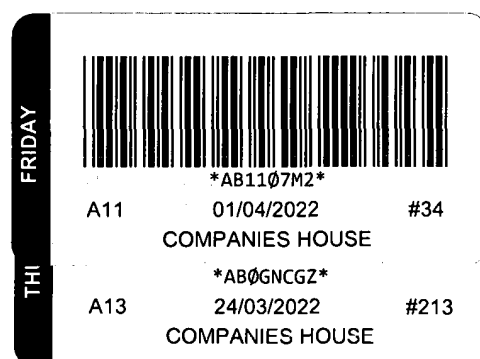


**Lloyd's Register Foundation**  
**Report and financial statements**  
**30 June 2021**

Company number: 07905861 (England and Wales)  
Charity registration number: 1145988 (England and Wales)



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Connecting science, safety and society

# Trustees' Report incorporating the Strategic Report

## Chairman's Statement

The Covid-19 pandemic (the pandemic) has continued to make its mark on society. From loved ones as well as colleagues seeing each other for the first time in two years, to remote and hybrid working becoming the norm, everyone and every country has had to adjust to living with the pandemic. Despite the continued uncertainty and subsequent delays to some projects, the six months to 30 June 2021 was a period of significant progress for the Foundation.

During this period the Foundation's grants community continued to respond to the situation in remarkable ways whilst also adapting to new ways of working. From creating new interventions to protect local communities to harnessing science and technology to inform pandemic responses, it has remained dedicated to making the world a safer place.

Throughout the pandemic, the essential role of science, innovation, and technology to solve major societal challenges has been highlighted. There has never been a greater time for the Foundation to invest in new ways to accelerate discovery right the way through to implementation by championing innovation that will save lives and improve safety all around the world.

An important part of the Foundation's mission to enable safer and more sustainable oceans has been the Lloyd's Register Maritime Decarbonisation Hub in partnership with LR Group as our impact partner. This period saw a significant development with the hub announcing a major collaboration with the world's other leading centre for decarbonisation, the Maersk McKinney Moller Centre for Zero Carbon Shipping. This high-profile collaboration sees the Centre and Hub working with MAN Energy Solutions, Mitsubishi Heavy Industries, NYK Line and Total to develop guidance around safe use of ammonia as a marine fuel. This collaboration will help bring the whole maritime community together with the goal of achieving Net Zero as quickly as possible.

Following its launch during the last quarter of 2020, the Foundation has renewed its focus on the Safetytech Accelerator, a not-for-profit initiative created by Lloyd's Register Group and Lloyd's Register Foundation. Bringing together corporates, start-ups and the wider technology community to collaborate and accelerate the adoption of safetytech in safety-critical industries, in the first six months of this year it has a confirmed income of £130,000 against an annual target of £250,000.

The Trustees continue to promote diversity and inclusion, and this year the Foundation has been working hard to embed equity, diversity, and inclusion in everything that we do to create a sense of belonging for our staff and also our global community of grantholders and partners.

It has never been more important to unite the world to tackle climate change and build a sustainable future for us all. I'm delighted that we continue to underline our commitment to this by working closely with the UN's High Level Climate Change Champions and are actively supporting the Race to Zero and Race to Resilience campaigns.

Finally, on behalf of the Trustees, my warmest thanks go to the Foundation's Chief Executive Richard Clegg and all the Foundation staff who have achieved so much in the past six months.

**Thomas Thune Andersen**

Chairman, Lloyd's Register Foundation

## Foundation Chief Executive's Review

Like many other charities and organisations, we have worked hard to remain agile and responsive to the unrelenting challenges and uncertainty that the pandemic, now in its second year, has generated.

One consequence of the pandemic is that last year we extended our accounting period to 18 months to 31 December 2020. The accounts in this report cover the six month period up to 30 June 2021, which now brings us back in line in terms of our usual reporting cycle. Consequently, the results are not directly comparable between the current and prior period.

The global pandemic has continued to serve as a stark reminder of the reason why we exist and the importance of our unique charitable purpose to engineer a safer world. As a result of who we are and what we stand for, since the beginning of the pandemic we have been in the position to be able to directly contribute to the global effort to tackle the pandemic. I am proud of the efforts of our grants community, impact partners, and of course colleagues in the Foundation and Lloyd's Register Group for the resilience, dedication and commitment they have shown in ensuring that the world recovers and is better prepared to engineer a safer, more resilient and sustainable future.

We published our new strategy in 2020 and at its heart is for the Foundation to be challenge led, evidence driven and to work in partnership with others that share our ethos in order to multiply our impact in the world. While the second year of the pandemic meant we had to continue to review some of our operational plans and budgets, our strategy remained unchanged. We also continued to prioritise the wellbeing of our people, whilst protecting our finances and directing our grants and activities where they could have the biggest impact.

In 2020 we launched a brand-new Evidence and Insight Centre and enhanced our in-house Strategic Communications and Global Engagement capability. We have seen some fantastic achievements following these investments. Strategically, we regard them as 'bookending' our grants and programme work, helping us to direct our efforts where greatest need exists and where we can make the greatest difference, and helping us strengthen our stakeholder engagement to build partnerships for impact. These combined efforts can be seen through the award-winning World Risk Poll, which has reached over 1.9 billion people, the data continues to be used by others and has had a significant impact in raising awareness of the Foundation globally.

We have continued to make great progress with the digitisation of the Heritage and Education Centre's (HEC) records despite the pandemic. By 30 June 2021 a total of 1,020,573 documents had been digitised and 941,559 documents catalogued. In addition, 290,170 new documents were made available to the public via the HEC website, meaning that a total of 530,528 documents were fully completed and accessible externally by 30 June 2021.

Our role at the UN Global Compact (UNGC) is increasingly influential. Vincent Doumeizel, the Foundation's food programme lead, gained the UNGC's support for the Safe Seaweed Coalition (SSC) and he was appointed to the UN Expert Advisory group on transforming global food systems in support of the UN Food System Summit and the 2030 Sustainable Development Agenda, working alongside the World Bank, WHO, Food and Agriculture Organisation and the EU Commission. The SSC now has over 250 members - including producers, researchers, processors, government agencies, conservation organisations, carbon market registries, project developers and investors - from more than 50 countries.

In the early days of the pandemic environment, we had to take some swift actions in order to protect our finances, including careful management of cashflow and outgoings whilst working closely with our grants community to support their situation. This prudent cashflow management during the period of market downturn resulting from the pandemic positioned the Foundation well to maximise returns as the market recovered. During the period, our investments outperformed the budgeted returns for the six months. Therefore as a result of the measures taken, we are now in a strong position in readiness for the bounce back which should enable us further to increase our charitable activities and expenditure over coming years.

In conclusion I would like to thank once again colleagues, Trustees and partners for all their support and patience during this uncertain period.

**Professor Richard Clegg FREng, FRSC**  
Chief Executive, Lloyd's Register Foundation

## **Our Strategy**

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

## **Our Vision: Engineering a safer world**

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

### **Goal 1: Establish the best evidence and insight**

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

### **Goal 2: Focus on the most pressing challenges**

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

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

### **Goal 3: Build global coalitions for change**

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

## **Investing for the Future**

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

We are building our capability through major programmes such as:

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

## **Heritage and Education Centre**

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

Our investments will help to:

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

## GOAL 1: Establish the best evidence and insight

### Impact highlight 1.1

**Following the positive response to its report on the link between psychological wellbeing and safety in the workplace, the Foundation's Evidence and Insight Centre (EIC) awarded a follow-on commission to Nottingham Trent University to accelerate learning from the pandemic on wellbeing and safety with a particular focus on the maritime sector.**

#### Plan

The period January to June 2021 saw the scoping and commissioning of a range of projects from the EIC. The plan for the Centre during this period focused on:

- Managing seven active grants and commissioning three new evidence and insight projects.
- Engagement and dissemination activities for the 2019 World Risk Poll.
- Launching a tender for an impact evaluation framework contract.
- Recruitment and on boarding of two EIC posts.
- 18 month review of the EIC following establishment in October 2019.

#### Activities and impact

The EIC strategy was developed following a programme of engagement with colleagues and was presented to the Foundation Board in December 2019. The strategy was approved as part of the long-range strategic plan for the Foundation considered by the Board in March 2020.

A Project and Stakeholder Engagement Manager and Senior Information Specialist were recruited to the team, who started in April/May 2021 and were welcomed to the Foundation in a series of virtual interactions. The team relished the opportunity to hold their first face-to-face meeting at an away day at the end of June.

The strategy for the EIC focuses on understanding how data and evidence is being used within our challenge areas, to inform decision making on future activities. Ongoing work to understand this within our safety at sea and food domains was undertaken in the reporting period, and a new project was scoped and open call for grant proposals launched within the occupational safety and health domain. The ultimate impact we are seeking from this work is to understand whether opportunities exist to improve the use of evidence in decision making, with an impact on safety outcomes.

Three other new open calls for grant proposals were issued during this period – Physical Infrastructure: Management and maintenance for safety, safe adoption of emerging technologies: review of the skills needed and readiness of the engineering sector and designing safety interventions for specific contexts.

During the reporting period EIC also capitalised on our first publication (launched in November 2019), a rapid evidence assessment looking at the link between psychological wellbeing and safety in the workplace. This work led to a follow-on commission from Nottingham Trent University to accelerate learning from the pandemic about psychological wellbeing at work, with a particular focus on the maritime sector.

The focus of the Lloyd's Register Foundation World Risk Poll (WRP) in early 2021 was a series of engagement and dissemination activities using the results of the 2019 poll. These included a round table event on fire safety that raised the profile of this occupational hazard with UN organisations; a contribution to the UN Food systems dialogue; a webinar on violence and harassment in the workplace with the International Labour Organisation; and two presentations at international conferences.

### **Future plans for the next 12 months to June 2022**

The main objectives are to:

- Build on our evidence and insight work on seafarer wellbeing to commission a 'what works centre' to improve use of evidence and safety outcomes.
- Analyse the 2021 World Risk Poll data and launch four reports with our strategic partners to highlight global risk and safety issues and opportunities for action.
- Accelerate our focus on impact through our relationship with Technopolis, a consultancy specialising in evidence-based policy advice and insights, analysing how our work generates impact and embedding learning to advance our effectiveness.



## GOAL 2: Focus on the most pressing challenges

### Plan

We continue to make progress addressing the challenges identified in our Strategy, 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

As with our previous reporting period, the activities of the Foundation continued to be restricted by global and local Covid-19 lockdowns, which lasted throughout this reporting period.

### Activities and impact

Overall within the six month period we continued to deliver against well established long term programmes. However, the global pandemic kept the UK and much of the world in lockdown during this time period and this affected the mode and speed of delivery, most noticeably within educational programmes that require face-to-face teaching.

### Safety at sea

## Impact highlight 2.1

**Our grant holder at Pusan University in South Korea has patented a fire suppression system for shipping containers in Korea, China and the USA with prototypes being manufactured and tested in China.**

As part of our ongoing work with CHIRP Maritime, with our support they published a highly informative video on YouTube called 'Sea of Distractions'. This film takes a real-life scenario from a commercial vessel where a string of distractions led to an increasing number of poor decisions that resulted in a collision. Professor Vince Walsh from the Institute of Neuroscience at University College of London provides an explanation of what goes wrong and why this happens. YouTube shows 3,360 views.

Our grant holder at Pusan University has continued the development of a fire suppression system for shipping containers. Fires started in shipping containers pose a significant risk to the vessels themselves, including the risk of sinking. The fire suppression system has now been patented in Korea, China and the USA with prototypes being manufactured and tested in China.

The wellbeing of seafarers has been hitting the headlines in the context of Covid restrictions. A number of seafarer organisations have carried out multiple surveys of seafarer's views and also introduced interventions to help with consequences of poor mental wellbeing such as mental first aiders and helplines. At the Foundation we have recognised the importance of the issue and together with the Seafarers Hospital Trust and Yale University we focused on taking a proactive approach to finding a solution to this very important issue. During this period we hosted the first of two workshops with representatives of the shipping industry to start to understand 'what works' in creating good seafarer wellbeing. The outcome of the first workshop revealed that there isn't a consistent approach or view of 'what works' in introducing better mental health support and improved wellbeing on ships, often even when good solutions are found by owner/operators it isn't possible to share this information in a way that provides sufficient confidence to repeat or embed consistency across the fleet or industry. This is something we will explore with the Seafarers Hospital Trust and Yale next year.

Our grant to Southampton University on the safety challenge of solid bulk liquefaction has been making progress in its understanding of the issues. During the reporting period they held a workshop with a significant number of project partners exploring the issue of data sharing. When the programme was being established the community told Southampton that data sharing was key to making progress, yet the sharing of data continues to be a real issue. The workshop explored the difficulties that lay behind the sharing of data giving an insight into how progress could be made not only in improving safety of bulk carriers but also across the marine industry.

Our grant holder HELMEPA held their first English language 'Safety-First' seminar during this time. Over 130 participants - merchant marine officers, shipping execs and coastguard officers attended - all determined to improve Safety at Sea in the Eastern Mediterranean (one of the global hotspots for accidents and incidents at sea).

#### Safety of digital systems

### Impact highlight 2.2

**The Assuring Autonomy International Programme's ground-breaking Assurance of Machine Learning for use in Autonomous Systems (AMLAS) guidance has been downloaded 500 times since February 2021 by global organisations spanning automotive, health, academia, maritime, engineering, software, aviation, and retail.**

Our grant to the University of York for the Assuring Autonomy International Programme has published its annual report. Some highlights from the year are: publication of its AMLAS document that has been well received by the community; and results of a public engagement exercise understanding the public's perceptions of Artificial Intelligence and autonomy being used in safety critical systems with the results suggesting that engineers and regulators are not focussed on the things that concern the public, and there are 14 demonstrator projects aimed at understanding assurance needs and testing assurance methodologies covering applications including factory cobots, sharing control between autonomous systems and people, robots collaborating together, explaining decision making and ratings for robotic and autonomous system safety. The Programme's ground-breaking AMLAS guidance has been downloaded 500 times since February 2021 by global organisations spanning automotive, health, academia, maritime, engineering, software, aviation and retail.

During this time period we also awarded a grant to the Global Manufacturing and Industrialisation summit (GMIS) for a programme of work to advance safety associated with the fourth industrial revolution within global manufacturing. The partnership includes UNIDO – the UN Industrial Development Organisation – which ensures that the impact from the programme will be global and scaleable.

#### Safety for a sustainable future

### Impact highlight 2.3

**The LR Decarbonisation Hub announced a major collaboration with the world's other leading centre for decarbonisation, the Maersk McKinney Moller Centre for Zero Carbon Shipping. This high-profile collaboration will help bring the whole maritime community together with the goal of achieving Net Zero as quickly as possible.**

The importance of decarbonising maritime trade has been growing in importance across international agendas during this period; the Foundation has started to play an influencing role.

The LR Decarbonisation Hub announced a major collaboration with the world's other leading centre for decarbonisation, the Maersk McKinney Moller Centre for Zero Carbon Shipping. This high-profile collaboration sees the Centre and Hub working with MAN Energy Solutions, Mitsubishi Heavy Industries, NYK Line and Total to develop guidance around safe use of ammonia as a marine fuel, with the Decarbonisation Hub taking the lead on quantitative risk assessment. The

implementation of this guidance via the partners and wider community will mark a small but significant step in decarbonising maritime trade.

Foundation CEO Richard Clegg provided witness testimony to the UK Parliamentary Science and Technology Committee as part of the evidence gathering on the role of hydrogen in achieving net zero. Richard provided his evidence during the session dedicated to maritime decarbonisation together with Morten Bo Christiansen who is VP Head of Decarbonisation at Maersk.

The LR Decarbonisation Hub, in collaboration with Resilience Shift, published the Resilience4Ports Phase 1 report. The report looks at the multiple drivers for change and how the port industry needs to consider a whole system approach that connects sea, ports and land-based infrastructures.

The Foundation's Engineering X programme looking at 'end of life' safety issues for engineered objects chose 'open burning' of waste as its next topic of focus. Every 30 seconds it is estimated that someone dies as a result of this under-reported issue. Our Engineering X report on waste has been cited at an all-parliamentary group meeting highlighting the widespread issues of open burning of waste around the world. We also agreed to provide leadership within the High Level Climate Champions team which will take forward a programme of work across the African continent in preparedness for COP27.

#### **Safety of food**

### **Impact highlight 2.4**

**Safe Seaweed Coalition (SSC) launched on 17 March 2021, so far it has over 250 members from more than 50 countries**

The Safe Seaweed Coalition (SSC) had its official launch on 17 March 2021. This online event had an audience of 1600 people and picked up global media coverage in more than 20 countries. As a result, the SSC now has over 250 members - including producers, researchers, processors, government agencies, conservation organisations, carbon market registries, project developers and investors - from more than 50 countries. The SSC is currently hosting a series of 15 focused round-table workshops to refine their next steps, and build on strategic discussions with organisations such as the World Bank, Food and Agriculture Organisation (FAO), Nestle and WWF. Our programme at Wageningen University (Safe Seaweed by Design) is a significant contributor to the SSC (via development of protocols to support the seaweed sector in monitoring and assessing safety). There has been good progress since launching at the start of 2021, focusing on risk assessments, mitigation and methodologies for prioritisation of over 150 potential hazards.

Our role at the UN Global Compact (UNGC) is increasingly influential. Vincent Doumeizel, the Foundation's food programme lead, gained the UNGC's support for the SSC and he was appointed to the UN Expert Advisory group on transforming global food systems in support of the UN Food System Summit and the 2030 Sustainable Development Agenda, working alongside the World Bank, WHO, FAO and the EU Commission. He also gave a keynote presentation at the UN Food System Summit Dialogue in April 2021.

The pandemic slowed our work with the FAO that will help to develop capacity and capability for food safety in East Africa and the Caribbean. However, we are excited that this work will be ramping up via an online consultation process and expect that the programme will be close-to-completion during the next period.

In contrast, we have had to delay our work with the Science Museum Group. This programme aims to identify the best ways to increase engagement and understanding of the food safety in the UK, Brazil and India, understandably this work is taking a back-seat to the pandemic situation in each of these countries.

## Impact highlight 2.5

**Our EngineeringX Skills programme oversaw projects in Uganda, Botswana, South Africa, Nepal, Vietnam, Malaysia, Indonesia and Colombia further highlighting the international reach that we can achieve.**

Our £165,000 grant to Stellenbosch University to develop Africa's first-ever postgraduate fire engineering course continues to create some very positive outcomes. For example:

- So far, it has leveraged more than £340,000 and has created the strong foundation of a full postgraduate programme, with three courses and multiple research projects being available by 2022.
- Ongoing research has led to insights regarding passenger train fire safety in South Africa (current seats have been found to burn extremely intensely and easily). Following presentation of results to engineers from the Passenger Rail Association of SA it is likely to have an impact on most of the passenger trains throughout the country.
- The group is having an influence on South African fire safety codes, which govern the construction industry, through having representation on the SA Bureau of Standards committees.
- Africa's first fire engineering laboratory at a university has been built. The laboratory is now hosting equipment for fire research and testing, and making a big impact on the development of technical capacity.
- The programme is increasingly international, and now involves South Africa, Namibia, Kenya, Nigeria and Zambia.

Our South East Asia Skills Enhancement Programme (SEASEP) had difficulties associated with delivery of training during the the pandemic. More recently however, our grant-holder (TWI) has been able to alter the way in which they reach and train candidates in India and Indonesia. As a result, SEASEP has now trained 3,095 people, and is back on track. An evaluation of the programme was commissioned which will inform our decision on progress to SEASEP phase 2.

Our EngineeringX Skills programme oversaw projects in Uganda, Botswana, South Africa, Nepal, Vietnam, Malaysia, Indonesia and Colombia further highlighting the international reach that we can achieve. Highlights included:

- Reduction in safety incidents during construction programmes in Uganda.
- Contribution to an Indonesian National Standard for the design and development of a safe battery for electric vehicles.
- Over 200 people trained in high-tech design and engineering skills at Nepal's first FabLab.

Additionally, the EngineeringX Safety Champions in Engineering Education project launched successfully. The pilot cohort includes participants from Malaysia, the Philippines, Nigeria, South Africa, Uganda and Kenya.

## Impact highlight 2.6

**The National Structural Integrity Research Centre supports students from over 30 countries, having completed 840 years of industrial research since launch and achieving a 95% PhD completion rate.**

During this period our grant holder TWI reported the latest update from our largest grant that established the National Structural Integrity Research Centre (NSIRC). In summary, they have students from 30 countries, with a gender balance of 31% female to 69% male, having completed a total of 840 years of industrial research since establishment, with a 95% PhD completion rate and 100% recruitment within 12 months. Both the quality of research and number of people training and taken into industry are helping to make safety-critical industries safer.

Our grant to the Energy Institute in the previous period supports the EI Toolbox App which is an engaging platform that raises people's awareness of work-based risks to their safety by learning from accidents that have taken place in the past. During this period German, Malay and Simplified Chinese languages were added to Toolbox App bringing the total number of languages supported to eight. There is growing evidence of use in different languages with the number of users scaling to when the language was introduced.

We are supporting some research at Imperial College looking at safety in general aviation, effectively private pilots as opposed to the well supported commercial aviation sector. Based upon the strength of the work, Professor Arnab Majumdar and his PhD student have been invited to join the General Aviation Safety Program and Canadian General Aviation Joint Steering Committee headed by Transport Canada (the transport regulator). This is in recognition of the excellent work that is being conducted and the user pull to implement this work as soon as possible.

