (2022: £30.5 million). Unrecognised assets will potentially become recoverable against future profits generated in the relevant overseas operations.

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

This is stated after charging / (crediting):

	2023 £000	2022 £000
Staff costs (note 12)	305,713	352,137
(Credit) / charge for bad and doubtful debts	(1,545)	5,162
Research and development costs	7,168	12,534
Loss on disposal of fixed assets	2,906	600
Amortisation of intangible fixed assets (note 14)	6,327	8,272
Depreciation of tangible fixed assets (note 15)	5,547	6,788
Amortisation of goodwill (note 14)	15,818	5,586
Rentals payable under operating leases	19,418	23,964
Exceptional costs (note 18)	(8,900)	26,262
Auditor's remuneration:		
Audit of parent	65	62
Audit of subsidiaries	1,829	1,747
Other services	18	24
Tax compliance services	311	403
Foreign exchange (gain) / loss	<u>(954)</u>	<u>652</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

12. Employees

	Trading funds £000	General funds £000	Total funds 2023 £000	Total funds 2022 £000
Wages and salaries	251,552	2,580	254,132	290,999
Social security costs	26,517	285	26,802	31,042
Pension costs (note 24)	24,448	331	24,779	30,096
	<u>302,517</u>	<u>3,196</u>	<u>305,713</u>	<u>352,137</u>

In addition, £7.4 million (2022: £5.2 million) of redundancy costs have been incurred.

The average number of employees, analysed by function was:

	2023 Number	2022 Number
Charitable activities	41	34
Trading activities	<u>3,669</u>	<u>4,620</u>
	<u>3,710</u>	<u>4,654</u>

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 74 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 2023 were as follows: 3 employees received over £1,000,000; 8 employees received between £500,001 and £1,000,000; 2 employees received between £400,001 and £500,000; 3 employees received between £300,001 and £400,000; 39 employees received between £200,001 and £300,000; 478 employees received between £100,001 and £200,000; and 1,139 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 3,669 employees for the year ended 30 June 2023 (2022: 4,620). 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.

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 £14,000 for reimbursement for out of pocket expenses (2022: £4,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

14. Intangible fixed assets

	Goodwill £000	Software £000
Cost:		
At 1 July 2022	54,102	70,329
Additions	311,884	6,750
Disposal	—	(18,363)
Exchange adjustment	(2,479)	—
At 30 June 2023	<u>363,507</u>	<u>58,716</u>
Amortisation:		
At 1 July 2022	29,554	40,482
Charged during the year	15,818	6,327
Disposal	—	(14,659)
Exchange adjustment	(380)	—
At 30 June 2023	<u>44,992</u>	<u>32,150</u>
Net book value:		
At 30 June 2023	<u>318,515</u>	<u>26,566</u>
At 30 June 2022	<u>24,548</u>	<u>29,847</u>

The Group has developed a group-wide enterprise resource planning and financial reporting solution. The net book value as at 30 June 2023 was £11,803,000 (2022: £14,164,000). The intangible asset is being amortised over the estimated useful life of seven years.

The net book value of an operational system specific to our Marine business at 30 June 2023 was £6,651,000 (2022: £9,976,000). The remaining estimated useful life is three years.

Acquisitions

OneOcean

On 31 August 2022, the Company acquired a 100% shareholding in the Ensign Holdco 1 Limited Group by purchasing 100% of the issued share capital of Ensign Holdco 1 Limited. Total consideration was £249.9m consisting of £242.9m of cash consideration and £7.0m of acquisition costs. In addition, liabilities of £47.5m were settled on acquisition. There was no deferred or contingent consideration.

Ensign Holdco 1 Limited is the owner of OneOcean, a leading supplier of voyage compliance, safety and environmental solutions. The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the book value of acquired assets and liabilities to reflect their fair value, the fair value of net liabilities acquired was £58.2m.