We have also been supporting a former LRF funded scholar from Imperial College that set up a company called Vianair to commercialise his research that created algorithms to optimise design for air corridors at airports. Customers for this software solution now include the port authority of New York / New Jersey, Fraport and United Airlines are trialling the solution. The application of this software impacts the safety of millions of people daily.

### Public understanding of risk

## Impact highlight 2.7

**We continue to grow our influence via a new £384,000 partnership with Sense About Science, which will convene international experts and institutions around a practical definition of risk literacy and form a network of 'risk literacy innovators', who influence how their communities respond to risks.**

We revisited our Public Understanding of Risk challenge, and recognise that understanding risk is part of a bigger consideration of how people behave, and how that behaviour affects their safety. Ongoing work at Institute of Public Understanding of Risk (IPUR) in Singapore, via the World Risk Poll and new evidence and insight work is making distinctive contributions to this area. Additionally, we continue to grow our influence via a new £384,000 partnership with Sense About Science, which will convene international experts and institutions around a practical definition of risk literacy and form a network of 'risk literacy innovators', who influence how their communities respond to risks.

IPUR has also been working closely with Sense About Science, producing an "AI Guide for Society". The guide aims to facilitate public discourse on artificial intelligence and equip end users with basic understanding of its benefits and limitations. Currently the guide is focused on the healthcare sector in Singapore and South Korea and is meant to enable relevant stakeholders to ask the pertinent questions when evaluating and adopting AI-based solutions. If successful, it will be expanded to other sectors and other countries. IPUR also launched a Massive Open Online Course (MOOC) on risk

communication to equip people with the tools and knowledge to take more informed decisions and manage risks in their workplace and everyday life.

A mid-term review of IPUR will be commissioned which will address both past performance and the future plan, so that both the Foundation and National University of Singapore can decide whether or not to commit the final payments which will support the sustainability of IPUR into the future.

#### **Future plans for the next 12 months to June 2022**

The main objectives are to:

- Launch Engineering X 'Safety Champions in Engineering Education' programme.
- Evaluate SEASEP programme to build case for Phase 2.
- Launch calls for partnerships for the Safe Seaweed Coalition.
- Build partnerships with the UN Global Compact to further our shared goals to establish safe and sustainable Oceans.
- Work with the High Level Climate Champions Group to deliver commitments made at COP26.
- Extend our partnership with the Resilience Shift.
- Agree a new programme in Safety in industrial 4.0 with UNIDO and GMIS.
- Publish our Foresight Review of Ocean Engineering.
- Deliver a future of infrastructure Foresight Campaign in partnership with TWI.
- Launch Making Sense of Risk; working with Sense About Science to achieve practical risk literacy.

## GOAL 3: Build Global Coalitions for Change

### Impact Highlight 3.1

**World Risk Poll campaign won three industry award categories and reached 1.9 billion people.**

#### Plan

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

#### Partnerships for Global Influence

##### **Learning from the Crisis: Engineering a safer world after the pandemic**

In February 2021, Lloyd's Register Foundation and the Resilience Shift developed 'Engineering A Safer Future', a series of podcasts and reports bringing together innovators working within the Lloyd's Register Foundation grant programme and outside subject matter specialists, with the aim of highlighting insights on the likely scale and permanence of the changes that pandemic has triggered. These podcasts were released in February along with a social media campaign and have received a high level of attention. Currently half-way through the communications plan, the series has been viewed on our website 521 times in total.

##### **Psychological Wellbeing Report**

In January, we ran a communications campaign in partnership with Nottingham Trent University to promote their report on Psychological Wellbeing in the workplace commissioned by the Foundation. The aim of the campaign was to raise awareness of the importance of employee mental health in maintaining safety across critical infrastructure industries. Two press releases were distributed to marine press during May 2021, highlighting the work of the Foundation with Nottingham Trent University on the Foresight Review, and with Yale and the Seafarers' Hospital Society as our forthcoming roundtables, both of which call to marine stakeholders to share insight and information on this topic. During January to June, 20 articles have been published with a reach of 1.2 million.

##### **World Risk Poll 2019 communications and dissemination campaign**

The World Risk Poll continued to gain press coverage this period, with two press releases featuring organisations who have used the data having been published on its dedicated webpages. The first showcases grant winner USC who will be using the research to help international humanitarian organisations improve risk communications and intervention programmes, whilst the other highlights the use of the data by Sedex - a global membership organisation that supports companies to implement responsible business practices in their operations and supply networks, enhancing the tools used by its members to understand in which countries and industry sectors human rights issues are most likely to occur.

The World Happiness Report which was published earlier in the period using data from the World Risk Poll continues to be covered by media, with mentions in 111 articles in 20 countries, reaching over 300 million around the world to date.

Overall, during this time period, the World Risk Poll was mentioned in 323 news articles, reaching 1.9 billion people.

Our World Risk Poll communications campaign was highly commended in three separate award categories in this year's Chartered Institute of Public Relations Excellence Awards: Best Global Campaign, Best STEM Campaign and Best Use of Digital.

Between January and June 2021, we ran six virtual global dissemination events to share the results of the Poll with 650 attendees including potential partners for future waves.

#### Highlight events:

- United Nations Food Systems Summit Independent Dialogue entitled 'Food: Knowing what's safe', attended by 64 food sector experts from 25 countries to discuss actions needed to ensure reliable and trusted information on food safety reaches all consumers by 2030. A report was subsequently prepared and sent to the UN Food Systems team for inclusion in their follow-up meetings.
- Webinar hosted by Reuters in conjunction with the International Labour Organisation's week of activities to promote and encourage countries to ratify Convention C.190 on eliminating violence and harassment in the world of work. The event was attended 95 people from 29 countries including policy makers, NGOs and national and global corporates and showcased the opportunities to turn World Risk Poll evidence into action.
- Event ran with Capitals Coalition, an organisation identified in the World Risk Poll stakeholder engagement strategy, to discuss the role of Health and Safety in the future of human capital and its role in Environment, Social and Governance (ESG). The event was hosted by Health and Safety International magazine, reaching 111 health and safety expert attendees.

#### **Foresight Review on Future of Regulatory Systems**

This Foresight Review was launched in March 2021 on our website, social media channels, newsletter and shared with relevant media. To date there has been 627 visits to this webpage and 221 downloads of the report. The subject matter included in the report was discussed during an Economist event on 28 April 2021 by a panel of regulatory experts including Foresight Review author Richard Judge, Rebecca Fatima Sta Maria, Executive Director, APEC Secretariat, Jonathan Blamey, VP, Global Solutions Design centre of excellence, DHL and Erik Brynjolfsson, Professor and Senior Fellow, Stanford Institute for Human-Centred AI and director of Stanford Digital Economy Lab. More than 450 people from around the world registered for the event, with 189 attending on the day. The event is now available on demand through our website.

#### **Digital Communications and Content Campaigns**

##### **Foundation Newsletter**

We've seen a significant increase in our newsletter subscribers over the course of last year, and seen continued good engagement up to 30<sup>th</sup> June 2021, with our contact database increasing to a high of 3,631 newsletter subscribers (163% increase from April 2020 newsletter) with an impressive 32% average open rate (average industry benchmarks around 20-25%).

##### **Impact stories campaign**

Between January – June 2021, we published a further 22 impact stories and ran social media campaigns with impact videos to promote them. During this period our impact stories campaign was viewed on our website 4,196 times. Stories included World's First 3D Printed Bridge, Search and Rescue in a Global Pandemic and Unlocking the Impact of our Seafaring History.

##### **Website**

We have continued to drive increased engagement with the Foundation's website and social media channels through high quality content. From December 2020 - February 2021 the website gained 23,076 page views. We've also achieved 155,601 impressions of Foundation content across our social media platforms during this period, gaining 735 new followers on LinkedIn and Twitter in the process. From March 2021 - June 2021 the website gained 32,987 page views (up 29.47% on the previous period). We've also achieved 278,061 impressions of Foundation content across our social media



platforms during this period (62% increase on the previous period), gaining 831 new followers on LinkedIn, Twitter and Facebook in the process.

### **The Global Safety Podcast, Series 2**

The second series of The Global Safety Podcast launched at the end of April 2021. This season aims to convene members of our global grants community, activists, influencers and policy makers around the key global safety challenges society faces. Our first episode was on Safer Roads, and features insights from Olympic cycling gold medallist Chris Boardman, Natalie Draisin, North America Director and UN representative for the FIA Foundation, Juliet Ado, Ghana Country Manager for Amend, Oscar Edmundo Diaz, Urban Transport and Planning, E-Mobility and road safety consultant and former special advisor to the Mayor of Bogota and James Pomeroy, Group Health and Safety and Environment and Security Director at Lloyd's Register. Just over a week after its release, we achieved 118 downloads.

### **PR Events and Publications**

#### **Impact Review 2020: People and Places**

Launch of our impact review was received extremely positively amongst our key stakeholders and social media audiences. Over 1,600 people from 68 countries around the world have accessed the online exhibition since it launched on 11 March 2021. The eight-week promotional campaign consisted of 36 posts across Twitter and LinkedIn, gaining in excess of 58,000 impressions. The Impact Review is also currently being translated in the UN's main six languages – the first translation campaign undertaken by the Foundation.

#### **Future plans for the next 12 months to June 2022**

The main objectives are to:

- Deliver a programme of high-profile activities to celebrate the Foundation's 10th Anniversary and position the Lloyd's Register Foundation as a unique social purpose organisation.
- Lead two major global campaigns around our priority areas: in Safer Oceans and launching the results of the 2021 World Risk Poll to an international audience and support the priority area 'Turning the WRP Into Action'.
- Work more closely with our grants community to maximise the impact of their work and identify opportunities to promote the role of the Foundation.

## INVESTING FOR THE FUTURE

### Impact Highlight

**Six months into the first year the Safetytech Accelerator has a confirmed income of £130,000 against an annual target of £250,000.**

Our Strategy states that as well as our three goals we will continue to invest in longer term capability and activities in support of our mission of safety and education. For this reporting period we had planned a continuation of our Safety Accelerator, and the establishment of a small grants and Alumni scheme.

#### Activities and impact

##### Safetytech Accelerator

The first six months of the re-launched Safetytech Accelerator operations have focused on establishing the new entity and making rapid progress towards meeting its year one Key Performance Indicators (KPIs).

It has successfully launched eight new projects, some with individual challenge owners but increasingly with a preferred model of a number of companies coming together around a shared safety challenge.

The programme is midway through testing a new initiative called Wayfair; its purpose is to promote successful start-up alumni of the accelerator, building visibility across industry with the aim of moving the technology towards full implementation and impacting a wider number of organisations. In this case the technology being promoted is that of Senseye, digital software that monitors the nerves in the eye to infer the condition of the individual including fatigue, stress or intoxication by drugs or alcohol. The implementation of this technology will allow the identification of workers that carry a greater risk to themselves, critical infrastructure or sites where they are working.

A target for the Safetytech Accelerator is to achieve financial sustainability within four years with annual financial KPIs increasing over the five years of the grant: Six months into the first year the Safetytech Accelerator has a confirmed income of £130,000 against an annual target of £250,000. This is a positive indicator of future sustainability.

An important vehicle to success is marketing. A number of campaign approaches have been trialled to identify the most effective method. In addition to publishing press releases, articles and case studies, two successful webinars attracted significant interest, which has resulted in the creation of a monthly programme of webinars covering a variety of topics.

##### Skills and education

Our new Network to Engineer a Safer Tomorrow (NEST) launched on 31 March 2021. This is our 'alumni' programme. An audience of 247 people tuned in from 29 countries around the world. The event was chaired by Tim Slingsby, the Foundation's Director of Skills and Education, and featured inspiring case studies from members of our grants community who have completed a qualification or scholarship through our funding programme, including Stavros Sidirpolous, CEO of Vianair (US) and Rebecca Boston, University of Sheffield (United Kingdom). In the next reporting period a small grants scheme specifically for this group will be provided to build on the lessons learnt from our existing and successful small grants programme. During the six month period, our small grants scheme awarded a third wave of grants to five projects cutting across our Safety at Sea and Skills for Safety challenge areas, reaching populations and sectors in the UK, Netherlands, Cambodia, Nepal and Indonesia. In addition, we are preparing to launch our Pathways to Impact programme that will engage all LR employees in furthering the Foundation's global mission.

## **Data Centric Engineering and Discovering Safety**

Professor Mark Girolami, Sir Kirby Laing Professor of Civil Engineering and Royal Academy of Engineering Research Chair at the University of Cambridge and Director of the Data-centric Engineering Programme at The Alan Turing Institute, has been heading up an international consortium who published a groundbreaking paper in the Proceedings of the National Academy of Sciences (PNAS). The research paper provides a statistical redefinition of the well-known Finite Element Method (FEM), which has been used as a computational predictive tool in the engineering and physical sciences for more than 70 years.

## **China**

We have been developing relationships with key partners in China on our shared safety objectives for a number of years. Haibo Chen is seconded into the Foundation to support this work. In 2019 he brought a party of Chinese officials to the UK to showcase the Foundation's partnerships and research, as well as taking them on a tour to visit the Health and Safety Executive (HSE) and other collaborators. The Chinese government has now approved the establishment of a new science facility, the National Academy of Safety Science and Engineering (NASSE), modelled on the HSE's Buxton capabilities. Haibo is supporting impact through knowledge sharing and collaboration by translating key materials and ensuring strong connections are made so that Foundation work has a route to impact in China, and so that the rest of the world can learn from China's safety work.

# HERITAGE AND EDUCATION CENTRE (HEC)

## Impact highlight

The HEC website has seen a 46% increase in page views and a 24% increase in users.

### Plan

HEC will contribute to the understanding of engineering and technological innovation and its impact on society, using the past to inform the future.

We will use innovative technologies, engage new audiences and increase our digital engagement. We will extend our external reach through new and existing project partners, strengthen our network of global users and increase our 18-35 demographic.

### Activities and impact

In a challenging period, with activity severely constrained by COVID, and unavoidable reductions in headcount HEC focussed its energies on our digital estate and the preservation and digitisation of our archive.

### Website – impact overview

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

- 223,778 page views from 34,100 users across 173 countries. When compared to the previous six months, the HEC has seen a 46% increase in page views and a 24% increase in users.
- 30% of users aged 18-35. The previous period saw this demographic represent 27% of overall users.
- 84% of all page views for the website were for archive resources.
- 264 different websites have referenced content listed on the HEC website.
- We have received over 500 export requests for catalogued Ship Plan and Survey Report Collection (SPSRC) data during the period.

### Social Media and YouTube

The HEC has continued to schedule and produce content for its social media platforms on Twitter, Facebook and Instagram.

In total, HEC's social media content has received 423,843 impressions with a social media community of 2,205 people.

During the six-month period, the HEC's YouTube account videos have been viewed over 5,200 times with a watch time of 141 hours.

### Digitisation

The digitisation of the SPSRC has seen continued progress despite the pandemic. By 30 June 2021 a total of 1,020,573 documents had been digitised (imaged) and 941,559 documents catalogued ready for processing.

In addition, 290,170 new documents were made available to the public via the HEC website, meaning that a total of 530,528 documents were fully completed and accessible externally by 30 June 21.

Throughout this period the HEC team scoped the feasibility of ingesting small collections of data and imagery to Archives Hub and Wikimedia. These projects have continued at great pace with over 5,005 documents being made available to users across external sites.

## **Website development**

During the period, the HEC website underwent two development cycles, launching a data export function that allowed users to export raw catalogued data from the SPSRC, a historical sensitivity notes for documents of a sensitive nature and brand-new stories portal.

Further development phases have been paused pending the development of HEC's new vision and mission in 2022/23.

## **Education and outreach**

The pandemic severely restricted our in-person education and outreach work during the period. Instead, we prioritised digital outreach content (stories, blogs, webinars and online exhibitions) which was viewed by over 3,000 users.

In addition, the Foundation-funded Mariner's Mirror podcast, produced in collaboration with the Society for Nautical Research and historian Dr Sam Willis, was downloaded 46,591 times and reached 85 countries worldwide.

## **Research and grants**

### **CITiZAN (Coastal and Intertidal Zone Archaeological Network)**

Our support for Museum of London Archaeology (MOLA)'s CITiZAN project (£100,000, 2019-2022) continues to enhance understanding of our maritime heritage. The team engage new and diverse audiences by using citizen science to document at-risk archaeology around the UK coasts. By also exploring and linking to the online HEC collections, CITiZAN have enhanced the appeal and research scope of their work. Throughout the pandemic, they enthusiastically embraced new and innovative public engagement techniques, and prioritised report writing and desk-based research. Despite the physical restrictions, a busy programme was developed and delivered, including several self-guided and virtual Low-Tide-Trials.

### **Curator Contemporary Maritime Impacts**

The Lloyd's Register Foundation Curator of Contemporary Maritime Impacts at the National Maritime Museum, London UK (£500,000, 2018-2023) strategically advances public education and understanding of maritime issues. The curator's first showcase exhibition launched virtually in November 2020, is now open to the public at the Museum. '*Exposure: Lives at Sea*' recognises the important role seafarers play in the modern world. Through the lens of six seafarers and researchers, it explores themes with contemporary and historical relevance, including what the ocean means, the environment, isolation, and the effect of COVID-19. The photographs and interviews capture a unique perspective. In June 2021 the Museum and Mission to Seafarers organised an online conference "All at Sea: Seafarer Wellbeing and Mental Health; Past, Present and Future". The curator has also been a panellist for a World Ocean Day event deep dive into our relationship with the ocean and environmental impacts and for a Marine Protected Areas video.

### **Thomas Chapman PhD scholarships**

The Thomas Chapman PhD students (£150,000 2018-2022) at the University of Hull undertook two research weeks (in August and October) at our external archive storage facility in Woolwich, London. We are working with the grant holder to extend funding of the project to account for various archive/research centre closures across the UK throughout the COVID-19 pandemic.

### **Hull Archive Appraisal**

The Archive Appraisal of the HEC collections (£10,000 2018-2021), conducted by the University of Hull, was significantly impacted by staffing changes, travel restrictions (from March 2020 onwards) and the Collcutt building refurbishment project at 71 Fenchurch Street limiting corporate archive access. A short extension was granted to allow for project completion by 31 December 2021. This included submission of the project report, planned publication of a research note in the *International Journal of Maritime History*, and completion of the workshop report.

## **1851 Trust**

The 1851 Trust's STEM Crew Maritime Roadshows (£141,000 2019-2022) have now been completed, with 1,200 girls from 56 schools attending the events. The purpose of the roadshows was to inspire the next generation of young women within the maritime and STEM sectors across the UK. The roadshows offer young women the opportunity of engaging with apprentices, graduates and women in leading roles within the maritime sector. Students also had the opportunity to explore STEM subjects against a backdrop of an exciting sporting and maritime context. Further impact data gathered from the Trust revealed 70% of attendees felt inspired to think differently about their future careers, while 88% recognised the diverse opportunities for women in the STEM sector.

## **Lloyd's Register Surveyors in China, 1869-1918**

The University of Portsmouth in collaboration with the Port Towns and Urban Cultures group, recruited Cory Watson to undertake a three-year PhD research project (£90,000 2021-2024) exploring the international understandings of health, safety, and risk management, and their broader influences on local infrastructures and imperial cultural knowledge. They have also partnered with two Chinese institutions; Hong Kong Baptist University (HKBU) and Dalian Maritime University (DMU), who will host Cory as a visiting scholar.

## **Future plan for the next 12 months to June 2022**

The main objectives are to:

- Launch a new vision: 'Maritime safety: increasing the understanding of its importance to the past, present and future ocean economy'.
- Open the new visitor centre at 71 Fenchurch Street, with its archive facility and client engagement spaces.
- Partnership activities with the UNPATH Towards a National Collection Discovery Project, a five year programme that supports the research and development of emerging technologies to connect the UK's cultural artefacts and historical archives. The programme aims to make 23,000 years of maritime history more accessible to the public.
- Extend our relationship with the National Maritime Museum and broker new partnerships with other institutions (such as The National Archives) in our mission space to increase the Foundation's reach, reputation and impact.
- Further diversifying access to HEC's digital research resources by making these available across Wikipedia, The Internet Archive, ArchivesHub and Google Books.
- Build-on our portfolio of work in the learning from the past space and reach new stakeholders.
- Invest in new software for managing and displaying our digital assets to bring our archive up to General International Standard Archival Description standards, increasing its accessibility.
- Commission original editorial content to bring our collection to life and encourage new interpretations.

## **FUTURE PLANS BEYOND JUNE 2022**

Beyond 30 June 2022, the Foundation will continue its strategy set out above. The Foundation will continue to manage its existing grant portfolio and make additional interventions through direct activities or grants based on evidence of the most pressing challenges and where the Foundation is able to achieve the most positive impact.

## Accountability and Stakeholder Engagement

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

### Oversight, Strategy and the Longer-term

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

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

The Board has oversight of planning for the longer-term through its review processes, the approval of the five-year strategy, the work of the Audit, Risk and Investment Committee, which meets with the investment fund managers at each meeting, and the annual Board update from each fund manager. This longer-term approach is reflected in the composition of grants awarded by the Foundation, which is agreed by the Grants and Direct Charitable Activities Committee and reported to the Board at its meetings as a standing item. The Board has also established delegated levels of authority for the Grants and Direct Charitable Activities Committee, above which the Board determines the award of grants. Further details on the charitable activities can be found on pages 5 to 20.

During the period under review, the Board held an additional meeting outside of the Board cycle to consider, and approve, the sale by its subsidiary, Lloyd's Register Group Limited, of its assurance and inspection services business.

The following section describes the Board's engagement with the various stakeholder groups and the impact on its key decisions taken during the period. 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 38.	<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>

<b>How the Board has taken account of these interests / Outcome</b>  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.  During the period under review, there were presentations from the Institute for the Public Understanding of Risk in Singapore and the Maritime Decarbonisation Hub. This enabled Trustees to have direct access to the beneficiaries of the Foundation's large grants, to hear about their work, to assess their impact and how they are working in practice.  There was no site visit during the period under review or during the previous accounting period due to the impact of the pandemic. In 2019, the Trustees had visited the Merchant Marine Academy of Aspropyrgos, to view the impact of a maritime education project mainly funded by the Foundation.  The Foundation Chief Executive's report presented at each Board meeting lists upcoming Foundation events, which Trustees are invited to attend. During the period under review, notable presentations were those connected with the media launch of the Foresight Review on the Future of Regulatory Systems, the funding of the World Risk Poll Violence and Harassment at Work webinar in conjunction with Reuters, and a Health and Safety International Webinar in conjunction with the World Risk Poll. This enabled the Trustees to see the funding in action and to understand the benefits and challenges of projects more fully.	
<b>Workforce</b> The Foundation defines its workforce as its employees and subcontractors.	
<b>Why we focus on this stakeholder</b>	<b>How the Board engages and Communicates</b>
<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 (31) when compared to Lloyd's Register Group Limited (circa 6,000 employees), as noted on page 81. 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 Foundation conducted its own separate Employee Opinion Survey ("EOS") for the first time in January 2021, using the same platform and external provider (GLINT) as Lloyd's Register Group Limited. The results were considered by the Executive Team and in consultation with staff an action plan was put in place. The outcome was also reported to the Board of Trustees at the March 2021 Board Meeting. It is intended that this will be carried out on an annual basis going forward. In previous years, including the period covered in this report and accounts, the Foundation participated in the EOS organised by Lloyd's Register Group Limited.</p> <p>The Board continue to promote diversity and inclusion, and the Foundation has developed an action plan that embeds equity, diversity, and inclusion in everything that we do to create a sense of belonging for our staff and also our global community of grant holders and partners.</p> <p>At each Board Meeting the Foundation's Chief Executive provides an update in his 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 his direct reports.</p>
<b>How the Board has taken account of these interests / Outcome</b>  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.  A Foundation Trustee is a member of the Remuneration Committee and provides a report to the Board on Remuneration Committee meetings.	
<b>Customers</b> The Foundation does not have customers, as such, but for this purpose regards the beneficiaries of its grants as customers	
<b>Why we focus on this stakeholder</b>	<b>How the Board engages and Communicates</b>
The beneficiaries of the Foundation's grants are a key way in which the Foundation fulfils its mission and purpose.	Details of the Foundation's engagement with the beneficiaries of its grants are set out below in the section on Grant Holders.
<b>How the Board has taken account of these interests / Outcome</b>  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.	



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.	
<b>Suppliers</b> Lloyd's Register's suppliers are those stakeholders from whom LR receives goods and services	
<b>Why we focus on this stakeholder</b>	<b>How the Board engages and Communicates</b>
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.
<b>How the Board has taken account of these interests / Outcome</b>	
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.	
<b>Regulators</b> Regulators are those stakeholders by whom Lloyd's Register and its services are assessed and regulated	
<b>Why we focus on this stakeholder</b>	<b>How the Board engages and Communicates</b>
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.
<b>How the Board has taken account of these interests / Outcome</b>	
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.	
<b>Grant Holders</b> Grant holders are those stakeholders who receive funding awards from the Foundation.	
<b>Why we focus on this stakeholder</b>	<b>How the Board engages and Communicates</b>
The Foundation furthers its objectives by way of grants to universities, individuals and other institutions.	<p>At each Board meeting, there is a report on the activities of the Foundation's Grants and Direct Charitable Activities Committee.</p> <p>At each Board meeting there is a presentation by a beneficiary of one of the Foundation's large grants on their activities.</p> <p>During the annual joint boards' site visit, Trustees meet with beneficiaries of the Foundation's grants wherever possible.</p> <p>Trustees are invited to events connected with the activities of the Foundation.</p>
<b>How the Board has taken account of these interests / Outcome</b>	
<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 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.</p> <p>Details of presentations from the beneficiaries of the Foundation's large grants, of annual Board site visits and of events connected with activities of the Foundation can be found in the section of this report on Society in General on page 21 to 22.</p>	
<b>Society and the Environment.</b> Community and the environment - the impact on social and natural communities where LR deliver our services	
<b>Why we focus on this stakeholder</b>	<b>How the Board engages and Communicates</b>
<p>The Foundation has strong links to safety in the community. To further the Foundation's aim of 'working together for a safer world', the Foundation and Lloyd's Register Group Limited have a responsibility to use their position of influence to be a thought-leader on sustainability.</p> <p>What society expects of us:</p> <ul style="list-style-type: none"> <li>- Corporate responsibility</li> </ul>	The Board receives updates on the Foundation's activities at each Board meeting in the Foundation Chief Executive's report and presentations from large grant holders. They also receive regular communications on the Foundation's activities.

- Trusted advisor to our industries promoting safety and efficiency.	
<b>How the Board has taken account of these interests / Outcome</b>  <p>The Board has underlined the Foundation's commitment to carbon neutrality by actively supporting decisions to work closely with the High Level Climate Change Champions and supporting the Race to Zero and Race to Resilience campaigns.</p> <p>The Board has supported the work being done jointly by the Foundation and Lloyd's Register Group Limited, working with the Carbon Trust to measure our carbon and emission footprint in order to inform and achieve the Science Based Targets submission (more details can be found at page 41). During 2021 we have signed up to the UNs Business Ambition for 1.5C and joined the Race to Zero in the lead up to COP26.</p> <p>The Board also awarded a grant to support the launch in October 2020 of a new initiative that will help bring the whole maritime community together and achieve Net Zero as quickly as possible. The new Lloyd's Register Maritime Decarbonisation Hub will accelerate the sustainable decarbonisation of the maritime industry by enabling the delivery and operation of safe, technically feasible, and commercially viable zero-emission vessels by 2030. This is an important part of the Foundation's mission to enable safer and more sustainable oceans.</p> <p>As noted above, the Trustees are updated on the activities of the Foundation against its Strategy and related challenges and can assess the connection of funding back to the strategy and charitable purpose.</p> <p>The actions taken by the Lloyd's Register Group on ESG factors are reported in a separate publication on <a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>.</p>	

## Trading Group Stakeholders

Additional stakeholders specific to the Trading Group are summarised below:

<b>Workforce</b> The Trading Group defines its workforce as its employees and subcontractors.	
<b>Why we focus on this stakeholder</b>	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.
<b>Customers</b> The Trading Group is an operating company. Its customers are those stakeholders to whom it provides services.	
<b>Why we focus on this stakeholder</b>	<p>Customers are at the heart of everything that the Trading Group does. Its customers expect LRG to not only deliver world-class testing, inspection and certification services but increasingly also become a trusted advisor, helping them to maximise their operating efficiency, profitability and sustainability.</p> <p>Customers care about:</p> <ul style="list-style-type: none"> <li>- Safety</li> <li>- Sustainability</li> <li>- Trusted long-term partnerships</li> <li>- Technical expertise</li> </ul>
<b>Suppliers</b> Lloyd's Register's suppliers are those stakeholders from whom LR receives goods and services	
<b>Why we focus on this stakeholder</b>	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.
<b>Regulators</b> Regulators are those stakeholders by whom Lloyd's Register and its services are assessed and regulated	
<b>Why we focus on this stakeholder</b>	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 6 months ended 30 June 2021 of £6.8m (18 months to 31 December 2020: £15.5m) consisting of income from its listed investments and gift aid from LRG.

Investment income of £6.8m (18 months to 31 December 2020: £15.5m) comprised £3.0m (18 months to 31 December 2020: £3.0m) of donations from the Trading Group and £3.8m (18 months to 31 December 2021: £12.5m) of income from the return on the investment portfolio.

The Foundation had total expenditure of £7.1m during the 6 months to 30 June 2021 (18 months 2020: £22.9m). The decrease in expenditure reflects the shorter accounting period. The shortfall relative to income was met through the sale of certain listed investments.

#### Lloyd's Register Foundation

	6 months ended 30 June 2021	18 months ended 31 December 2020
	£m	£m
Gift aid from Trading Group	3.0	3.0
Income from listed investments and other resources	3.8	12.5
Total income	<u>6.8</u>	<u>15.5</u>
Investment management costs	(0.4)	(1.5)
Charitable activity costs	(6.7)	(21.4)
Total expenditure	<u>(7.1)</u>	<u>(22.9)</u>
Net gains on listed investments	11.0	36.2
Net income and net movement in funds	<u>10.7</u>	<u>28.8</u>

Charitable expenditure of £6.7m for the 6 month period (18 months to 31 December 2020: £21.4m) includes grants of £3.1m (18 months to 31 December 2020: £10.5m) which are discussed further in the Trustees' Report.

The Group Financial Review can be found on pages 63 to 64 and forms part of this Strategic Report.

## **Subsidiaries: Social Investment**

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

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

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

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

The Business Assurance and Inspection Services business includes the Trading Group's CE marking activity helping to assure the safety of a range of consumer products. As the only supplier of management system certification to the major UK nuclear sites its contribution to nuclear safety for society is significant. The sale of the Group's Business Assurance and Inspection Services business was completed on 2 December 2021.

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

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

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

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

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

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

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

## **Funds**

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

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

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

## **Reserves policy**

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

The Foundation's reserves underpin its long-term financial viability. The Foundation (charity only) has total reserves of £338.3m of which £318.2m is held in an expendable endowment as at 30 June 2021.

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

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

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

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

## **Financial position**

At 30 June 2021, the Foundation had unrestricted funds of £20.1m (31 December 2020: £19.3m). Of the £338.3m total funds (31 December 2020: £327.6m), £40.1m is invested in the Trading Group (31 December 2020: £40.1m).

## **Going concern**

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

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

## **Grant-making policy**

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

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

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

## **Investment policy**

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

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

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

The Foundation seeks to produce an optimum level of return within an acceptable level of risk. The current investment objective for the majority of the investment portfolio is to generate a return of inflation as defined by the Consumer Price Index ("CPI") which the government has set at a target rate of 2% per annum plus 4% per annum over the long term. These returns, when combined with the anticipated future gift aid donations from the Trading Group, should enable the present and future financial requirements of the Foundation to be met whilst maintaining the real value of the initial donation. Where there is a shortfall, as in the 6 months to 30 June 2021, 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 period, the investments performed well, delivering a total annualised return of 9.3% (2020: 10.2%). This comprised an annualised income yield of 2.4% (2020: 2.6%) and a capital yield of 6.9% (2020: 7.6%). The return on the endowment is higher than the long-term objective stated within the investment policy above.

#### **Investment performance: Social Investment**

During the period, the Trading Group launched its Strategy for Profitable Growth. The Trading Group will focus on fewer activities, allowing better allocation of resources, producing a greater positive impact for our customers and higher commercial returns. The Trading Group's aim is to build on its long history of independence and technical excellence to become a trusted professional advisor to its customers, on compliance, performance and sustainability in the maritime industry.

In line with this strategy, in June 2021, the Trading Group agreed the sale of its Business Assurance and Inspection Services (BA&IS) business line, including cybersecurity firm Nettitude, to Goldman Sachs Asset Management. The divestment was completed in December 2021.

The Trading Group's steps to refocus the business drove a significant turnaround in profitability during the period, with £23.5 million of operating profit on revenues of £375.7 million which includes the BA&IS business line. To have achieved this against a backdrop that included the Covid-19 pandemic, the strain on global supply chains and the climate emergency is testament to the hard work and commitment of our colleagues in the Trading Group.

The Trading Group's pro-forma year-on-year sales results from continuing activities were significantly higher partly due to the growth in new vessel construction activity. The Trading Group also saw positive sales results from its new services, such as its fleet management solution software, Hanseaticsoft, on which the Trading Group completed a final transaction to bring the business under 100% LR ownership. The Trading Group also supported the cruise industry to return to operations with safe sailing products and services (LR SHIELD and LR SHIELD+), and is encouraged to see newly built cruise ships being transferred into Lloyd's Register class.

The Trading Group has seen a marked increase in customers looking to comply with new environmental regulations such as the International Maritime Organization's Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII). Keen to reduce fuel consumption and improve the efficiency of fleet operations, the Trading Group saw several of the leading vessel charterers adding significant numbers of vessels to the Trading Group's i4 Insight fleet optimisation suite of services. To enhance its status as a trusted advisor able to support customers with improved operational efficiency, reduced emissions and optimised commercial performance, the Trading Group started the acquisition processes of C-MAP Russia and GreenSteam, both of which were completed after the reporting period ended.

#### *Financial results*

Summarised consolidated financial information as disclosed in the Trading Group's consolidated financial statements for the 6 months ended 30 June 2021 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 Groups'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 eight Trustees who are also the Members and Directors of the Foundation for Companies Act 2006 purposes. The Board considers Foundation policies, receives committee reports and recommendations, approves annual budgets, reviews the performance of the Trading Group, and guides the Foundation Chief Executive.

### **Thomas Thune Andersen, Chairman (appointed 22 June 2012)**

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

### **Lambros Varnavides (appointed 24 July 2012)**

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

### **Carol Sergeant CBE (appointed 1 January 2014)**

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

### **Rosemary Martin (appointed 1 July 2014)**

Rosemary is Group General Counsel and Company Secretary of Vodafone Group Plc. She previously served as CEO of the Practical Law Group, having spent 11 years with Reuters Group plc with the last five years as Group General Counsel and Company Secretary. Before joining Reuters, Rosemary was a partner with Rowe & Maw (now Mayer Brown). She is currently a Trustee of Vodafone Foundation, a member of the UK Takeover Panel's code committee, a member of the Supervisory Board of Vantage Towers AG and a member of the Council and audit committee of the University of Sussex. She was a Non-Executive Director of EY until August 2018 and a Non-Executive Director of HSBC Bank Plc (the European arm of HSBC Group) until April 2016. Rosemary was admitted as a solicitor in 1984 and holds a degree in Philosophy and Literature and an MBA in Legal Practice. Rosemary was appointed Chairman of the Foundation's Nominations Committee in August 2020 and represents the Foundation on the Lloyd's Register Group Limited Remuneration Committee.

**Andreas Sohmen-Pao (appointed 26 June 2018)**

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

**Ishbel Macpherson (appointed 25 June 2019)**

Ishbel spent over 20 years in corporate finance in the City of London with BZW, ABN AMRO Hoare Govett and Dresdner Kleinwort Benson. At Dresdner Kleinwort Benson she led the mid-market corporate finance, corporate broking, corporate broking support and investment trust teams. Since leaving the City, Ishbel has become an experienced Non-Executive Director having had roles with over 10 publicly listed companies as chairman, chairman of audit committees, remuneration committees and as senior independent director. Currently, she is Senior Independent Director and Chairman of the Remuneration Committee at Dechra Pharmaceuticals plc. Ishbel is also a Non-Executive Director of Lloyd's Register Group Limited and Chairman of its Audit and Risk Committee. She is also Chairman of the Foundation's Audit, Risk and Investment Committee.

**Dame Una O'Brien (appointed 1 January 2021)**

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

**Professor Sir Peter Gregson FREng (appointed 1 June 2021)**

Sir Peter is a research engineer and was the Chief Executive and Vice-Chancellor of Cranfield University until 31 July 2021. He was previously President and Vice-Chancellor of Queen's University Belfast and Deputy Vice-Chancellor at Southampton University. He is a strategic leader with extensive executive and non-executive experience of working at the highest levels of academia, industry and Government. He is a Trustee of the Royal Anniversary Trust and has been Non-Executive Director of Rolls Royce Group plc. He has served on the Council of the Royal Academy of Engineering and the Central Laboratory of the Research Councils. He has contributed to the Strategic Leadership Consultations of the Windsor Leadership Trust, the Harvard University Programme for University Presidents and the American Council on Education Fellows Programme. He has served on the Steering Committee of the US/Ireland R&D Partnership, the Northern Ireland Economic Development Forum and Council of CBI Northern Ireland.

## **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.

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 by Leadership Advisor Group in 2018, with the 2019 and 2020 evaluations having been internally facilitated (with coordination and collation only by Leadership Advisor Group to preserve the anonymity of individual respondents).

During the period under review the Trustees reviewed the results of an internal evaluation of the skills composition and operational effectiveness of the Board which had been carried out in 2020 via questionnaire, with support from Leadership Advisor Group to collate responses, whilst preserving anonymity. Leadership Advisor Group had no other connection with the Foundation or Lloyd's Register Group Limited. The questionnaire covered key governance matters, the effectiveness of Board and Committee meetings, the quality of board papers, the effectiveness of the Chairman, oversight of risks and strategy, and Board and corporate culture. The review did not identify any significant shortcomings.

An external Board evaluation was carried out in 2021. In order to gain the benefit of an informed perspective on the way in which the Trustee Board has evolved since 2018, particularly through the recent period of change, the Trustee Board appointed Leadership Advisor Group to facilitate the 2021 external Board evaluation. This enables the tailoring of the process to the Foundation, with a facilitator who has a demonstrable understanding of the Foundation. The evaluation progressed during the second half of 2021 by way of questionnaires, individual interviews, and observation at a Board meeting, with the final report and discussion to take place in the first quarter of 2022.

## **Remuneration of Trustees**

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

## Membership of committees:

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

### Notes:

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

<sup>2</sup> Appointed 1 January 2021

<sup>3</sup> Appointed 1 June 2021

<sup>4</sup> Appointed for a fourth term of up to three years, subject to annual re-election, for the purposes of succession planning

<sup>5</sup> The Committee Chair invites two additional Trustees to be members of the Committee. One will be invited to sit on the Committee for up to 12 months; the other for six months. During the period covered by the accounts, Carol Sergeant, Rosemary Martin and Ishbel Macpherson attended meetings of the Committee.

## Executive

The Foundation Chief Executive, Richard Clegg, is responsible to the Board for the operation of the Foundation. Following the period under review, after 10 years as Chief Executive of the Foundation since it was established, Richard Clegg announced his plan to retire in 2022. A search is under way for his successor.

## 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.

For details of the members of the Advisory Council see [lrfoundation.org.uk/about-us/advisory-council](http://lrfoundation.org.uk/about-us/advisory-council).

## 360Giving

We are committed to being as transparent as possible so the Foundation is pleased to be one of the growing number of significant UK grant-givers to share grants data through the 360Giving standard. 360Giving supports organisations to publish their grants data in an open, standardised way and helps people to understand and use the data in order to support decision-making and learning across the charitable giving sector. For more information see [lrfoundation.org.uk/programmes/360giving-data](http://lrfoundation.org.uk/programmes/360giving-data).

## 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 has overall responsibility for establishing, monitoring and maintaining an effective system of risk management and internal controls. LRF's risk management framework establishes that system and enables the leadership teams and those charged with governance to identify, evaluate, prioritise and respond to the risk landscape in a consistent and managed way. This framework was established several years ago and, although regularly refreshed and updated, it has not changed significantly in the 6 months to 30 June 2021.

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 Audit, Risk and Investment Committee provides a report following each meeting of the Committee. The risks are evaluated according to their impact and likelihood and the Register describes the current mitigations and controls and plans for future development.

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; the current (net) risk score considering all current controls; and the target risk score considering the impact of future mitigating actions;
- each risk is categorised according to whether it is a strategic, operational or legal and compliance risk;
- each risk is flagged as to whether it is being monitored or managed;
- each risk has its own velocity score to assess the speed at which the exposure can impact LRF;
- to ensure a common approach and consistency when assessing the impact and likelihood, a risk evaluation scale is used; and
- the complete risk register is expressed graphically in a risk heatmap to allow comparison between risks.