	Book Value £'000	Fair Value Adjustments £'000	Fair Value £'000
Fixed assets	618	—	618
Current assets	15,999	—	15,999
Cash and cash equivalents	9,251	—	9,251
Current liabilities	(36,585)	—	(36,585)
Non-current liabilities	(47,527)	—	(47,527)
	<u>(58,244)</u>	<u>—</u>	<u>(58,244)</u>
Total consideration payable			242,896
Acquisition expenses			6,992
Net liabilities acquired			<u>58,244</u>
Goodwill arising on acquisition			<u>308,132</u>

The useful economic life of goodwill arising on acquisition is estimated to be 20 years. Intangible assets included within goodwill includes the assembled workforce, company knowhow and future development potential.

The consolidated profit and loss account for the year ended 30 June 2023 includes the result of Ensign Holdco 1 Limited since the acquisition date and contributed £51.2m of turnover and £7.0m of profit after taxation.

IT Energy Systems and Consulting Limited

In April 2023, the Company acquired 100% of IT Energy Systems and Consulting Limited business. The acquisition has been accounted for using the acquisition method of accounting, which resulted in £3,752,000 of goodwill. The useful economic life of goodwill arising on acquisition is estimated to be 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

15. Tangible fixed assets

	Investment property* £000	Land and buildings £000	Leasehold improvements £000	Office fittings and equipment £000	Plant and machinery £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation:								
At 1 July 2022	121,837	28,381	15,029	34,893	2,513	49,049	1,687	253,389
Additions	—	7,050	4,519	726	496	3,093	162	16,046
Acquisition of business	—	—	—	618	—	—	—	618
Transfers	(3,570)	3,570	—	—	—	—	—	—
Revaluations	(27,086)	—	—	—	—	—	—	(27,086)
Disposals	—	—	(1,405)	(1,389)	(2)	(922)	(744)	(4,462)
Exchange differences	—	—	(209)	(237)	(7)	(367)	(57)	(877)
At 30 June 2023	91,181	39,001	17,934	34,611	3,000	50,853	1,048	237,628
Depreciation:								
At 1 July 2022	—	15,278	9,951	29,484	1,433	46,323	1,357	103,826
Charged in year	—	546	1,043	1,799	313	1,738	108	5,547
Disposals	—	—	(1,097)	(1,174)	(2)	(381)	(744)	(3,398)
Exchange differences	—	—	(197)	(57)	(7)	(219)	(17)	(497)
At 30 June 2023	—	15,824	9,700	30,052	1,737	47,461	704	105,478
Net book value:								
At 30 June 2023	91,181	23,177	8,234	4,559	1,263	3,392	344	132,150
At 30 June 2022	121,837	13,103	5,078	5,409	1,080	2,726	330	149,563

*77% (2022: 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 £22,360,000 (2022: £12,344,000) and estimated market value of £23,074,000 (2022: £37,500,000).

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 77% (2022: 79%) is deemed an investment property, based on the value of space let or marketed to third party tenants. The transfer of part of the property from investment property to own use resulted in a transfer of £3,570,000 representing the previous carrying value. The property valuation, with an effective date of 30 June 2023, 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 £19,996,000 (2022: £25,642,000).

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 year ended 30 June 2023 was £3,585,000 (2022: £5,034,000).

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:

	2023 £000	2022 £000
Within one year	4,786	5,375
In the second to fifth years inclusive	13,491	21,384
After five years	10,867	17,742
	<u>29,144</u>	<u>44,501</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

16. Investments

	2023 £000	2022 £000
Listed investments at market value comprise:		
Fixed Interest – UK	130,855	105,797
Fixed Interest – Overseas	667	268
Equities – UK	25,763	84,028
Equities – Overseas	247,148	186,914
Pooled Funds	121,786	154,803
Derivatives	388	105
Cash Instruments	428	17,740
	527,035	549,655
Cash at investment managers and accrued interest	7,945	30,758
	534,980	580,413
Long-term loans	34	102
Unlisted investments	1,889	—
	536,903	580,515
Investments in joint ventures: share of net assets	115	116
	537,018	580,631

Listed investments and cash held by investment managers

	2023 £000	2022 £000
At start of year	549,655	385,847
Additions at cost	382,182	421,603
Disposals proceeds	(391,702)	(202,632)
Realised gains on disposals	(39,213)	(9,938)
Unrealised (losses) / gains	26,113	(45,225)
At end of year	527,035	549,655
Cash held by investment managers and accrued interest	7,945	30,758
	534,980	580,413