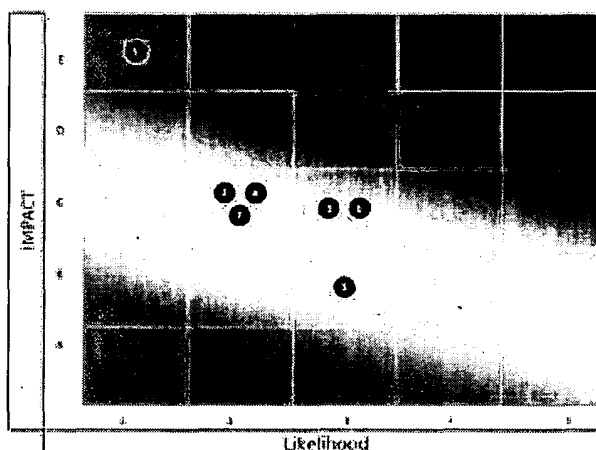
A timetable is in place to manage the various elements of risk management across the Foundation, including:

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

## Risk heatmap

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

- 1 Investment performance
- 2 Grant giving and direct charitable activities
- 3 Negative reporting in the media of LRF Foundation
- 4 Safety & Security Incidents (including safeguarding)
- 5 Disaster
- 6 Cyber attack or information security breach
- 7 Legal and regulatory compliance



Risk	Mitigation
<p><b>Investment performance</b></p> <p>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, and the ability of the respective management teams to respond to and manage through a downturn.</p> <p>This risk also encompasses the ability to forecast and manage cashflows across income and expenditure accurately.</p>	<ul style="list-style-type: none"> <li>Continued close review by the Audit, Risk and Investment Committee with active management and frequent reporting by third party investment managers.</li> <li>The portfolio is split between two competing managers to enable a champion/challenger approach.</li> <li>Regular reporting of the Trading Group's strategy and financial performance to the Trustees.</li> <li>Cash flow and reserves are projected in the 5 Year Plan and performance against the plan is monitored by the Board.</li> <li>Monthly cash and treasury management by a dedicated Financial Controller.</li> <li>Management of short and medium-term funds in conjunction with the longer term endowment funds.</li> <li>Implementation of medium-term lower risk fund to cover cash requirements for the period 12-24 months in the event of a sustained major market downturn.</li> </ul>
<p><b>Grant giving and direct charitable activities</b></p> <p>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"> <li>A detailed and thorough process exists for the evaluation and approval of grant/DCA applications, including applicant due diligence where there is uncertainty or risk.</li> <li>Regular monitoring of the progress and impact of grants by the Foundation Chief Executive and its Grants and Direct Charitable Activities Committee (GDCA) with a focus on the need for strong evidence of impact. Grant impact deep dives are also undertaken at the GDCA and Board.</li> <li>Controls over grant/DCA applications, including due diligence and 'red flag' reviews, guidance documents with strong screening processes in place.</li> <li>Clear guidelines are in place directing the monitoring and recording of impact for grants, the Heritage and Education Centre (HEC) and internal charitable activity, including recipient reporting against the agreed progress and escalation policy for overdue progress reports.</li> <li>A metrics library has been created to use for pathways to impact for grants, DCA, HEC and internal charitable activity (such as the foresight reviews).</li> <li>Whistleblowing, anti-bribery and corruption, modern slavery and serious incident requirement clauses have been added to grant agreements and progress monitoring reports.</li> </ul>
<p><b>Negative reporting in the media of LR Foundation</b></p> <p>There is an inherent risk that the Foundation receives negative coverage as a result of:</p> <ul style="list-style-type: none"> <li>an issue or incident relating to a Foundation grant recipient or investee;</li> <li>negative press relating to the LR Group;</li> <li>controversial conclusions in published output of Foundation funded research or by the Evidence and Insight Centre; and.</li> <li>a misunderstanding of the social investment relationship between the Group and Foundation;</li> </ul>	<ul style="list-style-type: none"> <li>Crisis planning and media training are in place with a view to ensuring that Trustees and staff are prepared to respond appropriately to media coverage that concerns the Foundation.</li> <li>Detailed review including technical and peer reviews of published material/reports are undertaken.</li> <li>Discussion and early warnings between LRF and the Trading Group on any reports that could be sensitive.</li> <li>Public statements controlled by the LRF Communications Manager and external advice taken where appropriate.</li> <li>Horizon scanning/social media review for issues/trends that could impact LRF's reputation.</li> <li>All grants to LRG are approved by LRF Board.</li> </ul>
<p><b>Safety and Security Incidents (including safeguarding)</b></p> <p>Grantee/DCA related staff or recipients of grantee services operate in environments that are not under the direct control of the Foundation. There may be incidents or issues that arise in a grantee organisation that impact individuals' safety and/or wellbeing, including vulnerable individuals. Safeguarding is also applied to both LRF and LRG staff.</p>	<ul style="list-style-type: none"> <li>Consideration of grantee health, safety and security risk, where relevant, is incorporated into the grantee application and due diligence process. A specific policy for safeguarding vulnerable individuals has been implemented and grantees are required to confirm their compliance with this policy.</li> <li>Whistleblowing, anti-bribery and corruption, modern slavery and safeguarding clauses have been added to grant agreements and progress monitoring reports.</li> <li>LRF applies LRG policies and procedures, with the office HSES risk being managed by LRG.</li> </ul>

<p><b>Disaster</b> Fire or similar event at the Foundation's offices results in destruction of irreplaceable historic records and artefacts.</p>	<ul style="list-style-type: none"> <li>• The Foundation's offices at 71 Fenchurch Street, London, have appropriate fire suppression systems and incident response plans, which are tested regularly. The programme of digitisation of the archive will also preserve a duplicate copy.</li> <li>• A modern, purpose-built archive at 71 Fenchurch Street is planned. Work is expected to be completed in the middle of 2022. During the works, records and artefacts are being stored in a secure offsite location.</li> </ul>
<p><b>Cyber attack or information security breach</b> An advanced targeted cyber attack could result in the loss of sensitive information.</p>	<ul style="list-style-type: none"> <li>• Sensitive information is identified and is subject to appropriate security measures, which are tested regularly.</li> <li>• Technology based security is provided by the LR Group. All Foundation staff have undertaken information security awareness training in the past year.</li> <li>• Multifactor authentication has been implemented to protect administrative, privileged and standard users.</li> </ul>
<p><b>Compliance</b> 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"> <li>• The Foundation Chief Executive and the Trading Group's General Counsel and Company Secretary keep compliance under close review.</li> <li>• Advice and support is sought from external advisers where appropriate.</li> </ul>

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

## **Public benefit**

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

## **Research and development**

The Trading Group carries out research and development activities. The amount of £5.7m (18 months to 31 December 2020: £18.0m) has been charged to the consolidated statement of financial activities.

## **Organisational structure**

The Foundation has a total of 31 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 53 to 54 and 69 to 72 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 81).

This Trustees' Report on pages 1 to 38 and 63 to 64 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 (Mar 18, 2022 11:08 GMT)

Michelle Davies  
Company Secretary

18 March 2022



## Legal and administrative details

### Company number

07905861 (England and Wales)

### Charity number

1145988 (England and Wales)

### Principal Banker

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

### Statutory Auditor

Deloitte LLP  
London  
United Kingdom

### Investment managers

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

Fidelity International  
25 Cannon Street  
London  
EC4M 5TA

### Investment custodians

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

### Solicitors

Geldards LLP  
Dumfries House  
Dumfries Place  
Cardiff  
CF10 3ZF

### Registered and principal office

71 Fenchurch Street  
London  
EC3M 4BS

## Statement of Trustees' responsibilities

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

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

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

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

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

## Energy and Carbon Reporting

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

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

GHG Scope	Category	Global			
		Total Emissions (t CO2e)		% of total value chain	
		6 months to 30 June 2021	18 months to 31 December 2020	6 months to 30 June 2021	18 months to 31 December 2020
<b>Scope 1</b>	Scope 1 – Gas, lease car miles and F-gas	1,304	4,314	6%	3%
<b>Scope 2</b>	Scope 2 – location based electricity consumption	1,029	5,501	5%	4%
<b>Scope 3</b>	Scope 3 – indirect emissions (not included in scope 2)	18,501	117,086	89%	91%
		20,834	126,901	100%	100%

Total t CO2e / £m turnover	55.5	101.4
Total Scope 1 and 2 emissions – location based (t CO2e)	2,333	9,815
Total Scope 3 emissions (t CO2e)	18,501	117,086
Total Scope 1, 2, and 3 emissions – location based (t CO2e)	20,834	126,901

Quantity of Energy consumed for which the company is responsible	Global	
	Kilowatt Hours kWh	
	6 months to 30 June 2021	18 months to 31 December 2020
Gas	2,392,399	8,776,165
Purchased electricity	4,450,170	15,450,399

### Our GHG Reduction Plan and Science-Based Target [Net Zero 2050]

To avoid the most catastrophic impacts on an already warming planet, the world must limit global warming to 1.5°C above pre-industrial levels by achieving net zero emissions no later than 2050. As well as working with our clients and stakeholders to help them achieve their own decarbonisation and net zero goals, we have set ourselves a science-based emissions reduction target (SBT), validated by the SBTi, that is in line with a 1.5°C trajectory and applies to all relevant scopes of emissions. We will also achieve net zero at the latest by 2050.

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

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



The foundation of the GHG reduction plan is the achievement of absolute reductions across four phases of implementation:

- 1. Set the pathway to zero:** 2021-25 - mobilise policy interventions and set principles to define our pathway.
- 2. Gain momentum towards zero:** 2025-30 – achieve challenging way-marker targets and embed culture change for sustainability.
- 3. Achieve transformational change for zero:** 2030-35 - low and zero emissions ways of operating become the norm.
- 4. Deliver on our net zero promise:** post-2035 - beyond the lifespan of the current SBT, our emission reductions will need to be enhanced and residual emissions balanced through a carbon removal mechanism.

## Progress and plans

	FOOTPRINT SHARE*	PROGRESS 2020/21	PLANS 2021/22
AIR TRAVEL	41%	Our app-enabled remote survey solution for clients has become a mainstay of the way we do business	Deploy revised travel policy and develop low / zero emission service delivery
CAR TRAVEL	24%	Consolidation of lease car provider and approval of the <i>Sustainable Fleet</i> policy	Operationalise <i>Sustainable Fleet</i> policy to transition to e-mobility
PROCUREMENT	28%	Baseline supply-chain impact and define key supplier group	Engage key suppliers and assess sustainability credentials
PROPERTY	7%	The Property Transformation project is well underway based on our new ways of working principles	Accelerate the review of property footprint and leases to 'right-size' and enable flexible working
DATA	N/A		Re-baseline due to sale of part of the business

\*based on 2019/20 as less affected by responses to the Covid pandemic

# Remuneration Committee Report

This report describes the constitution and activities of the Remuneration Committee during the 6 month period ended 30 June 2021.

## 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.

The Committee comprises members of the Board of Directors and a representative of the Lloyd's Register Foundation. Its current membership is as follows:

Mr C G Finlayson (Chair)  
Mr T T Andersen  
Mrs R Martin (representing Lloyd's Register Foundation)

The members of the Committee are appointed and removed by the Board of Directors of Lloyd's Register Group Limited.

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

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

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

## General Policy

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

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

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

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

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

### **Remuneration**

The highest paid Foundation employee serving in the 6 month period received aggregate emoluments, including performance based remuneration, of £116,000 (18 months to 31 December 2020: £517,000). He is a member of a Company defined contribution pension scheme, and £8,000 was paid by the Company during the period (18 months to 31 December 2020: £10,000).

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 Group Human Resources Director 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 6-month period ended 30 June 2021.

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

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

Ms I J S Macpherson  
Mrs C F Sergeant  
Mr A Whalley

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 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.

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

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

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

The Committee met once during the period under review. Matters considered by the Committee during the period and subsequently include the review of:

- the findings of an internal audit report into the management of the investment portfolio;
- financial controls, including fraud protection;
- the 31 December 2020 and 30 June 2021 Reports and Consolidated Financial Statements and the Auditor's Reports thereon;
- the statement of investment policy; and
- minor amendments to the Committee's Terms of Reference.

## Nominations Committee Report

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

Mrs R Martin – Committee Chair

Mr T T Andersen

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

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

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

During the period under review, the Committee made recommendations with regard to succession planning, the re-election of Board members on the expiry of terms of office which were due to expire in the coming year, and the review of the Board Committee memberships, including the consideration of the appointment of an additional member of the Audit and Risk Committee.



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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2021 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Foundation statement of financial activities (incorporating an income and expenditure account);
- the Foundation balance sheet;
- the Foundation cash flow statement;
- the related notes to the Foundation financial statements 1 to 19;
- the consolidated statement of financial activities;
- the consolidated balance sheet;
- the consolidated cash flow statement; 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 Standards, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.

### Responsibilities of trustees

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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, 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:

- potential for grants to be modified subsequent to the initial award. Any such modifications may affect the terms and hence accounting for the grant. We tested a sample of correspondence with grant recipients to evaluate the accounting impact of changes made to grants, and whether these have been limited to current period cash flow phasing or have an impact on the grant liability to be recognised.
- manual adjustments are posted to the general ledger to true-up revenue recognised under multi-year marine in-service contracts. We have performed substantive tests of detail on a sample of contracts to assess the accuracy of the adjustments that were made; and
- the proportion of revenue recognised in the period in relation to fixed price projects that are still in-progress at the end of the period is subject to error due to an inaccurate estimation of costs to complete. We have tested a sample of contracts by corroborating project progress with project managers and evidencing the inputs to the revenue calculation.

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

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

- 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;

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

- 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 any correspondence with the Charity Commission.

## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial period 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 (Mar 18, 2022 17:14 GMT)

Jeremy Black, ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
18 March 2022

# FOUNDATION STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

	Note	General funds 6 months to 30 June 2021 £000	Endowment funds 6 months to 30 June 2021 £000	Total funds 6 months to 30 June 2021 £000	General funds 18 months to 31 December 2020 £000	Endowment funds 18 months to 31 December 2020 £000	Total funds 18 months to 31 December 2020 £000
<b>Income</b>							
Income from investments:							
Gift aid from Trading Group		3,000	—	3,000	3,000	—	3,000
From listed investments and other investments		3,824	—	3,824	12,518	—	12,518
<b>Total income</b>	3	6,824	—	6,824	15,518	—	15,518
<b>Expenditure on raising funds</b>							
Investment management costs	4	—	(437)	(437)	—	(1,563)	(1,563)
<b>Charitable activities</b>							
Total grant activities	5	(3,063)	—	(3,063)	(10,522)	—	(10,522)
Total direct activities	5	(3,611)	—	(3,611)	(10,853)	—	(10,853)
<b>Total expenditure</b>		(6,674)	(437)	(7,111)	(21,375)	(1,563)	(22,938)
<b>Net income / (expenditure) before gains on investments</b>		150	(437)	(287)	(5,857)	(1,563)	(7,420)
Realised gains on disposal of listed investments		2,195	35,112	37,307	1,476	18,200	19,676
Unrealised (losses) / gains on listed investments		(1,547)	(24,749)	(26,296)	1,240	15,286	16,526
<b>Net income / (expenditure) and net movement in funds</b>		798	9,926	10,724	(3,141)	31,923	28,782
<b>Reconciliation of funds</b>							
Funds brought forward		19,273	308,279	327,552	22,414	276,356	298,770
Funds carried forward		20,071	318,205	338,276	19,273	308,279	327,552


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

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

# FOUNDATION BALANCE SHEET AT 30 JUNE 2021

	Note	30 June 2021 £000	31 December 2020 £000
<b>Fixed assets</b>			
Investments	10	360,282	360,084
		<b>360,282</b>	<b>360,084</b>
<b>Current assets</b>			
Cash at bank and in hand		17,763	13,046
Debtors	11	245	—
		<b>18,008</b>	<b>13,046</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(23,243)</b>	<b>(21,951)</b>
<b>Net current liabilities</b>		<b>(5,235)</b>	<b>(8,905)</b>
<b>Total assets less current liabilities</b>		<b>355,047</b>	<b>351,179</b>
<b>Creditors: amounts falling due after one year</b>	14	<b>(16,771)</b>	<b>(23,627)</b>
<b>Net assets</b>		<b>338,276</b>	<b>327,552</b>
<b>The funds of the charity</b>			
Unrestricted – general fund		12,993	12,843
Revaluation reserve	17	7,078	6,430
<b>Total unrestricted funds</b>		<b>20,071</b>	<b>19,273</b>
Endowment funds		225,151	225,588
Revaluation reserve	17	93,054	82,691
<b>Total endowment funds</b>		<b>318,205</b>	<b>308,279</b>
<b>Total charity funds</b>	16	<b>338,276</b>	<b>327,552</b>

The financial statements on pages 50 to 62 were approved by the Trustees on 18 March 2022 and signed on their behalf by:

  
Ishbel Macpherson (Mar 18, 2022 11:41 GMT)  
Ishbel Macpherson, Trustee

**Lloyd's Register Foundation**  
Company registration number 07905861

# FOUNDATION CASH FLOW STATEMENT FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

		6 months to 30 June 2021	18 months to 31 December 2020
	Note	£000	£000
<b>Cash flows from operating activities:</b>			
<b>Net cash used in operating activities</b>	A	(12,920)	(37,420)
<b>Cash flows from investing activities:</b>			
Dividends and income from investments		6,824	15,518
Purchase of investments		(124,961)	(248,969)
Proceeds from sale of listed investments		135,774	283,711
<b>Net cash provided by investing activities</b>		17,637	50,260
<b>Change in cash and cash equivalents in the period</b>		4,717	12,840
<b>Cash and cash equivalents at the beginning of the period</b>	B	13,046	206
<b>Cash and cash equivalents at the end of the period</b>	B	17,763	13,046

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

	6 months to 30 June 2021	18 months to 31 December 2020
	£000	£000
<b>Net income for the reporting period (as per the statement of financial activities)</b>	10,724	28,782
<b>Adjustments for:</b>		
Gains on investments	(11,011)	(36,202)
Dividends and income from investments	(6,824)	(15,518)
(Increase) / decrease in debtors	(245)	210
Decrease in creditors	(5,564)	(14,692)
<b>Net cash used in operating activities</b>	<b>(12,920)</b>	<b>(37,420)</b>

## B. Analysis of cash and cash equivalents

	31 December 2020	Cash flow	30 June 2021
	£000	£000	£000
Cash at bank and in hand	13,046	4,717	17,763
<b>Total cash and cash equivalents</b>	<b>13,046</b>	<b>4,717</b>	<b>17,763</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

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 28.

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 is 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 is all the expenditure by the charity in the delivery of goods and services, including its programme and project work that is directed at the achievement of its charitable aims and objectives. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken.

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

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

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

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

Investment in the Trading Group (Lloyd's Register Group Limited), which is a mixed motive 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 Charitable Gains Act 1992 to the extent that surpluses are applied to its charitable purposes.

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### f. Fund accounting

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

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

### g. Financial assets and liabilities

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

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

### h. Significant accounting estimates and assumptions

The Foundation makes estimates and assumptions to produce the Financial Statements. The accounting estimates will, by nature, differ from the actual results. The key estimate that may have a significant risk of causing a material adjustment to the carrying value of assets or liabilities within the next financial year relates to the discounting of grant liabilities. The rate applied to discount grant liabilities payable after more than twelve months requires an estimate of the appropriate discount rate, as well as an estimate of when the liability will be called down as a claim to be paid. A discount rate of 2.1% (31 December 2020: 2.1%) has been applied having considered the range of the market rate of interest the Foundation could borrow money over the life of the grants and the opportunity cost of income from investments foregone. A 1.5% increase in the discount rate would reduce grant liabilities by £0.5 million while a 0.5% decrease in the discount rate would increase grant liabilities by £0.2 million. There are no other significant accounting estimates or judgements for the Foundation.

## 3. Investment income

	General funds £000	Endowment funds £000	Total 6 months to 30 June 2021 £000	Total 18 months to 31 December 2020 £000
Gift aid from Trading Group	3,000	—	3,000	3,000
Listed and other investments:				
Fixed Interest – UK	370	—	370	1,757
Fixed Interest – Overseas	46	—	46	65
Equities – UK	1,003	—	1,003	2,287
Equities – Overseas	1,021	—	1,021	3,730
Pooled Funds	1,378	—	1,378	4,626
Cash Instruments	6	—	6	41
Bank interest	—	—	—	12
	<u>3,824</u>	<u>—</u>	<u>3,824</u>	<u>12,518</u>
Total	<u>6,824</u>	<u>—</u>	<u>6,824</u>	<u>15,518</u>

## 4. Expenditure on generating funds

Expenditure on generating 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

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

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

No grant expenditure has been incurred during the period relating to Skills for Safety, Safety for a sustainable future and Safety of physical infrastructure (Goal 2 Challenge areas).

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

Where costs relate predominantly to grant making activity they have been allocated to grants in proportion to the level of expenditure. Support costs of £1,478,000 (18 months to 31 December 2020: £3,964,000) 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 £737,000 (18 months to 31 December 2020: £1,629,000) and governance costs of £59,000 (18 months to 31 December 2020: £65,000).

Governance costs includes fees payable to the Foundation's auditor for the audit of the Foundation's annual accounts of £59,000 (18 months to 31 December 2020: £54,000).

Analysis of expenditure by charitable activities in the 18 months to 31 December 2020 is shown below.

				18 months to 31 December 2020 £000
Grant making activities:	Grants £000	Direct costs £000	Support costs £000	
Goal 1: Evidence and Insight	158	30	44	232
Goal 2: Challenge area: Safety at Sea	834	160	234	1,228
Goal 2: Challenge area: Safety of Food	1,879	360	526	2,765
Goal 2: Challenge area: Safety of Digital Systems	123	24	35	182
Goal 2: Challenge area: Public Understanding of Risk	281	54	79	414
Goal 2: Challenge area: Safety for a sustainable future	900	173	252	1,325
Goal 2: Challenge area: Safety of physical infrastructure	173	33	48	254
Heritage and education centre	14	3	4	21
Foundational	2,414	462	677	3,553
	6,776	1,299	1,899	9,974
Unwinding of discounting of grant liabilities	548	—	—	548
Total grant activities	7,324	1,299	1,899	10,522
Activities undertaken directly:				
Goal 1: Evidence and Insight	—	3,124	734	3,858
Heritage and education centre	—	4,163	978	5,141
Foundational	—	1,501	353	1,854
Total direct activities	—	8,788	2,065	10,853
	7,324	10,087	3,964	21,375

## 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 6 months to 30 June 2021 are analysed by institution below.

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Grants awarded in the 18 months to 31 December 2020 are analysed by institution below.

	Number of grants	Safety at Sea £000	Safety of Food £000	Safety of Digital Systems £000	Public Under standing of Risk £000	Safety of Physical infra- structure £000	Safety for a sustainable future £000	Heritage And education centre £000	Evidence and Insight £000	Found- ational £000	Total 18 months to 31 December 2020 £000
2019 Conference Student Communicator of the Year	1	—	—	—	—	—	—	—	—	2	2
Anglia Ruskin University	1	—	—	—	—	—	—	—	—	9	9
Audit XPRT Limited	1	—	—	—	—	—	—	—	—	30	30
Cardiff University Seafarers International Research Centre	1	—	—	—	—	—	—	—	19	—	19
CNRS Station Biologique de Roscoff	1	—	920	—	—	—	—	—	—	—	920
Connundram Limited	1	—	—	—	—	—	—	—	—	30	30
Cranfield University	1	—	—	—	—	—	—	—	—	10	10
Energy Institute	1	—	—	—	—	200	—	—	—	—	200
Fish Safety Foundation	1	84	—	—	—	—	—	—	—	—	84
Food and Agriculture Organization of the United Nations	1	—	82	—	—	—	—	—	—	—	82
Helm Inovation Limited	1	—	—	—	—	—	—	—	—	10	10
HiLo Maritime Risk Management	1	456	—	—	—	—	—	—	—	—	456
Imperial College London	1	—	—	—	—	—	—	—	—	545	545
Institute of Economics & peace	1	—	—	—	200	—	—	—	—	—	200
International Maritime law Institute	1	282	—	—	—	—	—	—	—	—	282
International Maritime rescue federation	1	—	—	—	—	—	—	—	—	20	20
Lloyds Register Group Limited	1	—	—	—	—	—	900	—	—	—	900
Mission Critical Application Limited	1	—	—	125	—	—	—	—	—	—	125
M-Squared Lasers Limited	1	—	—	—	—	—	—	—	—	30	30
Nanyang Technological University	1	12	—	—	—	—	—	—	—	—	12
National Space Centre	1	—	—	—	—	—	—	—	—	394	394
Nottingham Trent University	1	—	—	—	—	—	—	—	41	—	41
Ohalo Limited	1	—	—	—	—	—	—	—	—	30	30
Open Data Institute	1	—	—	—	—	—	—	—	—	61	61
Open Data Institute Ltd	1	—	—	—	—	—	—	—	—	205	205
Philippines Visayas Foundation Inc	1	—	—	—	—	—	—	—	—	10	10
Reality AI	1	—	—	—	—	—	—	—	—	30	30
Royal Commission on the Ancient and Historical Monuments of Wales	1	—	—	—	—	—	—	14	—	—	14
RS Standards	1	—	—	—	—	—	—	—	48	—	48
SafetyTech Accelerator Limited	1	—	—	—	—	—	—	—	—	800	800
Science Museum	1	—	88	—	—	—	—	—	—	—	88
Sensing Feeling	1	—	—	—	—	—	—	—	—	35	35
Shipwrights	1	—	—	—	—	—	—	—	—	79	79
SnapDNA Corporation	1	—	—	—	—	—	—	—	—	30	30
Stolar Global Imaging	1	—	—	—	—	—	—	—	—	30	30
Tall Ships Youth Trust	1	—	—	—	—	—	—	—	—	74	74
Teeside University	1	—	—	—	—	—	—	—	—	9	9
University of Manchester	1	—	—	—	—	—	—	—	—	40	40
University of Southern California	1	—	—	—	190	—	—	—	—	—	190
University of Strathclyde	1	—	—	—	—	—	—	—	50	—	50
Wageningen Research	1	—	789	—	—	—	—	—	—	—	789
Grant adjustments	41	—	—	(2)	(109)	(27)	—	—	—	(99)	(237)
Impact of discounting grants awarded		834	1,879	123	281	173	900	14	158	2,414	6,776
		834	1,879	123	281	173	900	14	158	2,414	6,776

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 7. Grants awarded but not paid

	30 June 2021 £000	31 December 2020 £000
At start of period	43,987	58,777
Awarded in the period	1,507	7,013
Unwinding of discounting (note 5)	314	548
Grant adjustments (note 6)	(79)	(237)
Paid in the period	(8,019)	(22,114)
At end of period	37,710	43,987

The aging of grants payable is shown in note 14.

### 8. Employees

	General funds £000	Endowment funds £000	6 months to 30 June 2021 £000	18 months to 31 December 2020 £000
Wages and salaries	1,238	—	1,238	2,625
Social security costs	117	—	117	297
Pension costs	120	—	120	304
	1,475	—	1,475	3,226

All employees are engaged in charitable activities. The average number of employees was 31 (18 months to 31 December 2020: 24).

Included within employee costs above is £124,000 (18 months to 31 December 2020: £527,000) remuneration received by key management personnel which includes £8,000 of employer defined contribution pension costs (18 months to 31 December 2020: £10,000). See note 30 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.

	6 months to 30 June 2021 Number	18 months to 31 December 2020 Number
£60,001 - £70,000	3	5
£70,001 - £80,000	—	2
£80,001 - £90,000	—	1
£100,001 - £110,000	—	2
£110,001 - £120,000	1	—
£120,001 - £130,000	—	1
£130,001 - £140,000	—	1
£140,001 - £150,000	—	1
£170,001 - £180,000	—	1
£220,001 - £230,000	—	1
£510,001 - £520,000	—	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. No Trustees received reimbursement for out of pocket expenses (18 months to 31 December 2020: £nil). No expenses were paid on behalf of Trustees during the 6 months to 30 June 2021 (18 months to 31 December 2020: £nil) in respect of travel expenses to Board meetings.

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

### 10. Investments

	30 June 2021 £000	31 December 2020 £000
Listed investments at market value comprise:		
Fixed Interest – UK	24,400	35,962
Fixed Interest – Overseas	1,561	380
Equities – UK	45,766	46,815
Equities – Overseas	134,995	146,106
Pooled Funds	107,825	84,387
Derivatives	(563)	847
Cash instruments	3,927	3,606
Cash at investment managers and accrued interest	2,321	1,931
	320,232	320,034
Unlisted investments		
Investment in subsidiaries – mixed motive investment at cost less impairment	40,050	40,050
	360,282	360,084

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Listed investments and cash held by investment managers

	6 months to 30 June 2021 £000	18 months to 31 December 2020 £000
At start of period	318,103	314,997
Additions at cost	124,961	248,969
Disposals proceeds	(136,164)	(282,065)
Realised gains on disposals	37,307	19,676
Unrealised gains	(26,296)	16,526
At end of period	317,911	318,103
Cash at investment managers and accrued interest	2,321	1,931
	<b>320,232</b>	<b>320,034</b>

### Subsidiaries (note 12)

The Foundation has invested £40,050,000 (31 December 2020: £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 31 to Lloyd's Register Foundation Group Consolidated Financial Statements.

### 11. Debtors

	30 June 2021 £000	31 December 2020 £000
Prepayments and accrued income	245	—
	<b>245</b>	<b>—</b>

### 12. Trading Group

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

The summarised financial information of the consolidated Trading Group is provided below, as per the Trading Group's consolidated financial statements for the 6 months ended 30 June 2021 (2020: 18 months ended 31 December 2020).

	6 months to 30 June 2021 £000	18 months to 31 December 2020 £000
<b>Turnover</b>	375,669	1,253,193
Cost of sales	(237,164)	(891,177)
<b>Gross profit</b>	138,505	362,016
Administrative expenses	(114,983)	(370,775)
Other operating income	—	8,127
Administrative expenses before exceptional costs	(108,642)	(341,528)
Operating profit before exceptional costs	29,863	28,615
Exceptional costs	(6,341)	(29,247)
<b>Operating profit</b>	23,522	(632)
Loss on disposal	—	(42,722)
Share of net operating loss of joint ventures	(336)	(1,913)
Net investment income	(92)	24,411
Other finance costs	(186)	(1,614)
<b>Profit / (loss) before taxation</b>	22,908	(22,470)
Taxation on profit / (loss)	(8,791)	(23,888)
<b>Profit / (loss) for the financial period</b>	14,117	(46,358)
	<b>30 June 2021 £000</b>	<b>31 December 2020 £000</b>
Assets	1,033,901	1,020,787
Liabilities	(548,534)	(548,354)
<b>Net Assets</b>	<b>485,367</b>	<b>472,433</b>
<b>Shareholder's funds</b>	<b>485,367</b>	<b>472,433</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 13. Creditors: amounts falling due within one year

	30 June 2021	31 December 2020
	£000	£000
Trade creditors	108	82
Amounts due to related companies	1,150	771
Grants payable	20,939	20,360
Accruals and deferred income	1,046	738
	<b>23,243</b>	<b>21,951</b>

### 14. Creditors: amounts falling due after one year

	30 June 2021	31 December 2020
	£000	£000
Grants payable	16,771	23,627
	<b>16,771</b>	<b>23,627</b>

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

	30 June 2021	31 December 2020
	£000	£000
Due within one year	20,939	20,360
Due within 1-2 years	15,016	18,044
Due within 2-5 years	2,429	6,571
Impact of discounting	(674)	(988)
	<b>16,771</b>	<b>23,627</b>
Net grants payable	<b>37,710</b>	<b>43,987</b>

### 15. Contingent liabilities

The Foundation has a contractual obligation until at least 2022 to transfer up to £125m of the investment assets received from the Trading Group in September 2012 to the Lloyd's Register Superannuation Fund Association in the event of an insolvency of Lloyd's Register Group Limited. The Trustees consider the risk of insolvency, and therefore the risk of payment of the contingent liability, to be minimal. Additional funding commitments to related parties are detailed in note 19.

### 16. Funds

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

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

	1 July 2019	Income	Expenditure	Other movements	31 December 2020
	£000	£000	£000	£000	£000
Total unrestricted funds	22,414	15,518	(21,375)	2,716	19,273
Endowment funds:					
Expendable endowment	276,356	—	(1,563)	33,486	308,279
	<b>298,770</b>	<b>15,518</b>	<b>(22,938)</b>	<b>36,202</b>	<b>327,552</b>

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

In September 2012, the Trading Group transferred a portfolio of investments to the Foundation, with a market value of £206.4m. The transfer was made as a gift of an expendable endowment. The gift also contained a condition that the Foundation must agree to keep £100.0m of that sum as a contingent asset of the Trading Group's UK pension scheme. The terms of the gift were subsequently amended to increase the contingent asset to £125.0m and extend the period until 2022, 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

	31 December 2020 £000	Unrealised losses £000	Realised revaluation reserve £000	30 June 2021 £000
Unrestricted – general funds	6,430	(1,547)	2,195	7,078
Endowment funds:				
Expendable endowment	82,691	(24,749)	35,112	93,054
	<u>89,121</u>	<u>(26,296)</u>	<u>37,307</u>	<u>100,132</u>
	1 July 2019 £000	Unrealised gains £000	Realised revaluation reserve £000	31 December 2020 £000
Unrestricted – general funds	3,714	1,240	1,476	6,430
Endowment funds:				
Expendable endowment	49,205	15,286	18,200	82,691
	<u>52,919</u>	<u>16,526</u>	<u>19,676</u>	<u>89,121</u>

### 18. Analysis of net assets between funds

	General funds £000	Endowment funds £000	Total 30 June 2021 £000	Total 31 December 2020 £000
Fixed assets	42,077	318,205	360,282	360,084
Current assets	18,008	—	18,008	13,046
Creditors: amounts falling due within one year	(23,243)	—	(23,243)	(21,951)
Creditors: amounts falling due after one year	(16,771)	—	(16,771)	(23,627)
	<u>20,071</u>	<u>318,205</u>	<u>338,276</u>	<u>327,552</u>
	General funds £000	Endowment funds £000	Total 31 December 2020 £000	Total 30 June 2019 £000
Fixed assets	51,805	308,279	360,084	358,624
Current assets	13,046	—	13,046	416
Creditors: amounts falling due within one year	(21,951)	—	(21,951)	(31,606)
Creditors: amounts falling due after one year	(23,627)	—	(23,627)	(28,664)
	<u>19,273</u>	<u>308,279</u>	<u>327,552</u>	<u>298,770</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.

The charity awarded a grant of £600,000 in the 12 months to 30 June 2014 to the Worshipful Company of Shipwrights where Lambros Varnavides serves as a member of the Finance Committee. The interest was disclosed before the grant was made and Mr Varnavides did not participate in the grant making decision. Of the grant awarded, £79,000 was written back in the 18 months to 31 December 2020 with no amounts payable at 31 December 2020. A new grant of £79,000 was awarded during the 18 months to 31 December 2020 and £nil remains outstanding at 30 June 2021 (31 December 2020: £nil).

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

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Two grants were awarded to the Trading Group during the 18 months to 31 December 2020:

- A £900,000 grant to support decarbonisation in the marine sector. £51,000 remains outstanding as at 30 June 2021 (31 December 2020: £495,000).
- A £800,000 grant to support the new SafetyTech Accelerator programme. £nil remains outstanding as at 30 June 2021 (31 December 2020: £800,000).

In addition to the grants provided, a further £4.3m may become payable to the Trading Group over the following 10 years, with the majority payable within the first three years. The additional payments are dependent upon periodic reviews of the project outcomes. The commitments are planned to be funded from general funds, following receipt of future investment income.

During the 6 months to 30 June 2021, the Foundation was charged the following amounts from the Trading Group:

- £496,000 in respect of the provision of services including accommodation and IT support (18 months to 31 December 2020: £1,495,000); and
- £96,000 in respect of Trading Group employees seconded to the Foundation (18 months to 31 December 2020: £427,000).

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



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FINANCIAL REVIEW OF LLOYD'S REGISTER FOUNDATION GROUP

#### Strategic report of the Foundation

The Foundation has a direct mixed motive investment in one trading subsidiary, Lloyd's Register Group Limited which has its own global group of trading companies ("the Trading Group"). The Foundation owns 100% of the issued share capital of Lloyd's Register Group Limited. The Trading Group's principal activities are the provision of independent inspection and compliance services to clients in capital intensive industries, in particular the marine industry. The activities of the Trading Group in furthering the charitable objects of the Foundation are discussed on pages 26 and 27.

The Foundation's consolidated total income for the 6 months to 30 June 2021 of £384.5 million (18 months to 31 December 2020: £1,290.1 million) comprises of income recognised by the Trading Group of £380.7 million (18 months to 31 December 2020: £1,277.6 million) and investment income recognised by the Foundation of £3.8 million (18 months to 31 December 2020: £12.5 million). Income recognised by the Trading Group includes turnover of £375.7 million (18 months to 31 December 2020: £1,253.2 million), investment income of £5.0 million (18 months to 31 December 2020: £16.3 million) and grant income of £nil (18 months to 31 December 2020: £8.1).

The Foundation's consolidated total expenditure for the 6 months to 30 June 2021 of £360.5 million (18 months to 31 December 2020: £1,334.4 million) relates principally to the Trading Group of £353.5 million (18 months to 31 December 2020: £1,313.2 million) with the remainder relating to the activities of the charitable entity.

Consolidated net assets for the Foundation at 30 June 2021 are £784.4 million (31 December 2020: £761.4 million), an increase of £23.0 million from the prior period.

Net consolidated funds (cash and short term deposits) for the Foundation at 30 June 2021 are £314.6 million (31 December 2020: £272.2 million), an increase of £42.4 million (18 months to 31 December 2020: £190.3 million) from 31 December 2020.

The performance of the Charitable entity is discussed on pages 25 to 30, 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 17 to the consolidated financial statements, as per the Trading Group's consolidated financial statements for the 18 months ended 31 December 2020.

Turnover for the 6 month period to 30 June 2021 was £375.7 million (18 months to 31 December 2020: £1,253.2 million).

During the previous 18-month period, the Group recognised grant income of £8.1m (6 months to 30 June 2021: £nil), including £7.7m received as part of government initiatives to provide financial support as a result of Covid-19. After the balance sheet date, the Board of the Trading Group agreed its intention to repay Covid-19 related government support where practical.

Operating profit before exceptional costs for the 6 months to 30 June 2021 was £29.9m, (18 months to 31 December 2020: £28.6m). The prior period operating profit before exceptional costs includes £57.5m relating to the continuing operations, offset by a loss of £28.9m from discontinued operations. Discontinued operations comprise the Energy business which was disposed of on 31 October 2020. The increase in operating margin before exceptional costs from continuing operations to 7.9% (18 months to 31 December 2020: 5.2%) reflects the impact that the pandemic had on the Group's retained businesses during the prior period.

Exceptional costs for the 6 month period of £6.3 million relate to restructuring activity associated with changes in processes and resource requirements following restructuring within back office functions in line with the Trading Group's strategy.

Statutory operating profit for the 6 month period, after exceptional costs, was £23.5 million (18 months to 31 December 2020: loss £0.6 million).

#### Financial position of the Trading Group

Net assets for the Trading Group at 30 June 2021 are £484.4 million (31 December 2020: £472.2 million), an increase of £12.2 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.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 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 £314.6 million (31 December 2020: £272.2 million). In addition, the Group holds listed investments of £388.9 million (31 December 2020: £394.2 million) of which £68.7 million (31 December 2020: £74.2 million) is held in escrow to make good the deficit on overseas defined benefit pension schemes in future periods.

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

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

### Credit risk

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

### Interest rate risk

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

### Further details of the Trading Group

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

## THE CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES, INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

	Note	Trading funds	General funds	Endowment funds	Total funds 6 months to 30 June 2021 £000	Total funds 18 months to 31 December 2020 £000
		£000	£000	£000	£000	£000
<b>Income</b>						
Income from investments:						
Listed investments	4	1,013	3,824	—	4,837	19,689
Property	4	2,647	—	—	2,647	8,592
Other	4	1,305	—	—	1,305	503
Income from other trading activities	5	375,669	—	—	375,669	1,253,193
Grant income		—	—	—	—	8,127
<b>Total income</b>		<b>380,634</b>	<b>3,824</b>	<b>—</b>	<b>384,458</b>	<b>1,290,104</b>
<b>Expenditure on raising funds</b>						
Investment management costs		—	—	(437)	(437)	(1,563)
Cost of other trading activities		(352,940)	—	—	(352,940)	(1,266,773)
Loss on disposal of discontinued operations		—	—	—	—	(42,722)
Other finance costs – pensions		(186)	—	—	(186)	(1,614)
Net interest in the results for the period in joint ventures		(336)	—	—	(336)	(1,913)
Other		(26)	—	—	(26)	(149)
<b>Total costs of raising funds</b>		<b>(353,488)</b>	<b>—</b>	<b>(437)</b>	<b>(353,925)</b>	<b>(1,314,734)</b>
<b>Expenditure on charitable activities</b>						
Total grants activities	7	—	(2,959)	—	(2,959)	(8,822)
Total direct activities	7	—	(3,611)	—	(3,611)	(10,853)
<b>Total expenditure</b>		<b>(353,488)</b>	<b>(6,570)</b>	<b>(437)</b>	<b>(360,495)</b>	<b>(1,334,409)</b>
<b>Net income / (expenditure) before (losses) / gains on investments</b>	11	<b>27,146</b>	<b>(2,746)</b>	<b>(437)</b>	<b>23,963</b>	<b>(44,305)</b>
Unrealised (losses) / gains on investments		(13,568)	(1,547)	(24,749)	(39,864)	12,396
Realised gains on disposal of investments		8,619	2,195	35,112	45,926	36,654
<b>Net income / (expenditure) before taxation</b>		<b>22,197</b>	<b>(2,098)</b>	<b>9,926</b>	<b>30,025</b>	<b>4,745</b>
Taxation	10	(8,791)	—	—	(8,791)	(23,888)
<b>Net income / (expenditure)</b>		<b>13,406</b>	<b>(2,098)</b>	<b>9,926</b>	<b>21,234</b>	<b>19,143</b>
Transfers between funds		(2,021)	2,021	—	—	—
Share of loss of joint venture transferred to goodwill following step acquisition		—	—	—	—	1,036
Acquisition of non-controlling interest	14	(2,525)	—	—	(2,525)	—
Foreign exchange differences on translation of net assets of overseas operations		(588)	—	—	(588)	(3,668)
Net actuarial movements on defined benefit pension schemes	23	14,904	—	—	14,904	(6,328)
Tax relating to components of other comprehensive income		(9,974)	—	—	(9,974)	(6,215)
Gain on asset transferred from own use to investment property	15	—	—	—	—	8,306
<b>Net movement in funds</b>		<b>13,202</b>	<b>(77)</b>	<b>9,926</b>	<b>23,051</b>	<b>(26,012)</b>
Funds brought forward		472,165	(19,076)	308,279	761,368	787,380
Funds carried forward		485,367	(19,153)	318,205	784,419	761,368