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 the Group 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:

	2023 £000	2022 £000
Lloyd's Maritime Information Services Limited	115	116
Common Structural Rules Software LLC	—	—
	115	116

At 30 June 2023 Common Structural Rules Software LLC joint venture had net liabilities. The Group's share of the net liabilities amounted to £28,000 (2022: £34,000) and was recognised within other provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

17. Sale of subsidiary undertaking

During the year, the Group disposed of its three Industrial Digital Products businesses. On 1 July 2022 the Group completed the disposal of its subsidiary undertakings, Lloyd's Register Digital Products Limited and Lloyd's Register RiskSpectrum AB to Total Specific Solutions B.V. In September 2022 the Group completed the sale of its AllAssets business to Pinnacle.

The disposal of Lloyd's Register Digital Products Limited and Lloyd's Register RiskSpectrum AB included the disposal of the Subsurface and RiskSpectrum product lines. The results of the subsidiaries for the year ended 30 June 2022 have not been disclosed as discontinued operations in the Group's consolidated statement of financial activities since they do not represent a major business line.

The trade and net assets relating to the AllAssets product line was disposed of in a separate transaction in September 2022. Net assets disposed of and the related sale proceeds were as follows:

	Total £000
Total non-current assets	1,661
Current assets	11,244
Creditors	(7,057)
Net assets	<u>5,848</u>
Sale proceeds	24,051
Disposal costs	(2,361)
Profit on disposal	<u>15,842</u>
Net cash inflows / (outflows) in respect of the sale comprised:	
Cash and cash equivalents received	21,213
Less: cash and cash equivalents disposed of	(5,581)
Disposal costs	(2,361)
	<u>13,271</u>

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 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 year ended 30 June 2023.

	2023 £000	2022 £000
Turnover	516,793	569,096
Cost of sales	(324,414)	(362,211)
Gross profit	192,379	206,885
Administrative expenses	(200,065)	(215,881)
Administrative expenses before exceptional costs	(191,165)	(189,619)
Operating profit before exceptional costs	1,214	17,266
Exceptional costs	(8,900)	(26,262)
Operating loss	(7,686)	(8,996)
Profit on disposal of discontinued operations	15,842	409,261
Share of net operating loss of joint ventures	(744)	(480)
Net investment income	(22,992)	(38,158)
Other finance income	2,163	—
(Loss) / profit before taxation	(13,417)	361,627
Taxation on (loss) / profit	(3,411)	(3,067)
(Loss) / profit for the financial year	(16,828)	358,560
	2023 £000	2022 £000
Assets	1,226,434	1,351,943
Liabilities	(405,021)	(454,960)
Net Assets	821,413	896,983
Shareholder's funds	821,413	896,983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Exceptional costs within administrative expenses

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

Current year:

- The recovery of a £4.0m loan made to a third party which was previously impaired; and
- Redundancy and restructuring costs incurred of £7.4m and other costs of £5.5m relating to the restructure of the Group's operating model. This includes the global outsourcing of payroll and statutory and compliance functions, the globalisation of the operational structure and the investment in the research of enhanced digital service delivery.

Prior year:

- Operating lease surrender costs of £17.1m following a review of the Group's office requirements;
- Redundancy and restructuring costs incurred of £5.2m relating to the restructure of the Group's financial operating model; and
- Voluntary repayment of £4.0m of Government grants received as part of governments initiatives to provide financial support as a result of Covid-19.