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

# CONSOLIDATED BALANCE SHEET

## AT 30 JUNE 2021

	Note	30 June 2021 £000	30 December 2020 £000
<b>Non Current Assets</b>			
Goodwill	14	58,655	58,239
Intangible fixed assets	14	40,350	44,832
Tangible assets	15	172,309	173,824
Investments	16	389,012	394,355
Pension surplus	23	148,420	142,735
Deferred tax assets	10	20,377	19,092
Interests in joint ventures: share of net assets	16	275	314
		<b>829,398</b>	<b>833,391</b>
<b>Current assets</b>			
Debtors	18	227,037	247,505
Cash at bank and in hand		314,556	272,200
		<b>541,593</b>	<b>519,705</b>
<b>Creditors: amounts falling due within one year</b>	19	<b>(248,029)</b>	<b>(231,176)</b>
<b>Net current assets</b>		<b>293,564</b>	<b>288,529</b>
<b>Total assets less current liabilities</b>		<b>1,122,962</b>	<b>1,121,920</b>
<b>Creditors: amounts falling due after one year</b>	20	<b>(16,771)</b>	<b>(23,627)</b>
Provisions for liabilities	21	(84,496)	(73,415)
<b>Net assets excluding pension liability</b>		<b>1,021,695</b>	<b>1,024,878</b>
Pension liability	23	(237,276)	(263,510)
<b>Net assets including pension liability</b>		<b>784,419</b>	<b>761,368</b>
<b>The funds of the group</b>	26,27		
Non charitable trading funds		645,315	645,427
Revaluation reserve		77,328	90,248
General fund	28	(19,153)	(19,076)
<b>Unrestricted funds excluding pension liability</b>		<b>703,490</b>	<b>716,599</b>
Pension reserve		(237,276)	(263,510)
<b>Total unrestricted funds</b>		<b>466,214</b>	<b>453,089</b>
Endowment funds		225,151	225,588
Revaluation reserve	27	93,054	82,691
<b>Total endowment funds</b>	26	<b>318,205</b>	<b>308,279</b>
<b>Total group funds</b>		<b>784,419</b>	<b>761,368</b>

The financial statements on pages 66 to 99 were approved by the Trustees on 18 March 2022 and signed on their behalf by:

  
Ishbel Macpherson (Mar 18, 2022 11:41 GMT)  
Ishbel Macpherson, Trustee

**Lloyd's Register Foundation**  
Company registration number 07905861

# **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTH PERIOD ENDED 30 June 2021**

	Note	2021 £000	2020 £000
<b>Net cash inflow from operating activities</b>	29	<b>36,336</b>	<b>95,350</b>
<b>Cash flows used in investing activities</b>			
(Increase) / decrease in loans		(7)	285
Proceeds from sale of investments		142,420	394,804
Proceeds from sale of tangible fixed assets		485	3,547
Purchase of investments		(132,581)	(278,835)
Purchase of intangible fixed assets		(591)	(3,563)
Purchase of tangible fixed assets		(1,626)	(9,513)
Interest paid		(108)	(286)
Investment income		8,789	28,784
Additional investment in existing joint ventures		(217)	(903)
Payment of deferred consideration on acquisitions		—	(6,872)
Acquisition of subsidiaries		(6,964)	(3,020)
Disposal of subsidiaries		—	(10,002)
<b>Net cash flows generated by investing activities</b>		<b>9,600</b>	<b>114,426</b>
<b>Cash flows from financing activities</b>			
Decrease in borrowings		—	(15,841)
<b>Net increase in cash and cash equivalents</b>		<b>45,936</b>	<b>193,935</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>272,200</b>	<b>81,886</b>
Net increase in cash and cash equivalents		45,936	193,935
Effect of foreign exchange rate changes		(3,580)	(3,621)
<b>Cash and cash equivalents at end of period</b>		<b>314,556</b>	<b>272,200</b>

## **Analysis of cash and cash equivalents**

Group	At 31 December 2020 £000	Cash flow £000	Effect of foreign exchange rate changes £000	At 30 June 2021 £000
Bank balances	272,200	45,936	(3,580)	314,556
	<u>272,200</u>	<u>45,936</u>	<u>(3,580)</u>	<u>314,556</u>

## **Reconciliation of net cash flow to movements in net funds**

	Cash and cash equivalents £000	2021 Net funds £000	Cash and cash equivalents £000	Bank overdraft £000	Deferred consideration payable £000	2020 Net funds £000
At start of period	272,200	272,200	81,886	(15,841)	(6,338)	59,707
Foreign exchange	(3,580)	(3,580)	(3,621)	—	—	(3,621)
Cash flow	45,936	45,936	193,935	15,841	6,872	216,648
Other movements	—	—	—	—	(534)	(534)
<b>At end of period</b>	<b>314,556</b>	<b>314,556</b>	<b>272,200</b>	<b>—</b>	<b>—</b>	<b>272,200</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

## 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 28.

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

### b. Expenditure

Expenditure is accounted for on an accruals basis.

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

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

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

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

### c. Tangible fixed assets

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### d. Intangible fixed assets: goodwill

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

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

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

### e. Intangible fixed assets

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

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

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

### f. Investments

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

Investment properties includes one property that is in mixed functional and investment use. Areas of the building occupied by third party tenants are deemed to be in investment use and are held at market value with any change in fair value recognised in the consolidated statement of financial activities. Where own use property is transferred and becomes an investment property, the property is revalued at the date of transfer from its net book value to fair value, with the revaluation recorded in other comprehensive income, with subsequent changes in fair value recognised in the statement of financial activities. A valuation of the building is pro-rated according to the value of floor space occupied by third party tenants. The valuation is carried out by a surveyor holding a relevant qualification (via an independent property company).

### g. Cash

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

### h. Taxation and Value Added Tax

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

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

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

### i. Deferred tax

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

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

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

### j. Fund accounting

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Endowment funds comprise one expendable endowment fund, a part of the September 2012 donation from the Trading Group. Generally, capital is retained within the fund, with income forming part of the Foundation's general fund. Trustees have the power to convert capital to income should they wish to expend capital subject to the contractual obligations of the initial donation as outlined in note 26.

### k. Financial assets and liabilities:

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

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

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

### l. Foreign currencies:

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

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

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

### m. Leases

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

### n. Rental income

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

### o. Research and development expenditure

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

### p. Interest receivable

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

### q. Short-term employee benefits

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

### r. Pensions

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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

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

**s. Investment in joint ventures**

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

**t. Heritage assets**

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

**u. Provisions**

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

### 3. Critical accounting judgements and key sources of estimation uncertainty

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

#### *Critical judgements in applying the Group's accounting policies*

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

#### *Key sources of estimation uncertainty*

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

#### *Revenue recognition*

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

#### *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 23 to the financial statements describes the principal discount rate, salary increase, inflation, mortality and pension payment increase assumptions that have been used to determine the pension and post-retirement charges. The calculation of any charge relating to pensions is dependent on the assumptions used, which reflects the exercise of judgement. The assumptions adopted are based on advice of the Group's actuaries, on prior experience and market conditions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 4. Investment income

	Trading funds £000	General funds £000	Endowment funds £000	Total funds 6 months to 30 June 2021 £000	Total funds 18 months to 31 December 2020 £000
Fixed Interest – UK	1,013	370	—	1,383	8,940
Fixed Interest – Overseas	—	46	—	46	65
Equities – UK	—	1,003	—	1,003	2,287
Equities – Overseas	—	1,021	—	1,021	3,730
Pooled Funds	—	1,378	—	1,378	4,626
Cash Instruments	—	6	—	6	41
	1,013	3,824	—	4,837	19,689
Bank interest	1,305	—	—	1,305	503
Income from UK investment property	2,647	—	—	2,647	8,592
	4,965	3,824	—	8,789	28,784

### 5. Income from other trading activities

	6 months to 30 June 2021 £000	18 months to 31 December 2020 £000
<b>Turnover by class of business of the Trading Group:</b>		
Marine and Offshore	206,544	622,844
Energy *	—	148,966
Digital Products	13,750	27,511
Business Assurance and Inspection Services	155,375	453,872
	<b>375,669</b>	<b>1,253,193</b>

\* Energy operations were discontinued following the disposal of the business to Vysus Group Holdings on 31 October 2020.

### Grant income

Grant income in the prior period includes Government grants of £7.7m received as part of Government initiatives to provide financial support as a result of Covid-19. There are no future related costs in respect of these grants. After the balance sheet date, the Board agreed its intention to repay Covid related government support where practical.

### Expenditure on generating funds

Costs of generating 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 2020

	Trading funds £000	Trading funds £000	Trading funds £000	General funds £000	Endowment funds £000	Total funds 18 months to 31 December 2020 £000
	Continuing	Discontinued	Total			
<b>Income</b>						
Income from investments:						
Listed investments	7,183	—	7,183	12,506	—	19,689
Property	8,592	—	8,592	—	—	8,592
Other	491	—	491	12	—	503
Activities for generating funds	1,104,227	148,966	1,253,193	—	—	1,253,193
Grant income	8,127	—	8,127	—	—	8,127
<b>Total income</b>	<b>1,128,620</b>	<b>148,966</b>	<b>1,277,586</b>	<b>12,518</b>	<b>—</b>	<b>1,290,104</b>
<b>Expenditure on raising funds</b>						
Investment management costs	—	—	—	—	(1,563)	(1,563)
Cost of activities for generating funds	(1,082,705)	(184,068)	(1,266,773)	—	—	(1,266,773)
Loss on disposal of discontinued operations	—	(42,722)	(42,722)	—	—	(42,722)
Other finance costs – pensions	(1,614)	—	(1,614)	—	—	(1,614)
Net interest in the results for the period in joint ventures	(1,913)	—	(1,913)	—	—	(1,913)
Other	(149)	—	(149)	—	—	(149)
<b>Total costs of raising funds</b>	<b>(1,086,381)</b>	<b>(226,790)</b>	<b>(1,313,171)</b>	<b>—</b>	<b>(1,563)</b>	<b>(1,314,734)</b>
<b>Expenditure on charitable activities</b>						
Total grant activities	—	—	—	(8,822)	—	(8,822)
Total direct activities	—	—	—	(10,853)	—	(10,853)
<b>Total expenditure</b>	<b>(1,086,381)</b>	<b>(226,790)</b>	<b>(1,313,171)</b>	<b>(19,675)</b>	<b>(1,563)</b>	<b>(1,334,409)</b>
<b>Net income / (expenditure) before (losses) / gains on investments</b>	<b>42,239</b>	<b>(77,824)</b>	<b>(35,585)</b>	<b>(7,157)</b>	<b>(1,563)</b>	<b>(44,305)</b>
Unrealised (losses) / gains on investments	(4,130)	—	(4,130)	1,240	15,286	12,396
Realised gains / (losses) on disposal of investments	16,978	—	16,978	1,476	18,200	36,654
<b>Net income / (expenditure) before taxation</b>	<b>55,087</b>	<b>(77,824)</b>	<b>(22,737)</b>	<b>(4,441)</b>	<b>31,923</b>	<b>4,745</b>
Taxation	(28,687)	4,799	(23,888)	—	—	(23,888)
<b>Net income / (expenditure)</b>	<b>26,400</b>	<b>(73,025)</b>	<b>(46,625)</b>	<b>(4,441)</b>	<b>31,923</b>	<b>(19,143)</b>
Transfers between funds			(3,000)	3,000	—	—
Share of loss of joint venture transferred to goodwill following step acquisition			1,036	—	—	1,036
Foreign exchange differences on translation of net assets of overseas operations			(3,668)	—	—	(3,668)
Net actuarial movements on defined benefit pension schemes			(6,328)	—	—	(6,328)
Tax relating to components of other comprehensive income			(6,215)	—	—	(6,215)
Gain on asset transferred from own use to investment property			8,306	—	—	8,306
<b>Net movement in funds</b>			<b>(56,494)</b>	<b>(1,441)</b>	<b>31,923</b>	<b>(26,012)</b>
Funds brought forward			528,659	(17,635)	276,356	787,380
Funds carried forward			472,165	(19,076)	308,279	761,368

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 7. Analysis of expenditure on charitable activities

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

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

No grant expenditure has been incurred during the period relating to Skills for Safety, Safety for a sustainable future and Safety of physical infrastructure (Goal 2 Challenge areas).

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

Where costs relate predominantly to grant making activity they have been allocated to grants in proportion to the level of expenditure. Support costs of £1,478,000 (18 months to 31 December 2020: £3,964,000) 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 £737,000 (18 months to 31 December 2020: £1,629,000) and governance costs of £65,000 (18 months to 31 December 2020: £54,000).

Governance costs includes fees payable to the Foundation's auditor for the audit of the Foundation's accounts of £59,000 (18 months to 31 December 2020: £54,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Analysis of expenditure on charitable activities in the 18 months to 31 December 2020 is shown below.

				18 months to 31 December 2020
Grant making activities:	Grants £000	Direct costs £000	Support costs £000	£000
Goal 1: Evidence and Insight	158	30	44	232
Goal 2: Challenge area: Safety at Sea	834	160	234	1,228
Goal 2: Challenge area: Safety of Food	1,879	360	526	2,765
Goal 2: Challenge area: Safety of Digital Systems	123	24	35	182
Goal 2: Challenge area: Public Understanding of Risk	281	54	79	414
Goal 2: Challenge area: Safety for a sustainable future	—	173	252	425
Goal 2: Challenge area: Safety of physical infrastructure	173	33	48	254
Heritage and education centre	14	3	4	21
Foundational *	1,614	462	677	2,753
	5,076	1,299	1,899	8,274
Unwinding of discounting of grant liabilities	548	—	—	548
Total grant activities	5,624	1,299	1,899	8,822
Activities undertaken directly:				
Goal 1: Evidence and Insight	—	3,124	734	3,858
Heritage and education centre	—	4,163	978	5,141
Foundational *	—	1,501	353	1,854
Total direct activities	—	8,788	2,065	10,853
	5,624	10,087	3,964	19,675

### 8. Grants awarded

Grants are awarded to institutions and fund tuition costs, employment costs or other costs of research. Grants awarded in the 6 months to 30 June 2021 are analysed by institution below.

	Number of grants	Safety at Sea £000	Safety of Food £000	Safety of Digital Systems £000	Public Under standing of Risk £000	Safety of Physical infra- structure £000	Safety for a sustainable future £000	Heritage And education centre £000	Evidence and Insight £000	Found- ational £000	Total 6 months to 30 June 2021 £00
British Science Association	1	—	—	—	40	—	—	—	—	—	40
Cardiff University Seafarers International Research Centre	1	21	—	—	—	—	—	—	—	—	21
Cranfield University	1	—	—	—	—	—	—	—	—	50	50
Delft University of Technology	1	—	—	—	—	—	—	—	—	10	10
Delft University of Technology	1	—	—	—	—	—	—	—	—	21	21
Global Manufacturing Organisation Limited	1	—	—	400	—	—	—	—	—	—	400
History & Policy, King College London	1	—	—	—	—	—	—	—	—	122	122
Hook Marine Ltd	1	—	—	—	—	—	—	—	—	10	10
Lancaster University	1	—	—	—	—	—	—	—	—	10	10
Nottingham Trent University	1	—	—	—	—	—	—	—	—	59	59
Queen's University Belfast	1	—	19	—	—	—	—	—	—	—	19
Safetyknot Ltd	1	—	—	—	—	—	—	—	—	10	10
Scense about Science	1	—	—	—	—	—	—	—	384	—	384
SeedPod LLC	1	—	—	—	—	—	—	—	150	—	150
University of Portsmouth Higher Education Corporation	1	—	—	—	—	—	—	90	—	—	90
Worldwide Ferry Safety Association	1	—	—	—	—	—	—	—	—	7	7
Grant adjustments		—	(12)	(67)	—	—	—	—	—	—	(79)
Impact of discounting grants awarded	16	21	7	333	40	—	—	90	534	299	1,324
		21	7	333	40	—	—	90	534	299	1,324

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Grants awarded in the 18 months to 31 December 2020 are analysed by institution below.

		Safety at Sea	Safety of Food	Safety of Digital Systems	Public Under standing of Risk	Safety of Physical infra-structure	Safety for a sustainable future	Heritage And education centre	Evidence and Insight	Found-ational	Total 18 months to 31 December 2020
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2019 Conference Student Communicator of the Year	1	—	—	—	—	—	—	—	—	2	2
Anglia Ruskin University	1	—	—	—	—	—	—	—	—	9	9
Audit XPRT Limited	1	—	—	—	—	—	—	—	—	30	30
Cardiff University Seafarers International Research Centre	1	—	—	—	—	—	—	—	19	—	19
CNRS Station Biologique de Roscoff	1	—	920	—	—	—	—	—	—	—	920
Connundram Limited	1	—	—	—	—	—	—	—	—	30	30
Cranfield University	1	—	—	—	—	—	—	—	—	10	10
Energy Institute	1	—	—	—	—	200	—	—	—	—	200
Fish Safety Foundation	1	84	—	—	—	—	—	—	—	—	84
Food and Agriculture Organization of the United Nations	1	—	82	—	—	—	—	—	—	—	82
Helm Inovation Limited	1	—	—	—	—	—	—	—	—	10	10
HiLo Maritime Risk Management	1	456	—	—	—	—	—	—	—	—	456
Imperial College London	1	—	—	—	—	—	—	—	—	545	545
Institute of Economics & peace	1	—	—	—	200	—	—	—	—	—	200
International Maritime law Institute	1	282	—	—	—	—	—	—	—	—	282
International Maritime rescue federation	1	—	—	—	—	—	—	—	—	20	20
Mission Critical Application Limited	1	—	—	125	—	—	—	—	—	—	125
M-Squared Lasers Limited	1	—	—	—	—	—	—	—	—	30	30
Nanyang Technological University	1	12	—	—	—	—	—	—	—	—	12
National Space Centre	1	—	—	—	—	—	—	—	—	394	394
Nottingham Trent University	1	—	—	—	—	—	—	—	41	—	41
Ohalo Limited	1	—	—	—	—	—	—	—	—	30	30
Open Data Institute	1	—	—	—	—	—	—	—	—	61	61
Open Data Institute Ltd	1	—	—	—	—	—	—	—	—	205	205
Philippines Visayas Foundation Inc	1	—	—	—	—	—	—	—	—	10	10
Reality AI	1	—	—	—	—	—	—	—	—	30	30
Royal Commission on the Ancient and Historical Monuments of Wales	1	—	—	—	—	—	—	14	—	—	14
RS Standards	1	—	—	—	—	—	—	—	48	—	48
Science Museum	1	—	88	—	—	—	—	—	—	—	88
Sensing Feeling	1	—	—	—	—	—	—	—	—	35	35
Shipwrights	1	—	—	—	—	—	—	—	—	79	79
SnapDNA Corporation	1	—	—	—	—	—	—	—	—	30	30
Stolar Global Imaging	1	—	—	—	—	—	—	—	—	30	30
Tall Ships Youth Trust	1	—	—	—	—	—	—	—	—	74	74
Teesside University	1	—	—	—	—	—	—	—	—	9	9
University of Manchester	1	—	—	—	—	—	—	—	—	40	40
University of Southern California	1	—	—	—	190	—	—	—	—	—	190
University of Strathclyde	1	—	—	—	—	—	—	—	50	—	50
Wageningen Research	1	—	789	—	—	—	—	—	—	—	789
Grant adjustments		—	—	(2)	(109)	(27)	—	—	—	(99)	(237)
39		834	1,879	123	281	173	—	14	158	1,614	5,076
Impact of discounting grants awarded		—	—	—	—	—	—	—	—	—	—
		834	1,879	123	281	173	—	14	158	1,614	5,076

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 9. Grants awarded but not paid

	6 months to 30 June 2021 £000	18 months to 31 December 2020 £000
At start of period	42,692	58,777
Awarded in the period	1,403	5,313
Unwinding of discounting (note 7)	314	548
Grant adjustments (note 8)	(79)	(237)
Paid in the period	(6,671)	(21,709)
At end of period	<u>37,659</u>	<u>42,692</u>

The aging of grants payable is shown in note 20.

### 10. Taxation

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

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

	Group 6 months to 30 June 2021 £000	18 months to 31 December 2020 £000
<b>Current tax on profit</b>		
UK corporation tax	658	1,977
Double tax relief	(658)	(1,822)
	<u>—</u>	<u>155</u>
Foreign tax	12,078	25,545
	<u>12,078</u>	<u>25,700</u>
Adjustment in respect of prior periods		
• UK corporation tax	28	(313)
• Foreign tax	(539)	(2,996)
<b>Total current tax</b>	<u>11,567</u>	<u>22,391</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,259)	(2,176)
Adjustments in respect of previous periods	1,483	3,673
<b>Total deferred tax</b>	<u>(2,776)</u>	<u>1,497</u>
<b>Total tax on profit</b>	<u>8,791</u>	<u>23,888</u>

The standard rate of tax applied to the reported profit is 19% (2020: 19%).

On 3 March 2021, new measures to increase the main corporation tax rates to 25% from 1 April 2023 were announced in the UK budget 2021. On 24 May 2021, these new measures were substantively enacted. Deferred tax assets and liabilities have been remeasured for the increased tax rate.

During the period beginning 1 July 2021, the net reversal of deferred tax assets and liabilities is expected to increase the corporate tax charge for the period by £7.0m (2020: £5.7m). This is due to the reversal of timing differences expected within the next 12 months.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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

	6 months to 30 June 2021 £000	18 months to 31 December 2020 £000
<b>Net income before taxation</b>	<b>30,025</b>	<b>4,745</b>
Profit multiplied by the average standard rate of United Kingdom corporation tax of: 19 % (2020: 19%)	<b>5,705</b>	<b>902</b>
Effects of:		
• Tax exempt profits	(2,321)	(8,497)
• Overseas rate differences	1,296	4,335
• Goodwill amortisation not deductible for tax purposes	789	4,820
• (Non-taxable income) / expenses not deductible for tax purposes	(175)	833
• Brought forward unprovided timing differences now recognised in period	(1,117)	653
• Impact of UK qualifying corporate donations	—	(1,149)
• Current year unprovided timing differences	2,281	8,236
• Fair value (gain) / loss on investment property not subject to tax	(299)	1,202
• Disposal of subsidiary undertakings	—	8,117
• Other taxes	1,660	4,072
• Adjustments in respect of prior periods	972	364
<b>Group total tax charge for period</b>	<b>8,791</b>	<b>23,888</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### Deferred tax (assets) / liabilities

	2021 £000	2020 £000
At start of period liabilities / (assets)	2,936	(7,789)
Arising in the year	6,273	10,287
Foreign exchange differences	662	438
At end of period liabilities	9,871	2,936
Deferred tax asset	(20,377)	(19,092)
Deferred tax liability (note 21)	30,248	22,028
	9,871	2,936

### Deferred tax is recognised as follows:

Accelerated capital allowances	2,768	1,813
Deferred tax arising in relation to retirement benefit obligations	26,068	16,872
Tax losses	(11,877)	(10,076)
Other timing differences	(7,088)	(5,673)
	9,871	2,936

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 £29.3 million (2020: £28.3 million). Unrecognised assets will potentially become recoverable against future profits generated in the relevant overseas operations.

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

This is stated after charging / (crediting):

	6 months to 30 June 2021 £000	18 months to 31 December 2020 £000
Staff costs (note 12)	216,635	720,549
Charge for bad and doubtful debts	7,496	1,676
Research and development costs	5,693	17,986
Loss on disposal of fixed assets	128	930
Amortisation of intangible fixed assets (note 14)	4,945	14,619
Depreciation of tangible fixed assets (note 15)	3,988	13,782
Amortisation of goodwill (note 14)	4,269	23,744
Impairment of goodwill	—	1,723
Rentals payable under operating leases	15,144	54,290
Exceptional costs (note 17)	6,341	29,247
Auditor's remuneration:		
Audit of parent	59	54
Audit of subsidiaries	1,980	2,483
Other services	9	89
Tax compliance services	35	37
Foreign exchange (gain) / loss	(3,320)	9,772
Loss on disposal of subsidiary	—	42,722

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 12. Employees

	Trading funds £000	General funds £000	Total funds 6 months to 30 June 2021 £000	Total funds 18 months to 31 December 2020 £000
Wages and salaries	174,018	1,238	175,256	590,856
Social security costs	21,544	117	21,661	68,521
Pension costs (note 23)	19,598	120	19,718	61,172
	<u>215,160</u>	<u>1,475</u>	<u>216,635</u>	<u>720,549</u>

In addition, £6.3 million (18 months to 31 December 2020: £12.1 million) of redundancy costs have been incurred.

The average number of employees, analysed by function was:

	6 months to 30 June 2021 Number	18 months to 31 December 2020 Number
Charitable activities	31	24
Trading activities	<u>5,943</u>	<u>6,660</u>
	<u>5,974</u>	<u>6,684</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 58 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'). On an annualised basis the emoluments received by employees of the Trading Group in the 6 month period to 30 June 2021 were as follows: 4 employees received between £500,001 and £1,000,000; 3 employees received between £400,001 and £500,000; 7 employees received between £300,001 and £400,000; 24 employees received between £200,001 and £300,000; 398 employees received between £100,001 and £200,000; and 1,614 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 5,943 employees for the 6 months ended 30 June 2021 (18 months ended 31 December 2020: 6,660). These employees are located throughout the world and their salaries reflect local market conditions. Provision of the disclosure required by the Charities SORP for the consolidated group would not aid comparability with other companies in the Charities sector because of the vast geographical diversity of the Trading Group's employee base and the employee benefits received by Trading Group employees can only be understood in the context of the market trends in the many countries in which the Trading Group operates. The vast majority of the Trading Group's employees are not in roles which exist in other charitable groups, and therefore any benchmarking against similarly sized charitable groups would not be meaningful for stakeholders.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 13. Trustees

The Trustees are the directors of the Foundation. The Trustees do not currently receive remuneration in respect of their duties as Trustees. No Trustees received reimbursement for out of pocket expenses (18 months to 31 December 2020: £nil). No expenses were paid on behalf of Trustees during the 6 months to 30 June 2021 (18 months to 31 December 2020: £nil) in respect of travel expenses to Board meetings.

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

### 14. Intangible fixed assets

	Goodwill	Software and other intangibles*	Total
	£000	£000	£000
<b>Cost:</b>			
At 1 January 2021	106,715	85,050	191,765
Additions	4,686	591	5,277
Disposals	—	(225)	(225)
Exchange adjustment	(10)	—	(10)
At 30 June 2021	111,391	85,416	196,807
<b>Amortisation:</b>			
At 1 January 2021	48,476	40,218	88,694
Charged during the period	4,269	4,945	9,214
On disposals	—	(97)	(97)
Exchange adjustment	(9)	—	(9)
At 30 June 2021	52,736	45,066	97,802
<b>Net book value:</b>			
<b>At 30 June 2021</b>	<b>58,655</b>	<b>40,350</b>	<b>99,005</b>
At 31 December 2020	58,239	44,832	103,071

\*Other intangibles relate to customer relationships acquired as part of business combinations.

The rights to software intellectual property relating to geological surveys were acquired in September 2013 for £10,193,000. The carrying amount as at 30 June 2021 was £2,306,000 (31 December 2020: £2,819,000) and the software has an estimated remaining useful life of two years.

The Group has developed a group-wide enterprise resource planning and financial reporting solution. The net book value as at 30 June 2021 was £19,422,000 (31 December 2020: £20,793,000). The intangible asset is being amortised over the estimated useful life of 9 years.

The net book value of an operational system specific to our Marine business at 30 June 2021 was £13,301,000 (31 December 2020: £14,964,000). The remaining estimated useful life is five years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### Acquisitions

#### C-MAP commercial

On 3 March 2021, the Group completed the first stage of the acquisition of C-MAP commercial, a leading provider of marine cartography and digital publications, shore-side and shipside voyage optimisation and cloud-based fleet management & fleet analytics software. The Group acquired the trade and assets representing the C-MAP operations principally in USA, Norway, Greece, Singapore and India. The second stage of the C-MAP acquisition, representing the C-MAP operations in Russia was completed in July 2021, and is disclosed as a post balance sheet event in note 32.

The acquisition has been accounted for using the acquisition method of accounting. The fair value of net liabilities acquired was £0.2m.

	Book value £000	Fair value adjustments £000	Fair value £000
Current assets	3,640	—	3,640
Current liabilities	(3,887)	—	(3,887)
	<u>(247)</u>	<u>—</u>	<u>(247)</u>
Total consideration payable			4,281
Acquisition costs			<u>158</u>
Add net liabilities acquired			<u>247</u>
Goodwill arising on acquisition			<u>4,686</u>

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

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

The consolidated profit and loss account for the 6 month period ended 30 June 2021 includes the result of C-MAP commercial since the acquisition date and contributed £2.9 million of turnover and £0.5 million of loss after taxation.

#### Hanseaticsoft GmbH

On 10 June 2021, the Group purchased the remaining 21% share capital in its subsidiary Hanseaticsoft GmbH for consideration of €2.9m bringing its total shareholding in the company to 100%. The amount is shown within the statement of financial activities as an acquisition of non-controlling interest.

## 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
<b>Cost or valuation:</b>								
At 1 January 2021	138,663	22,646	20,127	40,132	1,681	55,644	2,164	281,057
Additions	327	236	152	55	423	208	225	1,626
Revaluations	1,573	—	—	—	—	—	—	1,573
Disposals	—	—	(138)	(131)	(337)	(113)	(294)	(1,013)
Exchange differences	—	—	(300)	(517)	(1)	(424)	(73)	(1,315)
At 30 June 2021	140,563	22,882	19,841	39,539	1,766	55,315	2,022	281,928
<b>Depreciation:</b>								
At 1 January 2021	—	14,573	11,928	30,351	768	47,937	1,676	107,233
Charged in period	—	234	722	1,404	111	1,418	99	3,988
Disposals	—	—	(124)	(128)	—	(92)	(184)	(528)
Exchange differences	—	—	(215)	(517)	—	(291)	(51)	(1,074)
At 30 June 2021	—	14,807	12,311	31,110	879	48,972	1,540	109,619
<b>Net book value:</b>								
At 30 June 2021	140,563	8,075	7,530	8,429	887	6,343	482	172,309
At 31 December 2020	138,663	8,073	8,199	9,781	913	7,707	488	173,824

\*79% (2020: 79%) of the mixed used property is classified as an investment property.

#### 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 £7.0m.

The Group is committed to the preservation of its heritage assets. The widest possible access is granted to the heritage assets, principally through online inspection and on site inspection. The Foundation may acquire additional heritage assets where directly relevant to the charity's objectives following established approval policies.

#### Investment property

Investment property includes one freehold property that is in mixed functional and investment use. Areas of the building occupied by or marketed to third party tenants are deemed to be in investment property use and are held at market value. A proportion of 79% (2020: 79%) is deemed an investment property, based on the value of space let or marketed to third party tenants. In the prior period, the transfer of part of the property from own use to investment property resulted in revaluation gain of £8,306,000 which is recognised in other comprehensive income (within the statement of financial activities). The property valuation, with an effective date of 30 June 2021, 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 £27,069,000 (2020: £27,965,000).

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 6 months ended 30 June 2021 was £2,647,000 (18 months ended 31 December 2020: £8,592,000).

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:

	2021 £000	2020 £000
Within one year	6,116	5,724
In the second to fifth years inclusive	22,227	19,835
After five years	22,282	21,741
	<u>50,625</u>	<u>47,300</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 16. Investments

	2021 £000	2020 £000
Listed investments at market value comprise:		
Fixed Interest – UK	92,336	109,403
Fixed Interest – Overseas	1,561	380
Equities – UK	45,766	46,815
Equities – Overseas	134,995	146,106
Pooled Funds	107,825	84,387
Derivatives	(563)	847
Cash Instruments	3,927	3,606
	<b>385,847</b>	<b>391,544</b>
Cash at investment managers and accrued interest	3,038	2,691
	<b>388,885</b>	<b>394,235</b>
Long-term loans	127	120
	<b>389,012</b>	<b>394,355</b>
Investments in joint ventures: share of net assets	275	314
	<b>389,287</b>	<b>394,669</b>

#### Listed investments and cash held by investment managers

	2021 £000	2020 £000
At start of period	391,544	449,636
Additions at cost	132,581	278,608
Disposals proceeds	(142,767)	(391,960)
Realised gains on disposals	45,926	36,654
Unrealised (losses) / gains	(41,437)	18,606
At end of period	385,847	391,544
Cash held by investment managers and accrued interest	3,038	2,691
	<b>388,885</b>	<b>394,235</b>

#### Subsidiaries

A complete list of the subsidiaries and joint ventures is included in note 31.

#### 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 Register Apave Limited	51%	United Kingdom	Engineering inspection
Lloyd's Maritime Information Services Ltd	50%	United Kingdom	Dormant
Common Structural Rules Software LLC	50%	United States of America	Software development
Fullagar Technologies Limited	50%	United Kingdom	Development of inspection systems

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:

	2021 £000	2020 £000
Lloyd's Register Apave Limited	160	199
Lloyd's Maritime Information Services Limited	115	115
Common Structural Rules Software LLC	—	—
Fullagar Technologies Limited	—	—
	<b>275</b>	<b>314</b>

At 30 June 2021 the Common Structural Rules Software LLC joint venture had net liabilities. The Group's share of the net liabilities amounted to £130,000 (2020: £51,000) and was recognised within other provisions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 17. Trading Group

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

The summarised financial information of the consolidated Trading Group position is provided below, as per the Trading Group consolidated accounts for the 6 month period ended 30 June 2021.

	6 months to 30 June 2021	18 months to 31 December 2020
	£000	£000
<b>Turnover</b>	<b>375,669</b>	1,253,193
Cost of sales	(237,164)	(891,177)
<b>Gross profit</b>	<b>138,505</b>	362,016
Administrative expenses	(114,983)	(370,775)
Other operating income	—	8,127
Administrative expenses before exceptional costs	(108,642)	(341,528)
Operating profit before exceptional costs	29,863	28,615
Exceptional costs	(6,341)	(29,247)
<b>Operating profit</b>	<b>23,522</b>	(632)
Loss on disposal	—	(42,722)
Share of net operating loss of joint ventures	(336)	(1,913)
Net investment income	(92)	24,411
Other finance costs	(186)	(1,614)
<b>Profit / (loss) before taxation</b>	<b>22,908</b>	(22,470)
Taxation on profit / (loss)	(8,791)	(23,888)
<b>Profit / (loss) for the financial period</b>	<b>14,117</b>	(46,358)

	30 June 2021	31 December 2020
	£000	£000
<b>Assets</b>	<b>1,033,901</b>	1,020,787
<b>Liabilities</b>	<b>(548,534)</b>	(548,354)
<b>Net Assets</b>	<b>485,367</b>	472,433
<b>Shareholder's funds</b>	<b>485,367</b>	472,433

#### Exceptional costs within administrative expenses

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

- redundancy and severance incurred of £6.3m (2020: £12.1m) relating to the restructure of the Group's financial operating model and to address the downturn in some of the Groups markets;
- in the prior period, an increase in an onerous lease provision of £11.4m;
- in the prior period, a £1.7m impairment of Goodwill; and
- in the prior period, a £4.0m impairment of a loan to a third party.

### 18. Debtors

	2021 £000	2020 £000
Trade debtors	118,284	123,654
Other debtors	6,852	6,776
Prepayments and accrued income	86,929	90,006
Taxation recoverable	14,972	27,069
	<b>227,037</b>	<b>247,505</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 19. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	21,358	20,772
Grants payable	20,888	19,065
Other creditors	2,418	365
Other taxation and social security	14,156	19,063
Taxation	15,188	14,731
Accruals and deferred income	174,021	157,180
	<b>248,029</b>	<b>231,176</b>

### 20. Creditors: amounts falling due after one year

	2021 £000	2020 £000
Grants payable	16,771	23,627
	<b>16,771</b>	<b>23,627</b>

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

	2021 £000	2020 £000
Due within one year	20,888	19,065
Due within 1-2 years	15,016	18,044
Due within 2-5 years	2,429	6,571
Impact of discounting	(674)	(988)
	<b>16,771</b>	<b>23,627</b>
Net grants payable	<b>37,659</b>	<b>42,692</b>

### 21. Provisions for liabilities

	Legal claims £000	Employee related £000	Onerous lease £000	Deferred tax £000	Other £000	Total £000
At 1 January 2021	3,959	16,991	19,319	22,028	11,118	73,415
Exchange revaluation	(76)	(360)	—	(3)	(45)	(484)
(Credited) / charged to profit and loss account	(109)	16,075	(601)	(1,008)	834	15,191
Charged to other comprehensive income	—	—	—	9,231	—	9,231
Utilisation of provision	(79)	(12,003)	(775)	—	—	(12,857)
At 30 June 2021	<b>3,695</b>	<b>20,703</b>	<b>17,943</b>	<b>30,248</b>	<b>11,907</b>	<b>84,496</b>

**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 £4.7m (2020: £6.8m) 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 three years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**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 12 years.

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

### 22. 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.

	2021 £000	2020 £000
<b>Financial assets</b>		
Investments in listed investments (note 16)	385,847	391,544

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

### 23. Retirement benefits

#### Defined benefit pension schemes

##### Worldwide

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

##### UK

The main funded scheme, the Lloyd's Register Superannuation Fund Association was closed to future accrual from 1 October 2010. The scheme continues to fund benefits accrued to that date, and valuations of the scheme are carried out on a triennial basis. The most recent completed valuation was carried out as at 31 March 2019. This showed that the funding position of the scheme had declined from the previous valuation. The funding shortfall was £17m for the 2019 valuation, a decrease from £81m in the previous valuation's Recovery Plan as at 31 March 2016. In the 6 month period ended 30 June 2021, special contributions of £5.31m (18 months to 31 December 2020: £6.03m) were paid.

#### 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 2021 of £1.2m (31 December 2020: £1.4m).
- 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 2021 of £12.7m (31 December 2020: £13.6m), assets of £4.8m (31 December 2020: £5.1m) a net obligation of £7.5m (31 December 2020: £8.5m).
- UK: the UK has other benefits schemes including the Unfunded, Unregistered Retirements Benefits Scheme (see the Remuneration Committee report of Lloyd's Register Group Limited). These benefits are unfunded with an obligation at 30 June 2021 of £9.8m (31 December 2020: £10.2m).

#### Other long-term employee benefits included within provisions (note 21)

Long-term unfunded employee benefits included within provisions are:

- UK: £7.6m (31 December 2020: £4.9m) in respect of the Executive Directors and Executive Leadership team who participate in a Long Term Incentive Plan described in more detail in the Remuneration Committee report of Lloyd's Register Group Limited.
- Australia: £1.6m (31 December 2020: £1.7m) provision for paid sabbatical leave.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 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 2021.

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

The financial assumptions used at 30 June 2021 and 31 December 2020 for the different areas are summarised below.

	UK <sup>(1)</sup>		Japan <sup>(2)</sup>		Eurozone <sup>(3)</sup>		Rest of the World <sup>(4)</sup>	
	2021	2020	2021	2020	2021	2020	2021 <sup>(5)</sup>	2020 <sup>(5)</sup>
Liabilities:	%	%	%	%	%	%	%	%
Rate of price inflation	3.2	2.9	1.0	1.0	1.8	1.8	2.0 to 5.0	2.0 to 5.0
Rate of increase in salaries	n/a	n/a	1.8	1.8	1.8	1.8	1.8 to 4.5	1.8 to 4.5
Rate of increase in pensions	Various	Various	0.8	0.8	Nil to 1.8	Nil to 1.8	2.0 to 5.0	2.0 to 5.0
Discount rate	1.9	1.4	0.5	0.5	0.5 to 1.3	0.3 to 1.0	2.5 to 6.8	2.2 to 6.3

(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 the last financial reporting period and inline with the preliminary best estimate assumption undertaken for the latest 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 2021 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 2020 model with an underpin of 1.25% p.a., a smoothing parameter of 7.5, an initial addition parameter of nil and no weighting placed on experience in 2020.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### Amounts recognised in the consolidated balance sheet:

	United Kingdom		Japan		Eurozone		Rest of the World		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	56.3	103.3	—	—	0.3	0.2	0.4	4.2	57.0	107.7
Equity instruments	—	—	—	—	3.1	3.3	27.9	30.8	31.0	34.1
Debt instruments	1,055.5	1,057.2	—	—	3.6	20.4	34.7	25.6	1,093.8	1,103.2
Other	5.8	14.7	—	—	15.1	0.2	8.6	10.1	29.5	25.0
Market value of assets	1,117.6	1,175.2	—	—	22.1	24.1	71.6	70.7	1,211.3	1,270.0
Present value of scheme liabilities	(980.8)	(1,043.9)	—	—	(22.2)	(34.8)	(70.0)	(75.5)	(1,073.0)	(1,154.2)
	136.8	131.3	—	—	(0.1)	(10.7)	1.6	(4.8)	138.3	115.8
Present value of unfunded liabilities	(9.8)	(10.2)	(48.0)	(53.7)	(69.8)	(61.5)	(99.6)	(111.2)	(227.2)	(236.6)
Net pension asset / (liability)	127.0	121.1	(48.0)	(53.7)	(69.9)	(72.2)	(98.0)	(116.0)	(88.9)	(120.8)

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

	30 June 2021	31 December 2020
	£m	£m
Pension surplus	148.4	142.7
Pension liability	(237.3)	(263.5)
Net pension liability	(88.9)	(120.8)

All of the above amounts are recognised on the Company balance sheet with the exception of certain post-retirement benefits payable to Group operations in Korea and the USA. The net liabilities for the Korean and USA schemes are shown below.

	Korea		USA		Total	
	2021	2020	2021	2020	2021	2020
	£m	£m	£m	£m	£m	£m
Net pension assets	4.8	5.1	37.0	35.6	41.8	40.7
Net pension liabilities	(12.7)	(13.6)	(38.0)	(40.6)	(50.7)	(54.2)
	(7.9)	(8.5)	(1.0)	(5.0)	(8.9)	(13.5)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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

	6 months to 30 June 2021	18 months to 31 December 2020
	£m	£m
Current service cost	3.3	9.9
Curtailment losses / (gains)	0.2	(0.2)
Administrative expenses	0.6	2.2
	<u>4.1</u>	<u>11.9</u>
Interest cost on schemes' liabilities	9.3	40.9
Interest income on schemes' assets	(9.1)	(39.3)
Total amount included under Other finance costs	<u>0.2</u>	<u>1.6</u>

In addition, there is a charge in respect of contributions to defined contribution plans for the 6 months to 30 June 2021 of £15.2m (18 months to 31 December 2020: £48.9m).

The actual return on scheme assets for the 6 months to 30 June 2021 was a loss of £39.3m (18 months to 31 December 2020: £167.5m).