19. Debtors

	2023 £000	2022 £000
Trade debtors	124,290	131,204
Other debtors	6,673	41,339
Prepayments and accrued income	70,274	68,609
Taxation recoverable	9,135	14,276
	<u>210,372</u>	<u>255,428</u>

20. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	37,319	23,082
Grants payable	14,809	20,301
Other creditors	4,560	4,344
Other taxation and social security	7,518	1,948
Taxation	15,204	23,079
Accruals and deferred income	157,136	151,935
	<u>236,546</u>	<u>224,689</u>

21. Creditors: amounts falling due after one year

	2023 £000	2022 £000
Grants payable	10,486	11,947
	<u>10,486</u>	<u>11,947</u>

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

	2023 £000	2022 £000
Due within one year	14,809	20,301
Due within 1-2 years	6,270	7,095
Due within 2-5 years	5,175	5,333
Due after 5 years	104	—
Impact of discounting	(1,063)	(481)
	<u>10,486</u>	<u>11,947</u>
Net grants payable	<u>25,295</u>	<u>32,248</u>

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 2022	1,964	16,498	17,396	35,090	15,787	86,735
Exchange revaluation	(2)	(155)	—	(16)	(72)	(245)
(Credited) / charged to profit and loss account	(1,085)	5,385	111	(13,779)	666	(8,702)
Credited to other comprehensive income	—	—	—	(12,408)	—	(12,408)
Utilisation of provision	—	(9,464)	(2,508)	—	(4,846)	(16,818)
Unwinding of discount	—	—	361	—	—	361
Acquisition of business	—	—	—	495	—	495
At 30 June 2023	877	12,264	15,360	9,382	11,535	49,418

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 £0.5m (2022: £1.2m) 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 10 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 9 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.

	2023 £000	20221 £000
Financial assets		
Investments in listed investments (note 16)	527,035	549,655

The Group's gains and losses in respect of financial instruments are summarised in note 16. 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 2022. This showed that the funding position of the scheme had improved from the previous valuation, a funding surplus of £23m on a technical provisions basis (31 March 2019: a shortfall of £17m). As a result of the surplus, no recovery contributions are required from the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company (2022: a £12.0m payment was made when a participating employer was removed from a multi-employer scheme as part of the BAIS business disposal). In addition, contributions of £1.3m (2022: £1.5m) were made to fund administration expenses of the scheme.

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 2023 of £1.0m (2022: £1.1m).
- 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 2023 of £9.3m (2022: £9.8m), assets of £3.7m (2022: £3.9m) a net obligation of £5.6m (2022: £5.9m).
- UK: the UK has other benefits schemes. These benefits are unfunded with an obligation at 30 June 2023 of £6.1m (2022: £7.3m).

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

Long-term unfunded employee benefits included within provisions are:

- UK: £7.9m (2022: £9.1m) in respect of the Executive Directors and Executive Leadership team participation in a Long Term Incentive Plan described in more detail in the Remuneration Committee report on page 58.
- Australia: £1.5m (2022: £1.7m) 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 2023.

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

The financial assumptions used at 30 June 2023 and 30 June 2022 for the different areas are summarised below.

	UK ⁽¹⁾		Japan ⁽²⁾		Eurozone ⁽³⁾		Rest of the World ⁽⁴⁾	
	2023	2022	2023	2022	2023	2022	2023 ⁽⁵⁾	2022 ⁽⁵⁾
Liabilities:	%	%	%	%	%	%	%	%
Rate of price inflation	3.2	3.2	1.0	1.0	2.5	2.0	2.0	2.0 to 3.3
Rate of increase in salaries	n/a	n/a	1.8	1.8	2.5	2.0	3.0 to 5.5	2.0 to 5.5
Rate of increase in pensions	Various	Various	0.8	0.8	Nil to 2.5	Nil to 2.0	5.0	3.3 to 5.0
Discount rate	5.3	3.9	1.2	0.9	3.7 to 3.9	2.5 to 3.1	5.0 to 7.4	4.4 to 7.9

(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 2023 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 2022 model with a long-term improvement rate of 1.25% p.a., a smoothing parameter of 7, an initial addition parameter of nil with 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.