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

	6 months to 30 June 2021	18 months to 31 December 2020
	£m	£m
(Loss) / gain on pension scheme assets	(48.4)	128.2
Experience gains	2.3	24.4
Change in assumptions	61.0	(158.9)
Actuarial gain / (loss)	<u>14.9</u>	<u>(6.3)</u>

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

	6 months to 30 June 2021	18 months to 31 December 2020
	£m	£m
Opening defined benefit obligation	(1,390.8)	(1,292.8)
Current service cost	(3.3)	(9.9)
Curtailment (losses) / gains	(0.2)	0.2
Member contributions	—	(0.1)
Interest cost	(9.3)	(40.9)
Actuarial gain / (loss)	63.3	(134.5)
Exchange adjustments	10.4	6.6
Benefits paid	29.7	80.6
Closing defined benefit obligation	<u>(1,300.2)</u>	<u>(1,390.8)</u>

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

	6 months to 30 June 2021	18 months to 31 December 2020
	£m	£m
Opening market value of plan assets	1,270.0	1,162.7
Expected return on plan assets	9.1	39.3
Benefits and expenses paid	(30.3)	(82.8)
Employer contributions	12.7	28.1
Member contributions	—	0.1
Actuarial (loss) / gain on assets	(48.4)	128.2
Exchange adjustments	(1.8)	(5.6)
Closing market value of plan assets	<u>1,211.3</u>	<u>1,270.0</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 24. Contingent liabilities

	2021 £000	2020 £000
In respect of bank guarantees	7,212	8,752
Escrow account for pension schemes	68,653	74,201
	<b>75,865</b>	<b>82,953</b>

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.

### 25. Operating lease commitments

At 30 June 2021, the Group had total future lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	15,973	17,921	7,322	7,590
Between two to five years	36,673	40,663	11,403	11,798
After five years	48,434	49,515	—	—
	<b>101,080</b>	<b>108,099</b>	<b>18,725</b>	<b>19,388</b>

### 26. 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
<b>30 June 2021</b>					
Trading funds	472,165	380,634	(353,488)	(13,944)	<b>485,367</b>
Unrestricted funds - general funds	(19,076)	3,824	(6,570)	2,669	<b>(19,153)</b>
Endowment funds:					
Expendable endowment	308,279	—	(437)	10,363	<b>318,205</b>
	<b>761,368</b>	<b>384,458</b>	<b>(360,495)</b>	<b>(912)</b>	<b>784,419</b>
<b>31 December 2020</b>					
Trading funds	528,659	1,269,459	(1,303,131)	(22,822)	<b>472,165</b>
Unrestricted funds - general funds	(17,635)	12,518	(19,675)	5,716	<b>(19,076)</b>
Endowment funds:					
Expendable endowment	276,356	—	(1,563)	33,486	<b>308,279</b>
	<b>787,380</b>	<b>1,281,977</b>	<b>(1,324,369)</b>	<b>(16,380)</b>	<b>761,368</b>

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

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

In September 2012, the Trading Group transferred a portfolio of investments to the Foundation, with a market value of £206.4m. The transfer was made as a gift of an expendable endowment. The gift also contained a condition that the Foundation must agree to keep £100.0m of that sum as a contingent asset of the Trading Group's UK pension scheme. The terms of the gift were subsequently amended to increase the contingent asset to £125.0m and extend the period until 2022, 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

### 27. Revaluation reserve

	Brought forward £000	Unrealised gains arising in year £000	Released from revaluation reserve in period and other movements £000	Total £000
<b>30 June 2021</b>				
Trading funds – listed investments	9,175	(15,141)	—	(5,966)
Trading funds – investment property	74,643	1,573	—	76,216
Unrestricted – general funds	6,430	(1,547)	2,195	7,078
Endowment funds:				
Expendable endowment	82,691	(24,749)	35,112	93,054
	<u>172,939</u>	<u>(39,864)</u>	<u>37,307</u>	<u>170,382</u>
<b>31 December 2020</b>				
Trading funds – listed investments	72,519	2,080	(65,424)	9,175
Trading funds – investment property	72,547	2,096	—	74,643
Unrestricted – general funds	3,714	1,240	1,476	6,430
Endowment funds:				
Expendable endowment	49,205	15,286	18,200	82,691
	<u>197,985</u>	<u>20,702</u>	<u>(45,748)</u>	<u>172,939</u>

### 28. Fund distribution

	Trading funds £000	General funds £000	Endowment funds £000	Total at 30 June 2021 £000
Non-current assets	509,166	2,027	318,205	829,398
Current assets	523,585	18,008	—	541,593
Creditors: amounts falling due within one year	(226,762)	(21,267)	—	(248,029)
Creditors: amounts falling due after one year	—	(16,771)	—	(16,771)
Provisions	(84,496)	—	—	(84,496)
Pension deficit	(237,276)	—	—	(237,276)
Inter-fund balance	1,150	(1,150)	—	—
	<u>485,367</u>	<u>(19,153)</u>	<u>318,205</u>	<u>784,419</u>
	Trading funds £000	General funds £000	Endowment funds £000	Total at 31 December 2020 £000
Non-current assets	513,357	11,755	308,279	833,391
Current assets	506,659	13,046	—	519,705
Creditors: amounts falling due within one year	(211,697)	(19,479)	—	(231,176)
Creditors: amounts falling due after one year	—	(23,627)	—	(23,627)
Provisions	(73,415)	—	—	(73,415)
Pension deficit	(263,510)	—	—	(263,510)
Inter-fund balance	771	(771)	—	—
	<u>472,165</u>	<u>(19,076)</u>	<u>308,279</u>	<u>761,368</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 29. Reconciliation of operating surplus to net cash outflow from operating activities

	2021 £000	2020 £000
Net income resources / (expenditure) before taxation and other recognised gains and losses	23,963	(44,305)
Loss on disposal of subsidiary undertaking	—	42,722
Net interest in the results for the period in joint ventures	336	1,913
Pension interest cost	186	1,614
Loss on disposal of fixed assets	128	930
Exchange adjustment	(5,851)	(582)
Depreciation	3,988	13,782
Amortisation and impairment charges relating to intangibles	9,214	40,086
Impairment of long term loans	—	4,000
Impairment of unlisted investments	—	4,417
Decrease in debtors	12,011	108,475
Increase / (decrease) in creditors	5,653	(24,510)
Decrease in provisions	3,266	11,313
Foreign tax paid	(10,127)	(23,464)
Foreign tax received	10,851	3,410
Defined benefit contributions in excess of funds charges	(8,758)	(15,793)
Curtailment loss / (gain)	157	(160)
Net investment income	(8,681)	(28,498)
Cash generated in operations	36,336	95,350

Cash at bank and in hand includes cash held in local bank accounts in countries where exchange controls or other legal restrictions mean the balances are not available for general use by the Company or other Group subsidiaries. In total, £12.4m (2020: £18.9m) 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 £13.5m (2020: £12.6m) due to exchange controls and Korea £17.4m (2020: £8.7m) where remittance is permitted following external audit.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 30. 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 6 month period to 30 June 2021 totalled £4,554,000 (18 months to 31 December 2020: £16,046,000).

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 2021 £000
<b>Subsidiaries</b>			
i4Insight, Inc	—	—	(1,712)
Lloyd's Register International (Thailand) Ltd	184	(209)	1,703
Lloyd's Register Middle East LLC Abu Dhabi	1,142	(1,894)	(3,169)
Lloyd's Register Oman LLC	137	(303)	1,688
Lloyd's Register Qatar LLC	300	(382)	588
<b>Joint ventures</b>			
Lloyd's Register Apave Limited	—	(1,116)	(622)

The following transactions took place between Lloyd's Register Group Limited undertakings in which the Group holds less than 100% for the 18 months to 31 December 2020:

	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 31 December 2020 £000
<b>Subsidiaries</b>			
i4Insight, Inc	—	—	(128)
Lloyd's Register Industrial Services (India) Pvt Ltd	—	—	1
Lloyd's Register International (Thailand) Ltd	639	(436)	1,958
Lloyd's Register Middle East LLC Abu Dhabi	3,201	(5,106)	(5,602)
Lloyd's Register Oman LLC	521	(911)	1,764
Lloyd's Register Qatar LLC	663	(2,178)	(52)
LR Technical Services Sdn Bhd*	394	(2,608)	—
Senergy International Sdn Bhd*	—	(371)	—
Senergy Global Resources Sdb Bhd*	6,074	—	—
Hanseaticsoft GmbH	5	(575)	(907)
<b>Joint ventures</b>			
Lloyd's Register Apave Limited	—	(3,062)	(615)
Xinjiang LR Tunhe Social Economic Consulting Company Limited*	—	(78)	—

\* Transactions reported in the 16 month period to disposal on 31 October 2020.

During the period the Group has increased its investments in Common Structural Rules Software LLC from \$20,775,000 to \$21,075,000. The Group's investment in i4Insight has remained at \$5,200,000.

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

	2021 £000	2020 £000
Administrative services provided	120	360
Administrative services payable	20	20

The charity awarded a grant of £79,000 in the 18 months to 31 December 2020 to the Worshipful Company of Shipwrights where Lambros Varnavides serves as a member of the Finance Committee. The interest was disclosed before the grant was made and Mr Varnavides did not participate in the grant making decision. Of the grant awarded £nil was outstanding as at 30 June 2021 (31 December 2020: £nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 31. Group companies

The following are the subsidiaries and joint ventures of the Group at 30 June 2021. 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 four 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
Acoura Holdings Ltd <sup>1</sup>	UK	71 Fenchurch Street, London EC3M 4BS, UK	100
Acoura Compliance Ltd	UK		100
Acoura Consulting Ltd	UK		100
Classification and Quality Services Ltd	UK		100
Classification Holdings Ltd	UK		100
Lloyd's Maritime Information Services Ltd	UK		50
Lloyd's Register Apave Limited	UK		51
Lloyd's Register Asia <sup>1</sup>	UK		100
Lloyd's Register Asia Trustees Limited <sup>1</sup>	UK		100
Lloyd's Register Central and South America Ltd <sup>1</sup>	UK		100
Lloyd's Register EMEA <sup>1</sup>	UK		100
Lloyd's Register EMEA Trustees Ltd <sup>1</sup>	UK		100
Lloyd's Register GMT Ltd	UK		100
Lloyd's Register Group Limited <sup>1</sup>	UK		100
Lloyd's Register Group Services Limited <sup>1</sup>	UK		100
Lloyd's Register Inspection Ltd <sup>1</sup>	UK		100
Lloyd's Register International <sup>1</sup>	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 Quality Assurance Ltd <sup>1</sup>	UK		100
Lloyd's Register Trust Corporation Limited	UK		100
Lloyd's Register Superannuation Trustees Ltd	UK		100
Lloyd's Register Verification Ltd <sup>1</sup>	UK		100
Perry Scott Nash Training Ltd	UK		100
Seasafe Marine Software & Computation (UK) Ltd	UK		100
Nettitude Ltd	UK		100
Threat2Alert Limited	UK		100
Nettitude Forensics Limited	UK		100
Lloyd's Register Marine Limited	UK		100
Safetytech Accelerator Limited	UK		100
Fullagar Technologies Limited	UK	Bevan Braithwaite Building Granta Park, Great Abington, Cambridge, CB21 6AL	50
Lloyd's Register Finance Limited	UK	Kingswells Causeway, Prime Four Business Park, Kingswells, Aberdeen, Scotland, AB15 8PU	100
Senergy Holdings Ltd	UK		100
Interactive Petrophysics Limited	UK		100
Senergy Resources Limited	UK		100
Lloyd's Register Digital Products (formerly Senergy Software Limited)	UK		100
Lloyd's Register Aligned Services Ltd (formerly Senergy Aligned Services Limited)	UK	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland, UK	100
Acoura Certification Ltd	UK		100
Acoura Marine Ltd	UK		100
Acoura Ltd	UK		100
SFQC Ltd	UK		100
Food Certification Scotland Ltd	UK	Polygon Hall, Le Marchant Street, St Peter Port, GY1 4HY, Guernsey	100
Food Certification International Ltd	UK		100
71FS Insurance Company Limited <sup>1</sup>	GUERNSEY	Skybridge House, Dublin Airport, North Swords, Dublin, K67P6K2	100
WQ-IC Limited	IRELAND		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 <sup>th</sup> Floor, 9 Mohakhali C/A, Dkaka – 1212, Dhaka, Bangladesh	100

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company	Country of Origin	Registered Address	% of Ownership
Lloyd's Register Drilling Integrity Services Australia Pty Ltd	AUSTRALIA	Level 1, 503 Murray Street, Perth WA 6000, Australia	100
Lloyd's Register België nvzwd¹	BELGIUM	Lloyd's Register België VZW/D, Rijnkaai 37, 2000 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 Glória, 311-11, Andar, Rio de Janeiro, RJ, 20.241.180, Brazil	100
Lloyd's Register Quality Assurance Canada Limited	CANADA	5420 North Service Road, Suite 506 Burlington, Ontario L7L 6C7	100
Lloyd's Register/Canada Limited	CANADA	Canada	
MARTEC Limited	CANADA	1888 Brunswick Street, Suite 400, Halifax NS B3J 3J6, Canada	100
Lloyd's Register Classification Society (China) Co Ltd	CHINA	1888 Brunswick Street, Suite 400, Halifax NS B3J 3J6, Canada	100
Lloyd's Register Industrial Technical Services (Shanghai) Co. Ltd	CHINA	19 <sup>th</sup> Floor, 550 Yan An dong Road, Huangpu District, Shanghai, China	100
LRQA (Shanghai) Co Ltd	CHINA	20 <sup>th</sup> Floor, Ocean Towers, No 550 Yan An Dong Road, Huang District, Shanghai, China	100
Lloyd's Register Advisory Services China(Shanghai) Ltd	CHINA	Room 1906, No 550 Yan an East Road, Huangpu District, Shanghai, China	100
Lloyd's Register Central and South America (Curaçao) NV	CURACAO	Alibancaweg No. 30 Wilhelminalaan 13, Curaçao	100
Lloyd's Register Egypt LLC	EGYPT	Apartment no 303-3 <sup>rd</sup> Floor, 13 Ramo Gardens Street – EL Nasr Road, Nasr City, Cairo, Egypt	100
Lloyd's Register Quality Assurance France SAS	FRANCE	Tour Société Suisse, 1, bid Vivier Merle, 69003, Lyon, France	100
Lloyd's Register Deutschland GmbH	GERMANY	Lloyd's Register EWEA, Adolf-Grimme-Allee 3, 50829 Köln, Germany	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	87 Akti Miaouli, Piraeus, 18538, Greece	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.L¹	ITALY	Via Sottoripa 1A/112 16124 Genova GE, Italy	100
Lloyd's Register Quality Assurance Italy Srl	ITALY	Piazza della vittoria 6, 16121, Genova, Italy	100
Lloyd's Register Industrial Services (India) Pvt Ltd¹	INDIA	63-64 Kalpataru Square, 6 <sup>th</sup> Floor, Kondvita Lane, Off Andheri-Kurla Road, Andheri I, Mumbai, 400 059, India	51
Lloyd's Register Marine and Inspection Services (India) LLP	INDIA	63-64 Kalpataru Square, 6 <sup>th</sup> Floor, Andheri I, Mumbai, 400 059, India	100
Lloyd's Register Japan Kabushiki Kaisha	JAPAN	Kondvita Lane, Off Andheri-Kurla Road, Andheri(E), Mumbai, 400 059, India	100
Lloyd's Register Kazakhstan LLP	KAZAKHSTAN	Queen's Tower A, 2-3-1 Minatomirai, Nishi-Ku, Yokohama	100
Lloyd's Register Advisory Services Korea Ltd	KOREA	29/6 Sappayev Street, Floor, Rakhmat Palace Hotel, Almaty, Kazakhstan	100
Lloyd's Register Quality Assurance (Korea) Ltd	KOREA	(C) Logistics Bldg., Joongang-dong 6-ga) 10F, 119 Daegyo-ro, Jung-gu, Busan 17 <sup>th</sup> Floor, Sinsong Building, 25-4 Yeouido-dong, Yeongdeungpo-gu, Seoul, 150-711, Korea	100
Lloyd's Register Malaysia Sdn Bhd	MALAYSIA	Level 28, Naza Tower, Platinum Park No. 10, Persiaran KLCC	100
Lloyd's Register BMS (Malaysia) Sdn. Bhd	MALAYSIA	50088 Kuala LumpurTBC	49
Lloyd's Register Mozambique Ltda	MOZAMBIQUE	Level 28, Naza Tower, Platinum Park No. 10, Persiaran KLCC, 50088 Kuala Lumpur	100

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company	Country of Origin	Registered Address	% of Ownership
		Cidade DISTRITO URBANO 1 Bairro da Polana, Av. Marginal Tenente Ovaldo Tazama Torres Rani Torre 1, 2 Piso, Fraccas 5	
LR Advisory Services BV (Netherlands) (formerly Lloyd's Register Drilling Integrity Services Holding B.V)	NETHERLANDS	Gapingseweg 1A, Serooskerke, 4343JA, Walcheren, Netherlands	100
Lloyd's Register Nederland BV	NETHERLANDS	Wnna-Zuid 168, 3012NC, Rotterdam, Netherlands	100
LR Verification BV <sup>1</sup>	NETHERLANDS	KP van der Mandelelaan 41 A, 3062 MB Rotterdam, Netherlands	100
Lloyd's Register EMEA (Nigeria) Ltd Gte	NIGERIA	6th Floor, B Wing, Shippers Plaza, 4 Park Lane, Apapa, Lagos, Nigeria	100
<sup>1</sup> Lloyd's Register Voyage AS	NORWAY	Elganeveien 1, 4370 Egersund, Norway	100
Lloyd's Register Oman LLC	OMAN	Bait Al Bahja, Building No 603, Room 21, Way No 2710, Ruwi CBD, Muscat, Sultanate of Oman, PO BOX 2715, RUWI PC 112, Oman	70
Lloyd's Register Pakistan (Private) Limited	PAKISTAN	Lloyd's Register, BRR Towers, 14 <sup>th</sup> and 15 <sup>th</sup> Floor, 11 Chundrigar Road, Karachi, 74400 Sindh	100
Lloyd's Register (Polska) Sp Zoo	POLAND	Al. Zwyciestwa 13a, 80-219, Gdansk, Poland	100
Lloyd's Register Qatar LLC	QATAR	Regus Building D-Ring Road, Doha, PO Box 10285, Qatar	49
<sup>1</sup> 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
LRQA South Africa Pty. Ltd	SOUTH AFRICA	Unit C4 Centurion Business Park, Democracy Way, Milnerton, Western Cape, 7441, South Africa	100
Lloyd's Register D.O.O. (Beograd)	SERBIA	Vojvode Stepe 78, Beograd, Serbia	100
Lloyd's Register Quality Assurance España SL	SPAIN	Calle Princesa 29, 28008, Madrid, Spain	100
Lloyd's Register España SA	SPAIN	Princesa, 29-1, 28008, Madrid, Spain	100
Lloyd's Register Drilling Integrity Services Asia Pacific Pte. Ltd	SINGAPORE	1 Fusionopolis Place, #09-11 Galaxis, 138522, Singapore	100
Lloyd's Register Signapore Pte Limited	SINGAPORE	1 Fusionopolis Place, #09-11 Galaxis, 138522, Singapore	100
Lloyd's Register Pte. Ltd	SINGAPORE	1 Fusionopolis Place, #09-11 Galaxis, 138522, Singapore	100
<sup>1</sup> Lloyd's Register RiskSpectrum AB	SWEDEN	Box 1288, 172 25 Sundbyberg, Sweden	100
Lloyd's Register International (Thailand) Ltd	THAILAND	3388/78 Floor 22, Sirinrat Building, Rama IV Road Klong-Ton Sub-district, Klong-Toey District, Bangkok, 10110, Thailand	49
Lloyd's Register Gozetim Ltd Sti	TURKEY	Ataturk Caddesi, Sitkibey Plaza, No 82 Kat 3 Daire 12, Kozyatagi, Istandul, 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 Americas, Inc. <sup>1</sup>	USA	1330 Enclave Parkway, Houston, Texas, 77077, USA	100
Common Structural Rules Software LLC	USA	16855 Northchase Drive, Houston, TX 77060, USA	50
Lloyd's Register North America, Inc.	USA	1330 Enclave Parkway, Houston, Texas, 77077, USA	100
Lloyd's Register Americas Advisory Services, Inc.	USA		100
Lloyd's Register Quality Assurance, Inc.	USA		100
Lloyd's Register Technical Services, Inc.	USA		100
LR Insurance, Inc.	USA		100
Nettitude, Inc.	USA	50 Broad Street, New York, NY 10004	100
i4Insight, Inc	USA	1209 Orange Street, Wilmington, Delaware 19801, USA	80

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Company	Country of Origin	Registered Address	% of Ownership
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

<sup>1</sup> Wholly owned directly by Lloyd's Register Group Limited

Shareholdings in one entity is held on Trust on behalf of Vysus Group Holdings Limited following the disposal of the majority of the Group's Energy operations in the prior period. This company is excluded from the Group financial statements from the date of disposal.

Company	Country of Origin	Registered Address	Shareholding %
Lloyd's Register Technical Services Sdn Bhd	MALAYSIA	No 10, Persiaran KLCC, 50088, Kuala Lumpur, Malaysia	49

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

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

### 32. Post balance sheet events

On 16 July 2021, the Group completed the second stage of the acquisition of C-MAP commercial and acquired the trade and assets representing the C-MAP operations in Russia for consideration of \$3.9m.

In September 2021, the Group completed the acquisition of Greensteam for consideration of \$2.5m, a marine data intelligence company specialising in improving vessel efficiency through machine learning.

On 29 June 2021 the Group announced the sale of 100% of its Business Assurance & Inspection Services business line, including the cyber security business Nettitude, to Goldman Sachs Asset Management. The deal completed after the reporting period on 2 December 2021. The assets and liabilities are being disposed of at an amount above their carrying value. The profit on disposal will depend on the final sale price which is dependent on the results of the business through to the date of disposal. The consideration received will be finalised over the coming months, and given the recent completion it is not possible to provide the estimated profit generated on disposal which will be disclosed in the next set of financial statements.