Amounts recognised in the consolidated balance sheet:

	United Kingdom		Japan		Eurozone		Rest of the World		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	35.5	36.1	—	—	—	—	1.2	1.1	36.7	37.2
Equity instruments	—	—	—	—	2.4	2.3	18.5	19.3	20.9	21.6
Debt instruments	699.8	877.3	—	—	2.8	2.8	36.2	38.1	738.8	918.2
Other	—	—	—	—	10.7	11.7	7.0	8.1	17.7	19.8
Market value of assets	735.3	913.4	—	—	15.9	16.8	62.9	66.6	814.1	996.8
Present value of scheme liabilities	(611.9)	(740.7)	—	—	(16.7)	(17.0)	(55.8)	(59.5)	(684.4)	(817.2)
	123.4	172.7	—	—	(0.8)	(0.2)	7.1	7.1	129.7	179.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Present value of unfunded liabilities	(6.1)	(7.3)	(28.3)	(34.3)	(35.5)	(36.8)	(56.2)	(78.6)	(126.1)	(157.0)
Net pension asset / (liability)	117.3	165.4	(28.3)	(34.3)	(36.3)	(37.0)	(49.1)	(71.5)	3.6	22.6

The net pension asset is reported on the balance sheet as:

	2023 £m	2022 £m
Pension surplus	137.8	187.0
Pension liability	(134.2)	(164.4)
Net pension asset	3.6	22.6

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

	2023 £m	2022 £m
Current service cost	2.4	4.8
Curtailment (gains) / losses	(0.7)	0.3
Administrative expenses	1.7	1.4
	3.4	6.5

Interest cost on schemes' liabilities	35.5	22.8
Interest income on schemes' assets	(38.0)	(22.8)
Total amount included under other finance income	(2.5)	—

In addition, there is a charge in respect of contributions to defined contribution plans for the year of £21.0m (2022: £23.3m).

The actual return on scheme assets for the year to 30 June 2023 was a loss of £134.3m (2022: £191.3m).

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

	2023 £m	2022 £m
Loss on pension scheme assets	(172.2)	(214.2)
Experience losses	(12.2)	(39.8)
Change in assumptions	148.4	307.9
Actuarial (loss) / gain	(36.0)	53.9

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

	2023 £m	2022 £m
Opening defined benefit obligation	(974.2)	(1,300.2)
Current service cost	(2.4)	(4.8)
Curtailments	0.7	(0.3)
Interest cost	(35.5)	(22.8)
Actuarial gain	136.2	268.1
Exchange gain / (loss)	9.6	(2.4)
Benefits paid	55.1	50.1
Disposal of business	—	38.1
Closing defined benefit obligation	(810.5)	(974.2)

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

	2023 £m	2022 £m
Opening market value of plan assets	996.8	1,211.3
Expected return on plan assets	38.0	22.8
Benefits and expenses paid	(56.8)	(51.5)
Employer contributions	11.9	24.0
Actuarial loss on assets	(172.2)	(214.2)
Exchange (loss) / gain	(3.6)	6.5
Disposal of business	—	(2.1)
Closing market value of plan assets	814.1	996.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

25. Contingent liabilities

	2023 £000	2022 £000
In respect of bank guarantees	4,570	3,585
Escrow account for pension schemes	43,229	51,819
	47,799	55,404

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.

Investments with market value of £43.2m (2022: £51.8m) were held in a ring fenced portfolio relating to the funding of pension liabilities outside the UK.

In November 2022, the Group committed SGD 5m for shares in Rainmaking Ventures (S) VCC attributable to Motion Ventures Fund 1. As at 30 June 2023, the Group has paid SGD 3m of the total commitment.

At 30 June 2023 the Group and Company had capital commitments of £12.1m (30 June 2022: £nil)

26. Operating lease commitments

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

	Land and buildings		Other	
	2023 £000	2022 £000	2023 £000	2022 £000
Within one year	10,123	8,233	3,681	3,744
Between two to five years	22,501	22,103	4,696	5,154
After five years	16,012	15,122	—	—
	48,636	45,458	8,377	8,898

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 2023					
Trading funds	896,983	549,902	(527,345)	(98,127)	821,413
Unrestricted funds - general funds	(25,658)	10,499	(21,899)	20,317	(16,741)
Endowment funds:					
Expendable endowment	292,471	—	(863)	(2,506)	289,102
	1,163,796	560,401	(550,107)	(80,316)	1,093,774
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

Other movements include realised and unrealised gains and losses on investment assets, taxation charge and also include transfers between funds, foreign exchange differences on the translation of net assets in overseas operations, acquisition of non-controlling interest 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 part of that sum as a contingent asset of the Trading Group's UK pension scheme. The terms of the gift have been amended in the year to adjust the contingent asset to £100m (2022: £125m) and extend the period at least until the full actuarial valuation as at 31 March 2025, 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 2023				
Trading funds – listed investments	(32,067)	21,762	5	(10,300)
Trading funds – investment property	57,117	(27,086)	—	30,031
Unrestricted – general funds	5,509	190	(304)	5,395
Endowment funds:				
Expendable endowment	68,185	4,161	(6,667)	65,679
	<u>98,744</u>	<u>(973)</u>	<u>(6,966)</u>	<u>90,805</u>
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>

29. Fund distribution

	Trading funds £000	General funds £000	Endowment funds £000	Total at 30 June 2023 £000
Non-current assets	870,488	3,636	289,102	1,163,226
Current assets	354,944	6,250	—	361,194
Creditors: amounts falling due within one year	(221,407)	(15,139)	—	(236,546)
Creditors: amounts falling due after one year	—	(10,486)	—	(10,486)
Provisions	(49,418)	—	—	(49,418)
Pension deficit	(134,196)	—	—	(134,196)
Inter-fund balance	1,002	(1,002)	—	—
	<u>821,413</u>	<u>(16,741)</u>	<u>289,102</u>	<u>1,093,774</u>
	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>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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

	2023 £000	2022 £000
Net income resources before taxation and other recognised gains and losses	10,294	396,650
Profit on disposal of discontinued operations	(15,842)	(409,261)
Net interest in the results for the period in joint ventures	744	480
Pension interest cost	(2,524)	—
Loss on disposal of fixed assets	2,906	600
Exchange adjustment	(6,910)	17,018
Depreciation	5,547	6,788
Amortisation and impairment charges relating to intangibles	22,145	13,858
(Increase) / decrease in debtors	53,235	(95,014)
Increase in creditors	(12,141)	7,494
Decrease in provisions	(11,719)	(3,635)
Foreign tax paid	(15,412)	(13,010)
Foreign tax received	872	3,025
Defined benefit contributions in excess of funds charges	(7,742)	(17,829)
Curtailed loss	(677)	303
Net investment income	(24,687)	(17,963)
Cash used in operations	<u>(1,911)</u>	<u>(110,496)</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, £15.7m (2022: £12.2m) 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 £7.0m (2022: £33.3m) due to exchange controls and Korea £19.6m (2022: £23.5m) 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 year ended 30 June 2023 totalled £9,544,000 (2022: £9,273,000).

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 £000	Operating costs charged by LR Group companies £000	Amounts owed (to) / from Group companies at 30 June 2023 £000
Subsidiaries			
Lloyd's Register Middle East LLC Abu Dhabi	1,461	(681)	(3,195)
Lloyd's Register Oman LLC	267	(366)	1,119
Lloyd's Register Qatar LLC	412	(165)	1,383
Lloyd's Register Services (Malaysia) Sdn. Bhd	146	(49)	(185)
Lloyd's Register Algeria SARL	2	(3)	(2)

The following transactions took place between Lloyd's Register Group Limited undertakings in which the Group holds less than 100% for the year ended 30 June 2022:

	Turnover arising from trading with other LR Group companies £000	Operating costs charged by LR Group companies £000	Amounts owed (to) / from Group companies at 30 June 2022 £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.

During the year the Group increased its investments in Common Structural Rules Software LLC from \$21,975,000 to \$22,875,000. The Group's investment in i4Insight has increased \$5,200,000 to \$12,200,000 following the acquisition of the non-controlling interest.

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

	2023 £000	2022 £000
Administrative services provided	240	240
Administrative services payable	240	240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

32. Group companies

The following are the subsidiaries and joint ventures of the Group at 30 June 2023. 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 Group Limited	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 Maritime Decarbonisation Hub Limited ¹	UK		100
IT Energy Systems and Consulting Limited	UK		100
Ensign Holdco 1 Limited	UK		100
Ensign Holdco 2 Limited	UK		100
Ensign Holdco 3 Limited	UK		100
Ensign Holdco 4 Limited	UK		100
OneOcean Group Limited	UK		100
Regs4Ships Limited	UK		100
Regs4Yachts Limited	UK		100
ChartCo Limited	UK		100
Shipping Guides Limited	UK		100
Lloyd's Register Finance Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, Scotland, AB15 8PU	100
LR 1760 (1) Limited ¹	UK		100
Interactive Petrophysics Limited	UK		100
LR 1760 (2) Limited	UK		100
Lloyd's Register Aligned Services Limited	UK		100
71FS Insurance Company Limited ¹	GUERNSEY	Polygon Hall, Le Marchant Street, St Peter Port, GY1 4HY, 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	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	5575 North Service Road, Suite 402 Burlington, ON L7L 6M1	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company	Country of Origin	Registered Address	% of Ownership
Martec Limited	CANADA	Canada 237 Brownlow Avenue, Suite 200, Dartmouth, B3B 2C7, NS, Canada	100
OneOcean (Canada) Inc	CANADA	1600-555 boul, René-Lévesque ouest, Montréal Québec H2Z1B1, Canada	100
11146726 Canada Inc	CANADA	1600-555 boul, René-Lévesque ouest, Montréal Québec H2Z1B1, 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, No.550 Yan'an East Road, Huangpu District, Shanghai, China	100
Lloyd's Register Central and South America (Curaçao) NV	CURAÇAO	Alablancaweg No. 30 Wilhelminalaan 13, Curaçao	100
Green Steam Vessel Optimisation Denmark ApS	DENMARK	c/o Lloyds Register, Strandvejen 104, 1 Hellerup, 2900, 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
OneOcean KK	JAPAN	1-1-1 Ebisu Minami, Shibuya-ku, Tokyo 150-0022, Japan	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
OneOcean (Malaysia) Sdn Bhd	MALAYSIA	Damansara Intan, Unit 736, 7 th Floor, Block A, No. 1, Jalan SS20/27. 47400 Petaling Jaya Selangor, Malaysia	100
Lloyd's Register Mozambique Lda	MOZAMBIQUE	1 Bairro da Polana, Av. Marginal Tenente Ovaldo Tazama Torres Rani Torre 1, 2 Piso, Fraccas 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company	Country of Origin	Registered Address	% of Ownership
OneOcean (Nederland) BV	NETHERLANDS	Parmentierplan 20, 3088 GN 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
OneOcean (Norway) AS	NORWAY	Tullins Gate 2, 0177, Oslo, 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 Pakistan (Private) Limited	PAKISTAN	BRR Towers, 14th and 15th Floor, 11 Chundrigar Road, Karachi, Sindh, 74400, Pakistan	100
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
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
Marine Press Asia Pacific Pte Ltd	SINGAPORE	8 Eu Tong Sen Street, #14-94, The Central, Singapore 059818	100
OneOcean Maritime Solutions Pte Limited	SINGAPORE	896 Dunearn Road, #03-05, Singapore 589472	100
OneOcean AB	SWEDEN	Vallenvägen 9, 444 60 Stora Höga, 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 Marine Consulting Taiwan Co., 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, Sitikbey Plaza, No 82 Kat 3 No. 12, Kadiköy, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company	Country of Origin	Registered Address	% of Ownership
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	100
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
LR 1760 (2) Limited	Scotland	SC346964
LR 1760 (1) Limited	Scotland	SC252441
Safetytech Accelerator Limited	England and Wales	13099135
Lloyd's Register Marine Limited	England and Wales	13281335
Ensign Holdco 1 Limited	England and Wales	10172727
Ensign Holdco 2 Limited	England and Wales	10172773
Ensign Holdco 3 Limited	England and Wales	10172900
Ensign Holdco 4 Limited	England and Wales	10173156
Regs4Ships Limited	England and Wales	04430411
Regs4Yachts Limited	England and Wales	04485715
ChartCo Limited	England and Wales	12289430
Shipping Guides Limited	England and Wales	00907386
Lloyd's Register Maritime Decarbonisation Hub Limited	England and Wales	14704215

33. Post balance sheet events

On 25 October 2023, the Trading Group paid a £14.4m charitable donation to Lloyd's Register Foundation.